



Ohio Legislative Service Commission

Jason Phillips, Budget Analyst

Fiscal Note & Local Impact Statement

Bill: S.B. 2 of the 128th G.A.

Date: February 18, 2009

Status: As Introduced

Sponsor: Sen. Carey

Local Impact Statement Procedure Required: No — No local cost

Contents: Provides for the distribution of moneys received by the state from the federal American Recovery and Reinvestment Act of 2009 by making appropriations; declares an emergency

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
Highway Operating Fund (Fund 7002) – Department of Transportation			
Revenues	Gain from federal stimulus moneys	- 0 -	- 0 -
Expenditures	Increase for eligible road and bridge project construction	Increase for eligible road and bridge project construction	- 0 -
Federal School Modernization Fund (Fund 3CY0) – School Facilities Commission			
Revenues	Gain from federal stimulus moneys	- 0 -	- 0 -
Expenditures	Increase for school facilities construction	Increase for school facilities construction	- 0 -
Federal Special Revenue Fund Group (Fund 3080) – Department of Development			
Revenues	Gain from federal stimulus moneys	- 0 -	- 0 -
Expenditures	Increase for Weatherization Assistance Program	Increase for Weatherization Assistance Program	- 0 -
Water Pollution Control Loan Fund and Drinking Water Assistance Fund (custodial funds—not appropriated)			
Revenues	Gain from State Revolving Loan Fund capitalization grants	- 0 -	- 0 -
Expenditures	Increase for eligible projects	Increase for eligible projects	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill appropriates approximately \$1.9 billion in federal stimulus moneys in FY 2009 for (1) highway infrastructure improvements, (2) school modernization, repair and renovation, and (3) home weatherization. The bill specifies that moneys remaining unexpended and unencumbered at the end of FY 2009 are carried forward for the same purposes in FY 2010.

- The bill also directs federal stimulus capitalization grants for the Clean Water and Drinking Water State Revolving Loan Funds to existing state funds used to support eligible wastewater treatment and public water system projects. Since the state funds designated to receive federal stimulus moneys for these purposes are custodial funds, there is no appropriation provided.
- The appropriations in the bill were calculated using funding levels provided in the U.S. House of Representative's version of the American Recovery and Reinvestment Act of 2009. The enacted funding levels are different. Thus, the amounts available to Ohio will likely vary from the appropriation amounts in this bill.

Local Fiscal Highlights

- No direct fiscal effect on local governments.

Detailed Fiscal Analysis

Overview

The bill allocates about \$1.9 billion in federal economic stimulus moneys for state FY 2009 to designated state of Ohio funds for the following purposes: highway infrastructure improvements, school modernization, and weatherization assistance. The bill also directs capitalization grant moneys for Drinking Water and Clean Water State Revolving Funds (SRFs) into their designated state custodial funds, which are held in trust by the Ohio Water Development Authority and do not require appropriations. Finally, of the moneys subject to appropriation, the bill carries forward – or reappropriates – any moneys remaining unexpended and unencumbered at the end of FY 2009 for the same uses in FY 2010.

The appropriation amounts in the bill were calculated using data provided by the Federal Funds Information for States (FFIS) service on January 21, 2009, when the American Recovery and Reinvestment Act of 2009 was pending in the U.S. House of Representatives. Since enactment of the bill, the dollar amounts and the requirements concerning how they are to be used have changed. This means that the amounts available to Ohio will likely vary from the appropriation amounts in this bill.

Highway Infrastructure Appropriations

For highway infrastructure, the bill appropriates about \$1.0 billion. However, the bill specifies that each of the Department of Transportation's 12 districts must receive at least \$15.0 million of those funds. Also, to the extent permitted by federal law, the bill transfers and appropriates \$200.0 million out of the \$1.0 billion directed to highway infrastructure improvements for the Local Transportation Improvement Program Fund (Fund 7052). The Public Works Commission is required to use this money under the existing structure of the Local Transportation Improvement Program (LTIP), which provides grants for local road and bridge projects on a per capita basis. The normal source of funding for LTIP is one cent per gallon of the state motor fuel tax.

It appears as though the funding designated for LTIP may not be an allowable use of federal stimulus moneys. This is because projects funded by LTIP are locally selected. For projects to be eligible for federal funding, they must be part of a metropolitan or statewide transportation improvement program. If the \$200.0 million allocated by this bill to LTIP is not a permissible use of the federal stimulus moneys, then the entire amount allocated for highway infrastructure would be available for use by the Department of Transportation.

School Modernization and Weatherization Assistance Appropriations

For school modernization, repair and renovation, the bill appropriates \$521.1 million and specifies that the funds are to be used for facilities constructed or renovated under Chapter 3318. of the Revised Code. The bill also appropriates \$342.9 million for weatherization assistance and specifies that the funding is to be used to carry out the Department of Development's Home Weatherization Assistance Program (HWAP).

SB0002IN.docx / sle