

Greenbook

LBO Analysis of Enacted Budget

Department of Development

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Attachment:

 Appropriation Spreadsheet

LBO Greenbook

Department of Development

Quick look...

- The Department of Development (DEV), and its 304 full-time employees administers programs to promote economic and community development and assist businesses.
- Approximately 59.5% of DEV’s budget of \$3.91 billion for the FY 2024-FY 2025 biennium goes to community development programs, including home energy assistance, affordable housing and homelessness prevention, and local community assistance.
- H.B. 33 appropriates \$40.0 million in FY 2024 under the All Ohio Future Fund (Fund 5XM0), for DEV to promote economic development in the state. The bill also transfers up to \$667.0 million from the FY 2023 GRF ending balance to Fund 5XM0.
- The budget provides \$500.0 million for brownfield remediation and site revitalization across the state.
- The budget transfers up to \$125.0 million from the FY 2023 GRF ending balance to the Innovation Hubs Fund (Fund 5ZK0) and appropriates that amount in FY 2024 to DEV for research and development facilities, recruitment, and other related uses.
- The budget appropriates \$156.0 million in FY 2024 and \$30.0 million in FY 2025 to be used by DEV to support expanding broadband access in the state.
- H.B. 33 creates the Welcome Home Ohio Program and appropriates \$50.0 million in each fiscal year to provide grants and tax credits to assist in rehabilitation and construction of residential property for income-restricted residents.

Fund Group	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
General Revenue	\$138,361,120	\$185,266,569	\$194,645,500	\$119,040,500
Dedicated Purpose	\$1,022,352,979	\$1,153,400,754	\$1,211,005,000	\$673,565,000
Internal Service	\$12,456,908	\$13,126,857	\$17,047,815	\$17,237,847
Facilities Establishment	\$34,968,213	\$74,429,128	\$37,500,000	\$37,500,000
Bond Research & Development	\$49,566,596	\$48,382,794	\$24,710,000	\$24,710,000
Federal	\$531,234,256	\$484,613,814	\$1,016,340,780	\$535,075,000
Total	\$1,788,940,072	\$1,959,219,915	\$2,501,249,095	\$1,407,128,347
% change	--	9.5%	27.7%	-43.7%
<i>GRF % change</i>	--	33.9%	5.1%	-38.8%

Overview

Agency overview

The Department of Development's (DEV's) primary mission is to enrich communities and support economic opportunities across the state. DEV is organized into seven program divisions and an operations division totaling approximately 304 full-time employees. The Community Services Division administers aid for low-income people in Ohio, such as programs to assist in the payment of electric bills or weatherization costs. Additionally, the Division supports various housing programs, including the Ohio Housing Trust Fund, oversees redevelopment programs, as well as federal Community Development Block Grant (CDBG) funding.

The Strategic Investment Division works with JobsOhio in packaging business attraction or expansion incentives and monitoring awards. The Division promotes various business development activities across the state, such as manufacturing and exports, as well as technology investment through DEV's Third Frontier Program. In collaboration with the Strategic Investment Division, the Minority Business Division provides small, minority, and disadvantaged businesses access to state financial assistance programs and technical assistance. The BroadbandOhio Office works with internet providers to implement the state's strategy to increase high-speed internet access to underserved and unserved Ohioans across the state.

Also housed within DEV is the Governor's Office of Appalachia and the Governor's Office of Workforce Transformation. Lastly, the Operations Division includes DEV's finance, information technology, legal, human resources, and communications functions. For administrative purposes, the Division also houses the Office of TourismOhio to promote the state as a tourism destination.

Budget highlights

All Ohio Future Fund

H.B. 33 renames the Investing in Ohio Future Fund to the All Ohio Future Fund (Fund 5XM0) and appropriates \$40.0 million in FY 2024 under Fund 5XM0 ALI 195576, All Ohio Future Fund, for the Department of Development to use for economic development purposes. The bill also transfers up to \$667.0 million from the FY 2023 GRF ending balance to Fund 5XM0. The bill requires Fund 5XM0 to consist of money credited to it and any donations, gifts, bequests, or other money received for deposit in the fund and that all investment earnings of the fund stay in the fund. The bill also requires the Office of Budget and Management (OBM) Director, in consultation with JobsOhio, to adopt rules that establish requirements and procedures to provide financial assistance from Fund 5XM0.

Fund 5XM0 was created by H.B. 397 of the 134th General Assembly and was capitalized by an \$85.0 million transfer from the GRF. In FY 2022, that amount was spent to support Intel's construction of two chip factories in Licking County.

All Ohio Future Fund – partial veto

The Governor vetoed several provisions affecting Fund 5XM0. First, the Governor vetoed a provision that specifies that Fund 5XM0 can be used to provide loans, grants, and other incentives. Provisions detailing all of the rules to be adopted under Fund 5XM0 including site

selection criteria, designating economic development project tiers, and financial assistance under each tier were all vetoed.

Additionally, the Governor vetoed provisions that would have allowed Fund 5XM0 to support (1) electric infrastructure development approved by the Public Utilities Commission of Ohio (PUCO), and (2) electric infrastructure improvements made by electric cooperatives and municipal electric utilities, and outlined the process for utilities to apply for this funding. Lastly, the Governor vetoed a provision that would have prohibited an entity that receives financial assistance from Fund 5XM0 from (1) issuing riders or any other additional charges to their customers for the purposes of the project that is funded by such assistance, and (2) if the entity is a water company, using financial assistance for a new or expanded wastewater treatment facility.

Brownfield remediation and site revitalization funding

H.B. 33 includes appropriations totaling \$325.0 million in FY 2024 and \$175.0 million in FY 2025 to continue support for two grant programs that were established in the previous General Assembly aimed at brownfield remediation and the revitalization of commercial and residential buildings to prepare these sites for future economic development. Of the amount appropriated, \$175.0 million in both FY 2024 and FY 2025 is appropriated for the Brownfield Remediation Program under the Brownfield Remediation Fund (Fund 5YE0) ALI 1956A2, Brownfield Remediation, and \$150.0 million in FY 2024 is appropriated for Building and Site Revitalization Fund (Fund 5FY0) line item 1956A3, Building and Site Revitalization. Both funds are capitalized via a cash transfer from the FY 2023 GRF ending balance. The budget reappropriates the unencumbered, unexpended balance remaining in each of the ALIs at the end of FY 2023 and FY 2024 for use in FY 2024 and FY 2025.

Additionally, H.B. 33 makes changes to both programs by requiring each county to have a designated lead entity to apply and receive the grant money for the county under each program. Under the bill, a lead entity is the following: (1) if the county has a population of less than 100,000, or a population of 100,000 or more without a county land reutilization corporation (land bank), the DEV Director must select the lead entity from a list of recommendations made by the board of county commissioners of the county, and (2) if the county has a population of 100,000 or more and has a land bank, the land bank is the lead entity. For the Brownfield Remediation Program, the bill authorizes a lead entity to submit an initial application to the DEV Director for grant funding reserved for that county and to later amend the initial application. It allows the DEV Director to approve the amended amount of requested grant funding up to the amount reserved for that county.

Support for Innovation Hubs

The budget transfers up to \$125.0 million cash from the FY 2023 GRF ending balance to the Innovation Hubs Fund (Fund 5ZK0) and appropriates that amount in FY 2024 for DEV to allocate the funding to eligible innovation hubs in the state. The bill requires DEV to define eligible innovation hubs and specifies that innovation hubs located within existing innovation districts are ineligible to receive this funding. The bill allows DEV to award funding under Fund 5ZK0 ALI 1956F8, Innovation Hubs, to eligible innovation hubs for (1) capital expenses to establish an innovation hub near research-orientated anchor institutions, (2) providing research and

development opportunities within an innovation hub, or (3) creating new or preserving existing jobs and employment opportunities.

Broadband funding

The budget appropriates \$156.0 million in FY 2024 and \$30.0 million in FY 2025 to be used by DEV to support expanding broadband access in the state. This funding is appropriated under three ALIs: (1) \$105.0 million in FY 2024 under Fund 31F0 ALI 1956E4, Broadband Equity, Access, and Deployment (BEAD) Program, (2) \$1.0 million in FY 2024 and \$30.0 million in FY 2025 under Fund 31F0 ALI 1956E5, Broadband Digital Equity Acts Program, and (3) \$50.0 million in FY 2024 under Fund 5A11 ALI 1956G9, Broadband Pole Replacement and Undergrounding Program. The first two of these ALIs are supported by money the state received under the federal Infrastructure Investment and Jobs Act (IIJA). The third ALI is supported by a cash transfer of up to \$50.0 million from the FY 2023 GRF ending balance to the new Broadband Pole Replacement Fund (Fund 5A11). DEV's BroadbandOhio Office will administer these funds.

ALI 1956E4 will be used to build infrastructure that supports the adoption of high-speed internet. Initially, this ALI will support the creation of a five-year action plan for the BroadbandOhio Office to implement the federal BEAD Program in the state. Once the plan is approved by the National Telecommunication and Information Administration, additional funding will be awarded that will support a grant program similar to DEV's current Ohio Residential Expansion Grant Program. Ultimately, the purpose of the BEAD Program is to identify internet service providers to assist in connecting unserved and underserved households throughout the state.

ALI 1956E5, Broadband Digital Equity Acts Program, will support the BroadbandOhio Office's development of a statewide digital equity plan to support community-centric solutions for broadband adoption and affordability. Once the plan is approved, the state will be eligible for additional capacity grant funding to implement the digital equity plan and support digital equity projects throughout the state.

ALI 1956G9, Broadband Pole Replacement and Undergrounding Program, will be used to provide reimbursements to providers of qualifying broadband service for utility pole replacements, mid-span pole installations, and undergrounding that accommodate facilities used to provide qualifying broadband service access under the new Broadband Pole Replacement and Undergrounding Program. H.B. 33 creates the new program for DEV to administer and for the Broadband Expansion Program Authority to review applications and award program reimbursements. Reimbursements under the program are the lesser of \$7,500 or 75% of the total amount paid by the applicant for mid-span pole installation costs. The bill sunsets the program by requiring payments under the fund to cease and the fund to no longer be in force or have further application six years after the sunset provision's effective date.

Ohio Residential Broadband Expansion Grant Program and changes under H.B. 33

Funding for broadband in the FY 2022-FY 2023 biennium, was provided under the Ohio Residential Broadband Expansion Grant Program. H.B. 2 of the 134th General Assembly created the program to award grants to internet service providers to fund the construction of broadband projects in unserved and underserved areas of the state. Under H.B. 2, the Ohio Residential

Broadband Expansion Grant Program Fund (Fund 5GT0) was capitalized by a \$20.0 million transfer from Fund 7037. Additionally, H.B. 110 of the 134th General Assembly provided \$230.0 million in FY 2022 and \$20.0 million in FY 2023; both appropriations were supported by transfers from the GRF. In FY 2022, approximately \$232.9 million was awarded to 11 internet providers to support 33 broadband expansion projects.

H.B. 33 specifies if an appropriation for the program includes funds that are not state funds, or if the DEV Director receives funds that are in the form of a gift, grant, or contribution to Fund 5GT0, the Ohio Broadband Expansion Program Authority must award grants from those funds. The bill requires all of the following if those funds are contingent on meeting application, scoring, or other requirements that are different from existing law requirements under the program: (1) DEV must adopt the different requirements and publish a description of them with the program application on the DEV website, and (2) a description of any differences in application, scoring, or other program requirements must be available with the application on the DEV website at least 30 days before the beginning of the application submission period.

Lastly, H.B. 33 makes numerous other changes to the program including changes to program definitions and terminology, grant application challenge process, and the application scoring system. Most notably, it removes retail wireless broadband service from the definitions of “tier one broadband service” and “tier two broadband service”; however, it allows fixed wireless broadband service to be included as tier two services in an extremely high cost per location threshold area (as defined by the bill). It is unclear how these changes will affect grants awarded under the program. For more detail on all of the changes, please consult the LSC bill analysis.

Welcome Home Ohio Program

H.B. 33 creates the Welcome Home Ohio Program under DEV which does the following: (1) creates a grant program by which land banks may apply for funds to purchase residential property, for sale to income-eligible owner occupants, (2) creates a grant program by which land banks may apply for funds to rehabilitate or construct residential property, up to \$30,000, for income-restricted owner occupancy, and (3) authorizes up to \$25.0 million in tax credits in each of FY 2024 and FY 2025 for the rehabilitation or construction of income-restricted and owner-occupied residential property. The tax credits are nonrefundable tax credits against the income tax and financial institutions tax. Credits equal the lesser of one-third of the cost of construction or rehabilitation or \$90,000 per qualified residential property. The bill appropriates \$50.0 million in both FY 2024 and FY 2025 for the program under the Welcome Home Ohio Fund (Fund 5AP1) ALI 1956H3, Welcome Home Ohio Program. Of that amount, each grant program is earmarked for \$25.0 million in both FY 2024 and FY 2025. The program is funded by \$100.0 million cash transfer from the FY 2023 GRF ending balance to Fund 5AP1.

Ohio Nuclear Development Authority – partial veto

The budget creates the Ohio Nuclear Development Authority within DEV consisting of nine members and to serve as an information resource for Ohio and certain federal agencies regarding advanced nuclear research reactors, isotopes, and isotope technologies and to make Ohio a leader regarding new-type advanced nuclear research reactors, isotopes, and high-level nuclear waste reduction and storage. Currently, the Ohio Department of Health is designated as

Ohio's regulatory agency for the United States Nuclear Regulatory Commission. The Governor vetoed provisions that would have split this authority, citing that they created duplicative regulatory systems. Also vetoed was a provision that created the Ohio Nuclear Development Authority Nominating Council to make recommendations to the Governor for appointment to the Authority.

Analysis of FY 2024-FY 2025 budget

Introduction

This section analyzes the funding for each appropriation line item (ALI) in the Department of Development's (DEV) budget. For organizational purposes, these ALIs are grouped into eight major categories based on their funding purposes. The analysis for an ALI with a lower category or subcategory designation will appear before that for an ALI with a higher category or subcategory designation. That is, the analysis for an ALI with a category designation of C1:4 will appear before the analysis for an ALI with a category designation of C2:1.

To aid the reader in locating each ALI in the analysis, the following table shows the category in which each ALI has been placed, listing the ALIs in order within their respective fund groups and funds. This is the same order the ALIs appear in the DEV section of the budget bill.

In the analysis, each appropriation item's expenditures for FY 2023 and appropriations for FY 2024 and FY 2025 are listed in a table. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation included in the budget. If the appropriation is earmarked, the earmarks are listed and described.

Categorization of DEV's Appropriation Line Items for Analysis of FY 2024-FY 2025 Budget

Fund	ALI	ALI Name	Category
General Revenue Fund Group			
GRF	195402	Coal Research and Development Program	4:4 Energy and Environmental Revitalization
GRF	195405	Minority Business Development	3:3 Business Assistance
GRF	195406	Helping Ohioans Stay in their Homes	1:4 Community Development
GRF	195415	Business Development Services	3:5 Business Assistance
GRF	195426	Redevelopment Assistance	4:4 Energy and Environmental Revitalization
GRF	195453	Technology Programs and Grants	2:4 Technology and R&D
GRF	195454	Small Business and Export Assistance	3:3 Business Assistance
GRF	195455	Appalachia Assistance	1:3 Community Development
GRF	195497	CDBG Operating Match	1:5 Community Development
GRF	195499	BSD Federal Programs Match	2:2 Technology and R&D
GRF	195503	Local Development Projects	1:4 Community Development
GRF	195537	Ohio-Israel Agricultural Initiative	3:4 Business Assistance
GRF	195553	Industry Sector Partnerships	5:1 Workforce Development
GRF	195556	TechCred Program	5:1 Workforce Development
GRF	195901	Coal Research and Development General Obligation Bond Debt Service	7:1 Debt Service
GRF	195905	Third Frontier Research and Development General Obligation Bond Debt Service	7:1 Debt Service

Categorization of DEV's Appropriation Line Items for Analysis of FY 2024-FY 2025 Budget

Fund	ALI	ALI Name		Category
Dedicated Purpose Fund Group				
4500	195624	Minority Business Bonding Program Administration	3:5	Business Assistance
4510	195649	Business Assistance Programs	3:5	Business Assistance
4F20	195639	State Special Projects	4:4	Energy and Environmental Revitalization
4F20	195655	Workforce Development Programs	5:1	Workforce Development
4F20	195699	Utility Community Assistance	4:4	Energy and Environmental Revitalization
4W10	195646	Minority Business Enterprise Loan	3:2	Business Assistance
5AI1	1956G9	Broadband Pole Replacement and Undergrounding Program	3:6	Business Assistance
5A00	1956H2	One Time Priority Projects	1:4	Community Development
5AP1	1956H3	Welcome Home Ohio Program	1:2	Community Development
5CV3	1956A1	Water and Sewer Quality Program	1:3	Community Development
5CV3	1956H4	County and Independent Fairs Grant	1:3	Community Development
5JR0	195635	Tax Incentives Operating	3:5	Business Assistance
5KP0	195645	Historic Rehabilitation Operating	1:5	Community Development
5M40	195659	Low Income Energy Assistance (USF)	1:1	Community Development
5M50	195660	Advanced Energy Loan Programs	4:1	Energy and Environmental Revitalization
5MH0	195644	SiteOhio Administration	1:5	Community Development
5MJ0	195683	TourismOhio Administration	6:1	Tourism
5UL0	195627	Brownfields Revolving Loan Program	4:2	Energy and Environmental Revitalization
5UY0	195496	Sports Events Grants	1:3	Community Development
5W60	195691	International Trade Cooperative Projects	3:5	Business Assistance
5XH0	195632	Women Owned Business Loans	3:2	Business Assistance
5XH0	195694	Micro-Loan	3:2	Business Assistance
5XM0	195576	All Ohio Future Fund	1:3	Community Development
5XX0	195408	Meat Processing Investment Program	3:4	Business Assistance
5YE0	1956A2	Brownfield Remediation	4:2	Energy and Environmental Revitalization
5YF0	1956A3	Demolition and Site Revitalization	1:3	Community Development
5ZK0	1956F8	Innovation Hubs	2:3	Technology and R&D
6170	195654	Volume Cap Administration	4:4	Energy and Environmental Revitalization
6460	195638	Low- and Moderate-Income Housing Programs	1:2	Community Development
Internal Service Activity Fund Group				
1350	195684	Development Operations	8:1	Administration
6850	195636	Development Services Reimbursable Expenditures	8:1	Administration

Categorization of DEV's Appropriation Line Items for Analysis of FY 2024-FY 2025 Budget

Fund	ALI	ALI Name		Category
Facilities Establishment Fund Group				
4Z60	195647	Rural Industrial Park Loan	3:1	Business Assistance
5S90	195628	Capital Access Loan Program	3:2	Business Assistance
7009	195664	Innovation Ohio	3:1	Business Assistance
7010	195665	Research and Development	3:1	Business Assistance
7037	195615	Facilities Establishment	3:1	Business Assistance
Bond Research and Development Fund Group				
7011	195686	Third Frontier Tax Exempt – Operating	2:4	Technology and R&D
7011	195687	Third Frontier Research and Development Projects	2:1	Technology and R&D
7014	195620	Third Frontier Taxable – Operating	2:4	Technology and R&D
7014	195692	Research and Development Taxable Bond Projects	2:1	Technology and R&D
Federal Fund Group				
3080	195580	Energy Efficiency and Conservation Block Grant Program	4:3	Energy and Environmental Revitalization
3080	195581	Energy Efficiency Revolving Loan Fund Capitalization Grant	4:3	Energy and Environmental Revitalization
3080	195602	Appalachian Regional Commission	1:3	Community Development
3080	195603	Housing Assistance Programs	1:2	Community Development
3080	195609	Small Business Administration Grants	3:3	Business Assistance
3080	195618	Energy Grants	4:1	Energy and Environmental Revitalization
3080	195670	Home Weatherization Program	1:1	Community Development
3080	195672	Manufacturing Extension Partnership	2:2	Technology and R&D
3080	195675	Procurement Technical Assistance	3:3	Business Assistance
3080	195696	State Trade and Export Promotion	3:3	Business Assistance
3350	195610	Energy Programs	4:1	Energy and Environmental Revitalization
3AE0	195643	Workforce Development Initiatives	5:2	Workforce Development
3FJO	195626	Small Business Capital Access and Collateral Enhancement Program	3:2	Business Assistance
3ICO	1956D9	Growth Capital Fund	2:2	Technology and R&D
3ICO	1956E1	Early-Stage Focus Fund	2:2	Technology and R&D
3ICO	1956E2	Certified Development Financial Institution Loan Participation	3:2	Business Assistance
3ICO	1956E3	Collateral Enhancement Program	3:2	Business Assistance
3IFO	1956E4	Broadband Equity, Access, and Deployment (BEAD) Program	3:6	Business Assistance
3IFO	1956E5	Broadband Digital Equity Acts Program	3:6	Business Assistance

Categorization of DEV's Appropriation Line Items for Analysis of FY 2024-FY 2025 Budget

Fund	ALI	ALI Name		Category
3IM0	195582	Home-Owner Managing Energy Savings Rebate Program	4:3	Energy and Environmental Revitalization
3IM0	195583	High-Efficiency Electric Home Rebate Program	4:3	Energy and Environmental Revitalization
3K80	195613	Community Development Block Grant	1:3	Community Development
3K90	195611	Home Energy Assistance Block Grant	1:1	Community Development
3K90	195614	HEAP Weatherization	1:1	Community Development
3L00	195612	Community Services Block Grant	1:1	Community Development
3V10	195601	HOME Program	1:2	Community Development

Category 1: Community Development

ALIs in this category are funded through various state and federal sources to benefit low- and moderate-income individuals and households, provide housing and homelessness assistance, and support local infrastructure. Programs in this category are mostly administered by the Community Services Division. For the purpose of this analysis, this category has been divided into five subcategories: low-income assistance, housing programs, local community assistance, local community assistance for specific earmarks, and operating costs.

This category includes \$2.33 billion in funding over the FY 2024-FY 2025 biennium, or 59.5% of all DEV appropriations. As Table 1 indicates below, \$1.32 billion (56.8%) will be allocated to low-income assistance programs. Programs that support local governments and communities are funded at \$484.8 million (20.8%) in the biennium, support for housing and homelessness are appropriated around \$381.1 million (16.4%) in funding for the biennium, followed by funding of \$132.3 million (5.7%) for DEV assistance for specific community assistance earmarks. ALIs that cover uniquely administrative costs are funded for about \$5.4 million in the two-year period, although some of the ALIs that provide subsidy assistance contain a portion of funding for operating costs of the Community Services Division. Also note that some operating costs of the Division are reflected in "**Category 4: Energy and Environmental Revitalization.**"

Subcategory	Appropriations FY 2024-FY 2025	% of Total
Low-Income Assistance	\$1,322.0	56.8%
Housing Programs	\$381.1	16.4%
Local Community Assistance	\$484.8	20.8%
Local Community Assistance Earmarks	\$132.3	5.7%
Operating Costs*	\$5.4	0.2%
Total	\$2,325.6**	

*This does not reflect all operating costs of the Community Services Division, but rather ALIs that uniquely fund operating costs in Category 1.

**Totals may not add correctly due to rounding.

C1:1: Low-income assistance

The ALIs described in this subcategory provide assistance to the state's low-income population either directly or to local government or nonprofit entities.

Electricity subsidies (ALIs 195659, 195611, 195614, and 195670)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5M40 ALI 195659, Low Income Energy Assistance (USF)	\$413,479,396	\$325,000,000	\$325,000,000
% change	--	-21.4%	0.0%
3K90 ALI 195611, Home Energy Assistance Block Grant	\$263,541,225	\$165,000,000	\$165,000,000
% change	--	-37.4%	0.0%
3K90 ALI 195614, HEAP Weatherization	\$39,657,339	\$40,000,000	\$40,000,000
% change	--	0.9%	0.0%
3080 ALI 195670, Home Weatherization Program	\$17,598,994	\$102,000,000	\$102,000,000
% change	--	479.6%	0.0%

Individuals meeting certain income guidelines may apply to DEV for energy assistance through the Energy Assistance Programs Application. DEV determines eligibility and checks against other conditions that must be met to receive each type of assistance, and provides funds according to each respective program's requirements through the ALIs above.

Percentage of Income Payment Plan (PIPP) Program (ALI 195659). These state funds support the PIPP Program, which allows households at or below 175% of the federal poverty level to pay installments of their electricity bills using a set percentage of their monthly income. DEV uses amounts in the fund to reimburse utility companies for the cost of the energy used by PIPP

customers. The ALI also supports the Electric Partnership Program to help eligible residents reduce household electricity usage. The ALI is funded by the universal service rider on consumers' electric utility bills, which is collected by electric distribution utilities and remitted to DEV's Universal Service Fund (Fund 5M40).

Actual spending from this ALI fluctuates significantly from year to year for two primary reasons: (1) customer utilization, and (2) energy usage, which largely depends on the severity of temperatures in the winter and summer seasons. Over the last five fiscal years, spending from ALI 195659 has ranged from a low of \$190.2 million in FY 2021 to a high of \$413.5 million in FY 2023.

Home Energy Assistance Program (HEAP) (ALI 195611). These funds are provided from the U.S. Department of Health and Human Services (HHS) for the Home Energy Assistance Program (HEAP). The program provides home heating assistance to households at or below 175% of the federal poverty guidelines. This ALI also includes funding for the (1) Emergency HEAP (E-HEAP) Program for households that are in imminent danger of being disconnected during the winter heating season, and (2) Summer Crisis Program for summer cooling assistance to HEAP-eligible households that include persons over age 60 or who can provide proof of a medical necessity.

Federal weatherization allocations (ALIs 195614 and 195670). Each of these ALIs assist low-income households with installing energy-efficient weatherization measures that reduce energy costs and emissions and prevent utility disconnections. DEV allocates these federal weatherization funds to local community action agencies (CAAs), which then contract with weatherization specialists to conduct energy audits and provide upgrades.

The differences between the ALIs stem from the federal funding source and the income eligibility requirements. ALI 195614 consists of a portion of the HEAP block grant funds received from HHS, and are used to fund home weatherization projects for low-income households eligible for HEAP, for households at or below 175% of the federal poverty guidelines. Typically, states use 15% of HEAP funds each year for weatherization purposes, but may request a waiver to use additional portions.

ALI 195670 is used to distribute money from the U.S. Department of Energy for the Home Weatherization Assistance Program (HWAP). Qualified households include those with incomes at or below 200% of the federal poverty guidelines and households that receive Supplemental Security Income, Temporary Assistance for Needy Families, or HEAP (not Emergency HEAP). Increased funding under this ALI for the FY 2024-FY 2025 biennium reflects money the state received under the federal Infrastructure Investment and Jobs Act (IIJA) for the program.

Community Services Block Grant (ALI 195612)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
3L00 ALI 195612, Community Services Block Grant	\$26,102,396	\$29,000,000	\$29,000,000
% change	--	11.1%	0.0%

Most of the funds under this ALI are awarded to the state by HHS according to a federal formula and are subsequently allocated to local CAAs, which provide a variety of anti-poverty

services for low-income individuals and households. These may include HEAP and HWAP services, low-income tax preparation assistance, transportation services for the elderly and disabled, food pantries, employment services, youth services, housing services, and various other eligible activities. Under R.C. 122.68, up to 4.5% of the funds may be set aside for training and technical assistance, outside the formula allocations to the CAAs. The federal guidelines allow up to 5% of HHS funds to be used for administrative expenses.

C1:2: Housing programs (ALIs 1956H3, 195638, 195601, and 195603)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5AP1 ALI 1956H3, Welcome Home Ohio Program	\$0	\$50,000,000	\$50,000,000
% change	--	N/A	0.0%
6460 ALI 195638, Low- and Moderate-Income Housing Programs	\$52,467,557	\$65,000,000	\$65,000,000
% change	--	23.9%	0.0%
3V10 ALI 195601, HOME Program	\$26,355,117	\$62,975,000	\$62,975,000
% change	--	139.0%	0.0%
3080 ALI 195603, Housing Assistance Programs	\$23,281,183	\$12,575,000	\$12,575,000
% change	--	-46.0%	0.0%

Welcome Home Ohio Program (ALI 1956H3). The budget creates the Welcome Home Ohio Program under DEV which does the following: (1) creates a grant program by which land banks may apply for funds to purchase residential property for sale to income-eligible owner occupants, (2) creates a grant program by which land banks may apply for funds to rehabilitate or construct residential property, up to \$30,000, for income-restricted owner occupancy, and (3) authorizes up to \$25.0 million in tax credits in each of FY 2024 and FY 2025 for the rehabilitation or construction of income-restricted and owner-occupied residential property. The budget earmarks \$25.0 million in both FY 2024 and FY 2025 for each grant program. The program is funded by a \$100.0 million cash transfer from the FY 2023 GRF ending balance to the Welcome Home Ohio Fund (Fund 5AP1).

Housing Trust Fund Program (ALI 195638). Commonly known as the Ohio Housing Trust Fund (HTF) Program, the money under this ALI provides state-funded grants and loans to local housing entities for projects mainly serving low- and moderate-income persons, including construction, renovation, and supportive services. HTF (Fund 6460) revenue consists primarily of the state's share of proceeds from the county recordation fees. A portion of this fund is allocated in each fiscal year to the Ohio Housing Finance Agency (OHFA) for the Housing Development Assistance Program and associated administrative costs.

Existing law requires amounts up to certain percentages of the HTF to be dedicated to certain housing and community development programs. At least 50% of the fund must be used for grants to local jurisdictions that are ineligible for federal HOME funding. In addition, at least 45% of the annual funding must go to nonprofits in the form of grants or loans. Other uses are as

follows: (1) up to 10% for grants to emergency shelters, (2) up to 5% to community development corporations, (3) at least \$250,000 must be set aside for the Department of Aging's Resident Services Coordinator Program, and (4) at least \$100,000 for training and technical assistance at nonprofit development organizations.

Federal housing allocations (ALIs 195601 and 195603). ALI 195601 uses HOME Investment Partnership funds awarded to the state by the U.S. Department of Housing and Urban Development (HUD) and subsequently distributed to local communities and housing organizations for housing rehabilitation, tenant-based rental assistance, homebuyer assistance, and housing acquisition and construction. A portion of these funds are allocated to OHFA for programs to assist low-income multifamily housing projects.

ALI 195603 also consists of federal funds from HUD, but under several other programs. The Housing Opportunities for Persons with AIDS (HOPWA) Program provides grants for the creation of rental housing, supportive services, housing counseling, and other services for persons with Acquired Immune Deficiency Syndrome (AIDS) or other HIV-related diseases. The McKinney Emergency Solutions Grants Program is meant for emergency shelter funding, offering grants to local governments and nonprofit organizations for this purpose. The Continuum of Care Program provides funding for homelessness prevention and assistance services coordinated by eight urban federally designated entitlement counties, referred to as Continuums of Care (CoC) and the Balance of State CoC, which represents the other 80 counties.

C1:3: Local Community Assistance (ALIs 1956A3, 1956A1, 195613, 195576, 195455, 195602, 195496, and 1956H4)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5YF0 ALI 1956A3, Demolition and Site Revitalization	\$20,005,427	\$150,000,000	\$0
% change	--	649.8%	-100.0%
5CV3 ALI 1956A1, Water and Sewer Quality Program	\$59,767,947	\$124,000,000	\$0
% change	--	107.5%	-100.0%
3K80 ALI 195613, Community Development Block Grant	\$58,888,306	\$62,975,000	\$62,975,000
% change	--	6.9%	0.0%
5XM0 ALI 195576, All Ohio Future Fund	\$0	\$40,000,000	\$0
% change	--	N/A	-100.0%
GRF ALI 195455, Appalachia Assistance	\$7,195,746	\$6,674,000	\$6,674,000
% change	--	-7.3%	0.0%
3080 ALI 195602, Appalachian Regional Commission	\$898,793	\$5,750,000	\$5,750,000
% change	--	539.8%	0.0%
5UY0 ALI 195496, Sports Events Grants	\$0	\$10,000,000	\$0
% change	--	N/A	-100.0%

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5CV3 ALI 1956H4, County and Independent Fairs Grant	\$0	\$10,000,000	\$0
	% change	--	N/A
			-100.0%

Demolition and Site Revitalization (ALI 1956A3). This ALI is used by DEV to provide grants under the Building Demolition and Site Revitalization Program to provide grants for the demolition of commercial and residential buildings and revitalization of surrounding properties. Under the grant program, \$500,000 is reserved for each county and the remaining amount is awarded on a first-come, first-served basis. The grant program was originally established by H.B. 110 of the 134th General Assembly.

This ALI is backed by the Building Demolition and Site Revitalization Fund (Fund 5YF0) which is capitalized by a \$150.0 million transfer from the FY 2023 GRF ending balance. The bill reappropriates the unexpended, unencumbered balance remaining in the ALI at the end of FY 2023 and FY 2024 to be used for the same purpose in FY 2024 and FY 2025. H.B. 33 also provides a \$350.0 million transfer from the FY 2023 GRF ending balance for a companion program, the Brownfield Remediation Program. Information about that funding is found under **“C4:2: Brownfield remediation.”**

ARPA funding for local community assistance (ALIs 1956A1 and 1956H4). H.B. 33 appropriates ARPA funding in FY 2024 for two DEV grant programs: (1) the Water and Wastewater Infrastructure Grant Program (ALI 1956A1) and (2) the new County and Independent Fairs Grant (ALI 1956H4). The Water and Wastewater Infrastructure Grant Program was established by H.B. 168 of the 134th General Assembly to provide grants to political subdivisions for water and sewer quality projects. The budget requires this funding to fund a new round of grants under which all political subdivisions can apply for water and sewer improvements. To date, DEV has awarded nearly \$360.0 million to support 253 water and wastewater infrastructure projects under this program.

ALI 1956H4 will support the County and Independent Fairs Grant. H.B. 33 requires grants to be awarded to county and independent fairs to increase fair access or economic impact. The bill requires DEV to set an application deadline and distribute grants evenly among all grant applicants.

Community Development Block Grant Program (ALI 195613). DEV’s Office of Community Development administers Community Development Block Grant (CDBG) Program funds received from HUD for communities that do not receive federal funds directly. These communities are referred to as Non-Entitlement Communities. The CDBG money that DEV receives can be used by Non-Entitlement Communities for a range of purposes, including main street and neighborhood development programs, affordable housing, and other projects. Much of the funding under the ALI is provided to Non-Entitlement Communities via federal formula. However, DEV uses a portion of the funding to provide competitive grant awards. The following table includes brief descriptions of these competitive grant programs.

Table 2. Competitive Grant Programs Funded by CDBG Funding (ALI 195613)

CDBG Program	Purpose
Residential Public Infrastructure	Assist with drinking water and sewage system improvements
Critical Infrastructure	Support high-priority, single component projects such as roads, flood, and drainage improvements
Economic Development and Public Infrastructure Grant	Improve infrastructure and provide loans for fixed asset financing for land, building, machinery, and site preparation
Neighborhood Revitalization Grant	Assist in public facilities improvements, such as construction, reconstruction, and rehabilitation of infrastructure
CDBG Flexible Grant	Support for community development, housing, emergency shelter, and projects and activities that do not fit within the other programs

All Ohio Future Fund (ALI 195576). This ALI was created under H.B. 397 of the 134th General Assembly to support economic development in the state, including infrastructure improvements to support future growth. The budget renames the Investing in Ohio Future Fund to the All Ohio Future Fund (Fund 5XM0) and requires the Office of Budget and Management (OBM) Director, in consultation with JobsOhio, to adopt rules that establish requirements and procedures to provide financial assistance from Fund 5XM0. Although the budget appropriates funding of \$40.0 million in FY 2024 under this ALI, the bill also transfers up to \$667.0 million from the FY 2023 GRF ending balance to Fund 5XM0.

Appalachia Assistance (ALI 195455). The purpose of this funding is to provide economic and community development assistance to the 32 counties in Ohio’s Appalachian region. The ongoing subsidy and administrative uses entail (1) paying for administrative costs of planning and liaison activities for the Governor’s Office of Appalachia, (2) providing financial assistance for projects in Ohio’s Appalachian counties, (3) paying dues for memberships in the Appalachian Regional Commission, (4) matching federal funds from the Appalachian Regional Commission, and (5) funding projects designated by the four Appalachian Local Development District offices (located in Cambridge, Marietta, Waverly, and Youngstown) as community investment and rapid response projects.

The budget earmarks \$210,000 from the ALI in each fiscal year for all four Local Development Districts: (1) the Ohio Valley Regional Development Commission, (2) the Ohio Mid-Eastern Government Association, (3) the Buckeye Hills – Hocking Valley Regional Development District, and (4) the Eastgate Regional Council of Governments. These same earmarks were in place for the previous biennium.

Appalachian Regional Commission (ALI 195602). This ALI is used for administrative expenses of the Governor’s Office of Appalachia and the four Appalachian Local Development District offices. This ALI is supported by grant funds awarded by the Appalachian Regional Commission.

Sports Events Grants (ALI 195496). This ALI funds the Sports Event Grant Program to make grants to a local entities organizing committee, endorsing municipality, or endorsing county to attract major sporting events to Ohio. Grants are capped at \$2 million. Funding for this ALI is

supported by the Sports Event Grant Fund (Fund 5UY0). H.B. 33 requires the OBM Director to transfer \$6.1 million from the GRF to Fund 5UY0 in FY 2024.

C1:4: Local community assistance earmarks (ALIs 195406, 195503, and 1956H2)

The ALIs in this category are earmarked for certain local community projects.

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 195406, Helping Ohioans Stay in their Homes	\$0	\$7,000,000	\$4,000,000
% change	--	N/A	-42.9%
GRF ALI 195503, Local Development Projects	\$17,588,546	\$62,615,000	\$3,500,000
% change	--	256.0%	-94.4%
5A00 ALI 1956H2, One Time Priority Projects	\$0	\$34,815,000	\$20,375,000
% change	--	N/A	-41.5%

Helping Ohioans Stay in their Homes (ALI 195406). This ALI is earmarked for two specific purposes, detailed in Table 3 below.

Entity Receiving Earmark	Project or Purpose	FY 2024 Appropriation	FY 2025 Appropriation
People Working Cooperatively	Safe and Healthy at Home Initiative	\$4,000,000	\$4,000,000
Cleveland Neighborhood Progress	Middle Neighborhood Investment Projects	\$3,000,000	\$0
ALI 195406 total:		\$7,000,000	\$4,000,000

Local Development Projects (ALI 195503). This ALI is earmarked for 28 specific purposes, detailed in Table 4 below.

Entity Receiving Earmark	Project or Purpose	FY 2024 Appropriation	FY 2025 Appropriation
Ashtabula County	Sewer project in Kingsville Township	\$1,000,000	\$0
Lake County	Bacon Road Pump Station construction project	\$5,000,000	\$0
Kelleys Island	Public sewer system project	\$2,000,000	\$0
Dayton Dragons	Stadium improvements	\$3,500,000	\$0
City of Nelsonville	Community development	\$250,000	\$0

Table 4. Earmarks for ALI 195503, Local Development Projects

Entity Receiving Earmark	Project or Purpose	FY 2024 Appropriation	FY 2025 Appropriation
City of Belpre	Community development	\$100,000	\$0
Chesapeake River Front Development Project	Operational support	\$850,000	\$0
City of Ashland	Sidewalk construction project	\$175,000	\$0
Scipio Township	Community development	\$250,000	\$0
Village of Racine Fire Department	Building improvements	\$55,000	\$0
Chesapeake Community Center	Operational support	\$650,000	\$0
Dairy Barn in Athens County	Elevator and roof repairs	\$250,000	\$0
Passion Works Studio in Athens County	Operational support	\$250,000	\$0
Starmill Park	Operational support	\$110,000	\$0
Cleveland Institute of Music (CIM)	CIM Academy	\$600,000	\$0
Cleveland Museum of Art	Operational support	\$500,000	\$0
Cleveland Museum of Natural History	STEM education programs	\$500,000	\$0
Cleveland Orchestra	Operational support	\$500,000	\$0
Nancy and David Wolf Holocaust and Humanity Center	Operational support	\$300,000	\$0
Ashland Community Theatre	Purchase hearing equipment	\$25,000	\$0
Gallia County Fair	Operational support	\$1,500,000	\$0
4-H Camp Palmer	Dining hall and storm shelter projects	\$250,000	\$0
City of Mason	Western and Southern Open tennis tournament	\$22,500,000	\$0
Ohio State University	Multispecies Animal Learning Center	\$10,000,000	\$0
Hamilton County	Hamilton County Regional Safety Complex construction projects	\$3,000,000	\$0
Rock and Roll Hall of Fame and Museum	Operational support	\$5,000,000	\$0
Ohio Life Sciences Foundation	Workforce initiatives and operations	\$2,500,000	\$2,500,000
Ohio University Voinovich School of Leadership and Public Service	Mayor's Partnership for Progress work	\$1,000,000	\$1,000,000
ALI 195503 total:		\$62,615,000	\$3,500,000

One Time Priority Projects (ALI 1956H2). This ALI is earmarked for 16 specific purposes, detailed in Table 5 below. This ALI is supported by cash transfers to the One Time Priority Projects Fund (Fund 5A00) that the budget creates in the state treasury. Fund 5A00 is supported by the following cash transfers: (1) \$5.0 million in FY 2024 from the Local Government Innovation Fund (Fund 5KN0), (2) \$6,250,000 in both FY 2024 and FY 2025 from the Rural Industrial Park Loan Fund (Fund 4Z60), (3) \$14.0 million in both FY 2024 and FY 2025 from the Facilities Establishment Fund (Fund 7037), and (4) \$10.0 million in FY 2024 from the Innovation Ohio Loan Fund (Fund 7009).

Table 5. Earmarks for ALI 1956H2, One Time Priority Projects

Entity Receiving Earmark	Project or Purpose	FY 2024 Appropriation	FY 2025 Appropriation
Foundation for Appalachian Ohio	Operational support	\$10,000,000	\$10,000,000
DEV and Governor's Office of Appalachia's GRIT Program	Workforce development	\$9,500,000	\$9,500,000
Mentor Erosion Mitigation Project	Operational support	\$3,000,000	\$0
Tuscarawas County Commissioners	Infrastructure improvements or demolition	\$1,835,000	\$0
Ohio Manufacturing and Innovation Center	Operational support	\$1,000,000	\$0
Mercer County	Market Hall construction project	\$500,000	\$0
Aquifer study	Operational support	\$500,000	\$0
Camp James A. Garfield Joint Military Training Center and the Youngstown Air Reserve Station	Operational support	\$300,000	\$300,000
Buckeye Lake Region Corporation	Operational support for community development activities	\$300,000	\$125,000
Flying HIGH Inc.	Workforce development	\$200,000	\$200,000
West Chester Township	Support security costs for the Voices of America Country Music Fest	\$200,000	\$0
Eldora Speedway	Operational and improvements support	\$200,000	\$0
Armstrong Air and Space Museum	Operational support	\$30,000	\$0
Cleveland Water Alliance	Sustainable Water Technologies Initiatives	\$4,000,000	\$0
Youngstown-Warren Regional Airport	Runway improvements and extensions	\$3,000,000	\$0

Table 5. Earmarks for ALI 1956H2, One Time Priority Projects

Entity Receiving Earmark	Project or Purpose	FY 2024 Appropriation	FY 2025 Appropriation
Heritage Ohio	Ohio Community Revitalization Program	\$250,000	\$250,000
ALI 1956H2 total:		\$34,815,000	\$20,375,000

C1:5: Operating costs (ALIs 195497, 195645, and 195644)

The ALIs below are purposed specifically to pay for operating costs associated with Community Services Division programs. However, note that many other ALIs also pay operating costs of the Division, including ALIs discussed in “**Category 4: Energy and Environmental Revitalization.**”

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 195497, CDBG Operating Match	\$1,341,070	\$1,400,000	\$1,400,000
% change	--	4.4%	0.0%
5KPO ALI 195645, Historic Rehabilitation Operating	\$1,093,843	\$1,300,000	\$1,300,000
% change	--	18.9%	0.0%
5MH0 ALI 195644, SiteOhio Administration	\$0	\$5,000	\$5,000
% change	--	N/A	0.0%

CDBG Operating Match (ALI 195497). Funds in this ALI pay a portion of the operating costs of the CDBG Program. This funding fulfills the required state match for the federal CDBG Program. Federal CDBG funding is appropriated under ALI 195613.

Historic Rehabilitation Operating (ALI 195645). This ALI is funded by fees collected under the Historic Rehabilitation Tax Credit Program. Half of the appropriations are used to cover DEV’s costs for operating the program, while the other half is transferred to the Ohio History Connection on a monthly basis to help cover that organization’s expenses in working with DEV on the program.

SiteOhio Administration (ALI 195644). JobsOhio operates the SiteOhio Program. This ALI covers the small amount of DEV’s costs of being involved with the program. H.B. 436 of the 129th General Assembly created the SiteOhio Program, succeeding the Job Ready Site Program. Started in January 2016, its purpose is to certify and market projects that will be sites meant for commercial, industrial, or manufacturing use.

Category 2: Technology and R&D

ALIs in this category support research and development (R&D), commercialization, and other activities in targeted areas of advanced technological systems, processes, and products. For the purposes of this analysis, the ALIs in this category have been divided into three

subcategories: Third Frontier Program awards, federal allocations and state matching funds, and operating costs.

C2:1: Third Frontier Program awards (ALIs 195687 and 195692)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
7011 ALI 195687, Third Frontier Research and Development Projects	\$969,738	\$2,000,000	\$2,000,000
% change	--	106.2%	0.0%
7014 ALI 195692, Research and Development Taxable Bond Projects	\$46,368,696	\$20,000,000	\$20,000,000
% change	--	-56.9%	0.0%

Funding under these ALIs make up the grant and loan assistance component of the Third Frontier Program. Both ALIs are funded by the proceeds of general obligation (GO) bonds issued by the Ohio Public Facilities Commission. ALI 195687 is funded by proceeds of nontaxable bonds, while ALI 195692 is funded by the proceeds of taxable bonds.

All Third Frontier Program research and development projects must be approved by the Third Frontier Commission and receive Controlling Board approval. From year to year, the Commission establishes subprograms to support specific aspects or missions relating to the R&D industry. Currently, ALI 195687 supports the Diversity and Inclusion Technology Internship and the Technology Validation and Start-Up Fund (TVSF). ALI 195692 supports the Entrepreneurial Services Provider Program, Pre-Seed/Seed Plus Fund Capitalization Program, as well as the TVSF.

Spending through each of the ALIs fluctuates from year to year based on the type of projects awarded by the Third Frontier Commission. Encumbrances can often carry over from one fiscal year to the next as grant agreements are executed. Consequently, H.B. 33 includes temporary law provisions that allow DEV and the Office of Budget and Management to transfer appropriations between the two ALIs in FY 2024 based upon awards recommended by the Commission. This gives DEV cash management flexibility in managing the Third Frontier Program projects and complying with federal requirements governing the use of federally tax-exempt GO bond proceeds.

Third Frontier Program overview and funding history

The Third Frontier Program was created in 2002 with the goal of supporting technology-based products, companies, and jobs for the state of Ohio. The GRF was used to finance the program for the first few years, but Ohio voters subsequently approved ballot issues in 2005 and 2010 authorizing a total of \$1.2 billion in GO bonds to support the program. Since the first bond issuance in FY 2007, \$971.0 million in such bonds have been issued. For FY 2020 and thereafter, the bond issuance limit in each year equals \$175.0 million, plus the principal amount of obligations that in any prior year could have been, but were not issued. The GO bond proceeds are deposited into either the Third Frontier Research and Development Fund (Fund 7011) or the Third Frontier Research and Development Taxable Bond Fund (Fund 7014), depending on the type of bonds that were issued (i.e., federally tax-exempt or not exempt). However, as the Third

Frontier Program winds down, all future bond sales will be taxable with proceeds deposited into Fund 7014. Both funds are used for the same Third Frontier awards that support the research and development industry in the state.

Award process

All Third Frontier awards for projects are approved by the Third Frontier Commission and also receive Controlling Board approval. Project proposals are reviewed by independent evaluators (third-party consultants) and are then recommended to the Commission. From year to year, the Commission establishes various Third Frontier subprograms to support specific aspects or missions relating to the R&D industry. The purpose of each subprogram varies widely depending on the technology or R&D objective, from supporting internships and technology entrepreneurs during the incubation and product commercialization phases, to subsidizing projects operated by large research institutions and privately owned R&D-affiliated companies.

C2:2: Federal allocations and state matching funds (ALIs 195672, 195499, 1956D9, and 1956E1)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
3080 ALI 195672, Manufacturing Extension Partnership	\$6,673,543	\$6,600,000	\$6,600,000
% change	--	-1.1%	0.0%
GRF ALI 195499, BSD Federal Programs Match	\$15,189,285	\$13,274,097	\$13,274,097
% change	--	-12.6%	0.0%
3IC0 ALI 1956D9, Growth Capital Fund	\$7,854	\$53,431,176	\$0
% change	--	680,194.0%	-100.0%
3IC0 ALI 1956E1, Early-Stage Focus Fund	\$7,854	\$26,156,936	\$0
% change	--	332,938.4%	-100.0%

Manufacturing Extension Partnership (MEP) Program (ALI 195672). This ALI receives federal funds from the U.S. Department of Commerce for the MEP Program, which provides technical assistance programs and services to improve the competitiveness of small and medium-sized manufacturing firms to accelerate the implementation of new manufacturing technology and work processes. Under the MEP Program, these businesses can receive cost-improvement services, such as Lean Six Sigma, human resources and financial planning, and other business counseling services.

BSD Federal Programs Match (ALI 195499). This ALI is used mainly as state matching funds for federal programs under the Strategic Investment Division (formerly the Business Services Division). In prior years, spending for these purposes was included in GRF ALI 195453, Technology Programs and Grants. Specifically, this ALI provides matching funds for the MEP Program, described above, operating costs of the Strategic Investment Division, and matching funds for the Procurement Technical Assistance Center Program.

New programs under the federal State Small Business Credit Initiative (ALIs 1956D9 and 1956E1). DEV will administer four new programs in the upcoming biennium funded by the U.S.

Department of Treasury’s State Small Business Credit Initiative (SSBCI) that was expanded by the federal ARPA. Two of these programs will be administered by the Office of Technology Investments: (1) the Ohio Venture Fund (ALI 1956D9) and (2) the Early-Stage Focus Fund (ALI 1956E1). The Ohio Venture Fund will provide capital to professionally managed investment funds to support growth-state technology companies in the state. The Early-Stage Focus Fund will provide capital to professional managed investment funds to support early-stage technology companies in underserved communities and populations in the state. The other two SSBCI programs are discussed in “**Category 3: Business Assistance.**”

C2:3: Innovation Hubs (ALI 1956F8)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5ZK0 ALI 1956F8, Innovation Hubs	\$0	\$125,000,000	\$0
% change	--	N/A	-100.0%

This new ALI will support the creation of innovation hubs in the state near anchor research institutions. H.B. 33 allows funding under this ALI to be used for the following: (1) capital expenses to establish an innovation hub near a research-orientated anchor institution, (2) recruiting or providing research and development opportunities within an innovation hub, or (3) creating new or preserving existing jobs and employment opportunities. Funding for this ALI is supported by a cash transfer of up to \$125.0 million from the FY 2023 GRF ending balance.

C2:4: Operating costs (ALIs 195620, 195686, and 195453)

The ALIs below uniquely pay for operating costs associated with Technology and R&D programs under the Strategic Investment Division. Many other ALIs also are used to cover operating costs of the Division including ALIs discussed in “**Category 4: Energy and Environmental Revitalization.**”

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
7014 ALI 195620, Third Frontier Taxable – Operating	\$590,942	\$1,710,000	\$1,710,000
% change	--	189.4%	0.0%
7011 ALI 195686, Third Frontier Tax Exempt – Operating	\$453,419	\$1,000,000	\$1,000,000
% change	--	120.6%	0.0%
GRF ALI 195453, Technology Programs and Grants	\$1,005,164	\$835,000	\$835,000
% change	--	-16.9%	0.0%

These ALIs cover about \$3.5 million per year in operating costs to support the Office of Technology Investments, which administers the Third Frontier Program. In prior years, ALI 195453 was also used for subsidy assistance relating to technology, such as Edison Program awards and state matching funds for the MEP Program. ALI 195620 uses taxable bond proceeds

to administer awards from ALI 195692, while ALI 195686 uses nontaxable bond proceeds to administer awards issued from ALI 195687.

Category 3: Business Assistance

This category of appropriations consists of ALIs that are used to provide loans and grants to businesses and distribute financial assistance to local and regional economic development entities to aid in the goal of creating and retaining jobs in Ohio. The private nonprofit JobsOhio has assumed many of the business attraction and retention duties on behalf of the state.

Two exceptions can be made: (1) grants and loans to firms within the technology and R&D industries, predominantly through the Third Frontier Program, as analyzed previously under the “**Category 2: Technology and R&D**” section above, and (2) Roadwork Development Grant Program grants, which receives appropriations in the transportation budget bill, since the program is funded by the state motor fuel tax. The transportation budget bill for the FY 2024-FY 2025 biennium, H.B. 23 of the 135th General Assembly, included appropriations of \$15.2 million in each of FY 2024 and FY 2025 for the program. However, H.B. 33 increased those appropriations to \$31.4 million in FY 2024 and \$25.2 million in FY 2025 and earmarked the following: (1) \$10.0 million in both FY 2024 and FY 2025 for the Licking County Board of Commissioners to support local roads impacted by the Intel economic development project and (2) \$6.2 million in FY 2024 for the Fayette County Engineer for road improvement projects.

Both the Strategic Investment Division and the Minority Business Development Division mostly administer programs funded under ALIs in this category, which for this analysis have been separated into five subcategories: (1) Facilities Establishment Fund Group loans, (2) subsidies for minority and disadvantaged businesses, (3) federal Small Business Administration (SBA) funding and state matching funds, (4) specialized industry grants, and (5) operating costs.

Lastly, included in this category is funding for broadband which is administered by the BroadbandOhio Office.

C3:1: Facilities Establishment Fund Group loans (ALIs 195615, 195647, 195664, and 195665)

The Facilities Establishment Fund Group is the primary source of non-Third Frontier Program state funds remaining for economic development subsidies. Loans and other assistance provided from the fund group must be approved by the Controlling Board.

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
7037 ALI 195615, Facilities Establishment	\$30,168,140	\$10,000,000	\$10,000,000
% change	--	-66.9%	0.0%
4Z60 ALI 195647, Rural Industrial Park Loan	\$8,686,977	\$15,000,000	\$15,000,000
% change	--	72.7%	0.0%
7009 ALI 195664, Innovation Ohio	\$0	\$5,000,000	\$5,000,000
% change	--	N/A	0.0%
7010 ALI 195665, Research and Development	\$35,010,968	\$5,000,000	\$5,000,000
% change	--	-85.7%	0.0%

166 Direct Loan Program (ALI 195615). This ALI is primarily used to fund the 166 Direct Loan Program. Businesses can use these loans to purchase machinery and equipment, land and buildings acquisition, or make other eligible capital improvements. Loans are typically between \$1.0 million and \$10.0 million. Market conditions and the revenue from loan repayments play a large role in determining what loans are made and what amounts are available for them. In FY 2022, the Controlling Board approved four loans totaling approximately \$112.2 million.

There is also a second loan mechanism, the Regional 166 Loan Program, which operates through ten designated regional 166 Direct Loan agencies around the state. It was originally funded by money that the state gave to these regional entities to distribute as loans. It now functions as a revolving loan program. Loans typically range from around \$100,000 to \$500,000. Because these loans are funded on the local level, there are no state appropriations related to this program. However, loans under the program are still approved by the Controlling Board. In FY 2022, there were seven loans approved by the Controlling Board.

Rural Industrial Park Loan (ALI 195647). This program allows eligible applicants to apply for loans and loan guarantees for the development and improvement of industrial parks in rural areas of Ohio. Loans are available for projects in the 35 counties that both (1) contain less than 125,000 in population, and (2) qualify as a distressed county or a labor surplus county as defined under R.C. 122.19. Most of the counties are in southeast Ohio. Since FY 2020, the Rural Industrial Park Loan Fund (Fund 4Z60) was capitalized by transfers from the Facilities Establishment Fund (Fund 7037). The budget transfers \$30.0 million from the Innovation Ohio Loan Fund (Fund 7009) to Fund 4Z60 to support the program for the FY 2024-FY 2025 biennium. In FY 2022, four loans were approved totaling \$6.9 million.

Changes to the Rural Industrial Park Loan Program

H.B. 33 makes several changes to the Rural Industrial Park Loan Program. First, it limits loans issued under the program to \$4.0 million. Second, it allows a developer who previously received financial assistance under the program and who, consequently, is currently ineligible to receive additional financial assistance to apply for and receive additional assistance, provided the developer did not receive any previous assistance in the current biennium. Third, it allows a proposed industrial park that would compete with an existing industrial park in the same county

to receive assistance, provided the existing industrial park's owner consents. Lastly, H.B. 33 alters criteria, including per-capita income, unemployment rate, and other related statistics used to evaluate whether a county or municipality is a "distressed area" for the purposes of the program.

Innovation Ohio Loan Program (ALI 195664). Under this program, DEV lends money to businesses in certain targeted industry sectors (advanced materials; instruments, controls, and electronics; power and propulsion; biosciences; and information technology) for acquisition, construction, and technology costs related to research and development, computer software or hardware, commercialization of products and services, and intellectual property costs. Funds are provided through a transfer from Fund 7037 to the Innovation Ohio Loan Fund (Fund 7009). No loans have been approved by the Controlling Board in the current biennium.

Research and Development Loan Program (ALI 195665). This program provides loans to cover eligible costs of research and development projects in order to stimulate employment in technological research. Loans assist businesses in creating research facilities and for the development of new or improved products, processes, or applications of technology. Funds are provided through a transfer from Fund 7037 to the Research and Development Investment Fund (Fund 7010). The Controlling Board approved one loan for \$1.5 million in FY 2022.

C3:2: Subsidies for minority and disadvantaged businesses (ALIs 1956E2, 1956E3, 195626, 195632, 195694, 195628, and 195646)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
31C0 ALI 1956E2, Certified Development Financial Institution Loan Participation	\$69,153	\$32,571,614	\$0
% change	--	47,000.5%	-100.0%
31C0 ALI 1956E3, Collateral Enhancement Program	\$1,407,941	\$17,747,554	\$0
% change	--	1,160.5%	-100.0%
3FJ0 ALI 195626, Small Business Capital Access and Collateral Enhancement Program	\$1,263,221	\$8,000,000	\$8,000,000
% change	--	533.3%	0.0%
5XH0 ALI 195632, Women Owned Business Loans	\$3,605,414	\$5,000,000	\$5,000,000
% change	--	38.7%	0.0%
5XH0 ALI 195694, Micro-Loan	\$3,227,537	\$2,500,000	\$2,500,000
% change	--	-22.5%	0.0%
5S90 ALI 195628, Capital Access Loan Program	\$563,043	\$2,500,000	\$2,500,000
% change	--	344.0%	0.0%
4W10 ALI 195646, Minority Business Enterprise Loan	\$436,402	\$5,000,000	\$5,000,000
% change	--	1,045.7%	0.0%

Federal program funding under the State Small Business Credit Initiative (ALIs 1956E2, 1956E3, and 1956E26). ALI 1956E26 is funded by allocations from the U.S. Department of Treasury for the State Small Business Credit Initiative (SSBCI). SSBCI funds first became available to the state in FY 2013 when Ohio was awarded \$55.1 million. The federal money has been distributed in three roughly equal installments of \$18.0 million to \$19.0 million in each of FY 2012, FY 2014, and FY 2016.

This initiative aims to encourage lending to potential small businesses that have difficulty securing loans through conventional underwriting standards. It involves two programs. The first of these is the Capital Access Loan Program. Under this program, the state, along with borrowers and financial institutions, create reserve pools to recover any losses incurred by a financial institution in lending their private money to eligible businesses that have difficulty obtaining funding through conventional underwriting standards. This ALI also supports the Collateral Enhancement Program to provide lending institutions with cash deposits to use as additional collateral for loans made to eligible for-profit small businesses.

As discussed under “**Category 2: Technology and R&D,**” the federal ARPA extended SSBCI and supports four new DEV programs. ALI 1956E2 supports the Community Development Financial Institutions (CDFI) Loan Participation Program. This program provides loans to socially and economically disadvantaged individuals, very small businesses, and businesses located in CDFI tracts. ALI 1956E3 supports the Collateral Enhancement Program 2.0 to provide collateral on small business loans made by financial institutions to allow small businesses to access loans that otherwise would have been denied.

State matching funds (ALI 1956E28). Although administratively under the Facilities Establishment Fund Group, ALI 1956E28 uses state funds to cover the state’s portion of such reserve pools under the Capital Access Loan Program. H.B. 33 authorizes the transfer of up to \$2.0 million per year into the Capital Access Loan Program Fund (Fund 5S90) from two other DEV funds: (1) up to \$1.0 million in each year from the Facilities Establishment Fund (Fund 7037), and (2) up to \$1.0 million in each year from the Minority Business Enterprise Loan Fund (Fund 4W10).

MBD Financial Assistance Fund programs (ALIs 1956E32 and 1956E94). These ALIs support (1) the Ohio Micro-Loan Program, and (2) the Women’s Business Enterprise Loan Program. Both programs are designed to stimulate the growth of new and existing businesses in the state at market interest rates or below-market rates depending on the nature of the request and the applicant’s creditworthiness. Loan proceeds may be used for working capital, machinery and equipment purchases, leasehold improvements, inventory, rolling stock, and the refinance of existing business debt. In FY 2022, 13 loans were approved totaling approximately \$2.2 million under the Women’s Business Enterprise Loan Program. Fifty-nine Ohio Micro-Loans were approved totaling nearly \$2.4 million in FY 2022.

H.B. 110 of the 134th General Assembly created the MBD Financial Assistance Fund (Fund 5XH0) and was supported by \$20.0 million from the State Small Business Credit Initiative Fund (Fund 3FJ0) to Fund 5XH0. H.B. 33 prescribes all of the following for Fund 5XH0 in the FY 2024-FY 2025 biennium: (1) allows the OBM Director to transfer \$15.0 million from Fund 3FJ0 to Fund 5XH0 in FY 2024, (2) requires the DEV Director to certify to the OBM Director the remaining cash balance in Fund 3FJ0 on the completion of the original Collateral Enhancement Program supported by the fund and allows the OBM Director to transfer the certified cash

balance amount to support Fund 5XH0, and (3) requires all loan repayments of loans issued under Fund 5XH0 to be credited to the fund.

Minority Business Enterprise Loan Program (ALI 195646). This ALI is used to provide funding for loans processed by the Minority Development Financing Advisory Board to minority-owned and operated businesses that are unable to obtain financing through traditional channels. The ALI also is used for operating expenses of the Minority Business Development Division. The budget also allows up to \$5.0 million in each fiscal year to be transferred, with Controlling Board approval, annually from Fund 7009 to Fund 4W10. Loans under this program must be approved by the Controlling Board.

C3:3: Federal SBA funding and state matching funds (ALIs 195609, 195675, 195696, 195454, and 195405)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
3080 ALI 195609, Small Business Administration Grants	\$6,006,615	\$5,550,000	\$5,550,000
% change	--	-7.6%	0.0%
3080 ALI 195675, Procurement Technical Assistance	\$1,134,898	\$1,300,000	\$1,300,000
% change	--	14.6%	0.0%
3080 ALI 195696, State Trade and Export Promotion	\$720,672	\$1,000,000	\$1,000,000
% change	--	38.8%	0.0%
GRF ALI 195454, Small Business and Export Assistance	\$3,481,297	\$4,000,000	\$4,000,000
% change	--	14.9%	0.0%
GRF ALI 195405, Minority Business Development	\$6,352,043	\$9,650,000	\$9,150,000
% change	--	51.9%	-5.2%

Small Business Administration Grants (ALI 195609). The budget appropriates approximately \$5.6 million to ALI 195609 in each fiscal year. This ALI provides the main source of federal funding for the Small Business Development Center (SBDC) Program, which offers management counseling, training, and technical assistance to small businesses at the 27 SBDCs throughout the state. The federal moneys require equal matching of funds (\$1 federal: \$1 state plus local), but the state or local match may be in kind. According to DEV's Annual Report for FY 2022, SBDCs served 5,000 entrepreneurs, advised over 8,000 businesses, and offered 721 trainings across the state in FY 2021.

Procurement Technical Assistance (ALI 195675). This ALI is used to help small businesses seeking to compete for federal, state, and local contracts at Procurement Technical Assistance Centers (PTACs). The centers assisted nearly 2,000 clients from February 2021 to January 2022.

State Trade and Export Promotion (ALI 195696). These federal funds come to the state as part of SBA's State Trade Expansion Program. DEV uses this money to support small business export promotion efforts.

Small Business and Export Assistance (ALI 195454). This ALI is used for various purposes that aid small businesses. The ALI also provides matching funds to the federally funded SBDC Program reflected in ALI 195609, as well as grants to support small business development, entrepreneurship, and exports of Ohio’s goods and services. Grants through the ALI are used in conjunction with ALI 195405, Minority Business Development.

Minority Business Development (ALI 195405). This ALI is used to provide assistance to other minority development entities (including the six Minority Business Assistance Centers across the state), but also supports operating costs of the Minority Business Development Division within DEV. The ALI is also used in conjunction with ALI 195454, Small Business and Export Assistance, for grants to local economic development organizations.

Additionally, H.B. 33 earmarks \$500,000 in FY 2024 under the ALI for DEV to contract with a research and consulting firm to conduct a study to assess whether minority-, women-, and veteran-owned businesses face barriers to contracting with the state for goods and services. The bill requires the study to examine (1) the percentage of contract dollars that state agencies and state-supported educational institutions spent with minority-, women-, and veteran-owned businesses during the study period, and (2) the percentage of contract dollars that minority-, women-, and veteran-owned businesses might be expected to receive based on their ability to deliver the required performance under state contracts. Further, the bill specifies that the study should contain other qualitative and quantitative information related to these issues and make recommendations to increase participation of minority-, women-, and veteran-owned businesses in state contracting.

C3:4: Specialized Industry Grants (ALIs 195408 and 195537)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5XX0 ALI 195408, Meat Processing Investment Program	\$3,153,863	\$14,000,000	\$0
% change	--	343.9%	-100.0%
GRF ALI 195537, Ohio-Israel Agricultural Initiative	\$212,741	\$250,000	\$250,000
% change	--	17.5%	0.0%

Meat Processing Investment Program (ALI 195408). This ALI is used by DEV to award grants under the Ohio Meat Processing Grant Program, which was created in H.B. 110 of the 134th General Assembly. Under H.B. 33, these grants will be awarded to custom processors of food animals from farms and to be used to support the construction of new, or improvements at existing, processing facilities. Funding for this ALI is supported by a cash transfer of up to \$14.0 million from the FY 2023 GRF ending balance.

Ohio-Israel Agricultural Initiative (ALI 195408). This ALI supports the Ohio-Israel Agricultural Initiative, which aims to promote trade between Ohio and Israel in the agriculture and processed food sectors, as well as provide education on various agricultural issues like drip irrigation and agritourism. The earmarked funding may not be used for travel and entertainment expenses incurred under the initiative.

C3:5: Operating costs (ALIs 195649, 195415, 195635, 195624, and 195691)

The ALIs below uniquely pay for operating costs associated with Category 3 programs under the Strategic Investment Division and Minority Development Division. Many other ALIs also pay operating costs of the divisions, however, including ALIs discussed in “**Category 2: Technology and R&D.**”

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
4510 ALI 195649, Business Assistance Programs	\$1,242,649	\$3,000,000	\$3,000,000
% change	--	141.4%	0.0%
GRF ALI 195415, Business Development Services	\$2,681,398	\$4,000,000*	\$4,000,000
% change	--	49.2%	0.0%
5JRO ALI 195635, Tax Incentives Operating	\$524,901	\$1,000,000	\$1,000,000
% change	--	90.5%	0.0%
4500 ALI 195624, Minority Business Bonding Program Administration	\$0	\$100,000	\$100,000
% change	--	N/A	0.0%
5W60 ALI 195691, International Trade Cooperative Projects	\$2,566	\$50,000	\$50,000
% change	--	1,848.9%	0.0%

*The FY 2024 appropriation in the Senate-passed and later versions of the bill is \$7.0 million, instead of \$4.0 million, due to a drafting error. The appropriation in the table above reflects the intent of the General Assembly.

Loan programs (ALIs 195649 and 195415). These two ALIs support loan servicing costs, mainly those awarded through the Facilities Establishment Fund Group. Revenue supporting Fund 4510 ALI 195649 comes in the form of loan commitment fees and transfers from the Facilities Establishment Fund (Fund 7037). H.B. 33 allows up to \$1.75 million per year to be transferred from Fund 7037 to the Business Assistance Fund (Fund 4510).

GRF ALI 195415 also pays for some of the operating costs of the Strategic Investment Division and DEV’s regional offices. Additionally, H.B. 33 requires \$1.8 million in each fiscal year under this ALI to be allocated to Development Projects, Inc. to support economic development programs and job creation efforts at U.S. Department of Defense (DOD) facilities in Ohio. These efforts are to include (1) working with DOD efficiency initiatives and future base realignment and closure (BRAC) activities, (2) assisting with defense contracting at Ohio companies, and (3) supporting regional training and workforce needs in the defense and aerospace industries. Development Projects, Inc. is the public sector funding arm of the Dayton Development Coalition.

Tax credit programs (ALI 195635). The Office of Grants and Tax Incentives will use this ALI to pay operating costs of the various tax credit programs administered by DEV, including the (1) Job Creation, (2) Job Retention, (3) InvestOhio, (4) Motion Picture, (5) Ohio Historic Preservation, (6) Ohio New Market, and (7) Opportunity Zone. Finally, the Office tracks the

creation and management of enterprise zones and community reinvestment areas in Ohio's communities.

Minority Business Bonding Program Administration (ALI 195624). These funds support the administrative expenses of the Minority Business Bonding Program, which provides bonding assistance to minority businesses who otherwise cannot obtain bonding. The maximum bond amount is \$1.0 million per company. A premium of up to 2% is charged for each bond issued, and the premiums are deposited into the Minority Business Bonding Fund (Fund 4500) to support this ALI. The fund is backed by up to \$10.0 million in unclaimed funds, overseen by the Department of Commerce, to pay for any losses arising from the program.

International Trade Cooperative Projects (ALI 195691). This ALI receives funds from outside entities to support international business development opportunities. Money in the International Trade Cooperative Projects Fund (Fund 5W60) includes donations and grants from entities such as trade associations to assist with the operation of DEV's presence in foreign locations, as well as the proceeds of a fee for businesses to receive export assistance.

C3:6: Broadband funding (ALIs 1956E4, 1956E5, and 1956G9)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
31F0 ALI 1956E4, Broadband Equity, Access, and Deployment (BEAD) Program	\$1,679,818	\$105,000,000	\$0
% change	--	6,150.7%	-100.0%
31F0 ALI 1956E5, Broadband Digital Equity Acts Program	\$741,698	\$1,000,000	\$30,000,000
% change	--	34.8%	2,900.0%
5A11 ALI 1956G9, Broadband Pole Replacement and Undergrounding Program	\$0	\$50,000,000	\$0
% change	--	N/A	-100.0%

Broadband funding (ALIs 1956E4 and 1956E5). These ALIs support expanding broadband access in the state during the FY 2024-FY 2025 biennium. Funding for these new ALIs is supported by money the state received under the federal IIJA. The BroadbandOhio Office will administer these funds.

ALI 1956E4 will be used to build infrastructure that supports the adoption of high-speed internet and implement the federal BEAD Program. The purpose of the BEAD Program is to identify internet service providers to assist in connecting unserved and underserved households to the internet throughout the state. ALI 1956E5 will support BroadbandOhio's development of a statewide digital equity plan to support community-centric solutions for broadband adoption and affordability. Once the plan is approved, the state will be eligible for additional capacity grant funding to implement the digital equity plan and support digital equity projects throughout the state.

Broadband Pole Replacement and Undergrounding Program (ALI 1956G9). This ALI will be used to provide reimbursements to providers of qualifying broadband service for utility pole replacements, mid-span pole installations, and undergrounding that accommodate facilities used to provide qualifying broadband service access under the new Broadband Pole Replacement and Undergrounding Program. Funding for this ALI is supported by a cash transfer of up to \$50.0 million from the FY 2023 GRF ending balance.

Category 4: Energy and Environmental Revitalization

This category consists of programs to support and attract businesses in the alternative and advanced energy industry, to provide incentives for the adoption of alternative and advanced energy technologies, and to oversee federal brownfield funding received.

C4:1: Energy Loan Fund (ALIs 195660, 195618, and 195610)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5M50 ALI 195660, Advanced Energy Loan Programs	\$531,298	\$8,925,000	\$8,925,000
% change	--	1,579.9%	0.0%
3080 ALI 195618, Energy Grants	\$4,208,676	\$20,000,000	\$0
% change	--	375.2%	-100.0%
3350 ALI 195610, Energy Programs	\$366,933	\$350,000	\$350,000
% change	--	-4.6%	0.0%

State funding (ALI 195660). This ALI provides state funding for loans under the Energy Loan Fund Program. Loans range from \$250,000 to \$2.5 million and are available for small businesses, manufacturers, nonprofits, and public entities to make improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and create or retain jobs. Eligible activities include insulation; LED and other lighting systems; energy management control systems; heating, ventilation, and air conditioning (HVAC) upgrades; weather sealing; door and window replacements; combined heat and power systems; and cogeneration systems. Projects must achieve at least 15% reduction in energy usage, demonstrate economic and environmental impacts, and be included within a long-term energy strategy of the community served.

Through 2011, the Advanced Energy Fund (Fund 5M50) functioned as a grant program, under which 660 advanced energy grants totaling \$44.7 million were distributed. Until then, the source of money to provide these grants was a monthly rider collected on utility bills for retail electric service that was deposited into Fund 5M50. That authority expired at the end of December 2011. Since then, the program has operated using the remaining funding as a revolving loan program.

Federal funding (ALIs 195610 and 195618). These federal funds are used mainly to supplement funding for the Energy Loan Fund Program, described above. The budget allocates \$20.0 million in FY 2024 of the total federal funding toward the loan program. The increase in funding for FY 2024 under Fund 3350 ALI 195618, Energy Grants, from FY 2023 spending is supplemental funding provided under the federal IJA for the State Energy Program that the state

received. The remaining \$350,000 in each year is slotted for outreach, client education, support for public school energy education curricula, public information sharing, and energy conservation workshops for small businesses.

The funding source for ALI 195610 is the Oil Overcharge Fund (Fund 3350), capitalized by federal funds received pursuant to a U.S. government settlement with oil companies. To spend the Fund 3350 appropriations, the state must demonstrate that the proposed conservation project benefits the class of consumers injured by the oil company's overcharges relating to the case.

C4:2: Brownfield remediation (ALIs 1956A2 and 195627)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5YE0 ALI 1956A2, Brownfield Remediation	\$83,983,469	\$175,000,000	\$175,000,000
% change	--	108.4%	0.0%
5UL0 ALI 195627, Brownfields Revolving Loan Program	\$2,323,701	\$1,695,000	\$1,695,000
% change	--	-27.1%	0.0%

Brownfield Remediation (ALI 1956A2). This ALI is used by DEV to provide grants under the Brownfield Remediation Program to support the remediation of brownfield sites throughout the state. Under the grant program, \$1.0 million is reserved for each county and the remaining amount is awarded on a first-come, first-served basis. The grant program was originally established by H.B. 110 of the 134th General Assembly and has funded 313 projects in 83 counties.

This ALI is backed by the Brownfield Remediation Fund (Fund 5YE0) which is capitalized by a \$350.0 million transfer from the FY 2023 GRF ending balance. The bill reappropriates the unexpended, unencumbered balance remaining in the ALI at the end of FY 2023 and FY 2024 to be used for the same purpose in FY 2024 and FY 2025. H.B. 33 also provides a \$150.0 million transfer from the FY 2023 GRF ending balance for a companion program, the Demolition and Site Revitalization Program. Information about that funding is found under "**C1:3: Local Community Assistance.**"

Brownfields Revolving Loan Program (ALI 195627). This ALI supports the Brownfields Revolving Loan Program, which provides low-interest loans to private and public entities for demolition, cleanup, and remediation projects on brownfield sites. Funds for this purpose are received by DEV through competitive grants from the U.S. Environmental Protection Agency (U.S. EPA). DEV administers the program in conjunction with the quasi-public Ohio Water Development Authority.

C4:3: New federal energy programs (ALIs 195580, 195581, 195582, and 195583)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
3080 ALI 195580, Energy Efficiency and Conservation Block Grant Program	\$0	\$3,130,030	\$0
% change	--	N/A	-100.0%
3080 ALI 195581, Energy Efficiency Revolving Loan Fund Capitalization Grant	\$0	\$3,202,320	\$0
% change	--	N/A	-100.0%
3IM0 ALI 195582, Home-Owner Managing Energy Savings Rebate Program	\$0	\$124,875,180	\$0
% change	--	N/A	-100.0%
3IM0 ALI 195583, High-Efficiency Electric Home Rebate Program	\$0	\$124,150,970	\$0
% change	--	N/A	-100.0%

New federal funding for energy efficiency programs (ALIs 195580 and 195581). Funding for these ALIs are supported by funds the state received under the federal IJIA. The U.S. Department of Energy administers both the Energy Efficiency and Conservation Block Grant Program (ALI 195580) and the Energy Efficiency Revolving Loan Fund Capitalization Grant (ALI 195581). ALI 195580 will be used to create and implement a variety of energy efficiency and conservation projects. ALI 195581 will be used to capitalize revolving loan funds to provide grants and loans to conduct commercial and residential energy audits and energy efficiency upgrades and retrofits of building infrastructure.

New federal energy rebate programs (ALIs 195582 and 195583). Funding for these ALIs are supported by funding the state received under the federal Inflation Reduction Act. Funds are administered by the U.S. Department of Energy. ALI 195582 will provide rebates to eligible households under the Home-Owner Managing Energy Savings Rebate Program. ALI 195583 will provide rebates to eligible households under the High-Efficiency Electric Home Rebate Program.

At the time of this writing, the U.S. Department of Energy is in the process of developing program guidance for each of these programs. The purpose of the programs is to incentivize households to reduce energy bills, upgrade to clean energy equipment and improve energy efficiency, and reduce indoor and outdoor pollution.

C4:4: Operating and other costs (ALIs 195426, 195699, 195639, 195402, and 195654)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 195426, Redevelopment Assistance	\$1,088,553	\$1,065,000	\$1,065,000
% change	--	-2.2%	0.0%
4F20 ALI 195699, Utility Community Assistance	\$470,448	\$750,000	\$750,000
% change	--	59.4%	0.0%
4F20 ALI 195639, State Special Projects	\$116,514	\$150,000	\$150,000
% change	--	28.7%	0.0%
GRF ALI 195402, Coal Research and Development Program	\$132,176	\$150,000	\$150,000
% change	--	13.5%	0.0%
6170 ALI 195654, Volume Cap Administration	\$7,806	\$40,000	\$40,000
% change	--	412.4%	0.0%

Redevelopment Assistance (ALI 195426). This GRF funding will pay for a variety of operating expenses, including those related to energy, redevelopment, and other revitalization projects, such as loans under the Brownfield Revolving Loan Fund Program and grants under the Abandoned Gas Station Cleanup Grant Program.

State Special Projects Fund uses (ALIs 195699 and 195639). This money primarily comes from utility company payments that are deposited into the State Special Projects Fund (Fund 4F20); however, Fund 4F20 may hold other miscellaneous revenue. ALI 195699 is used to verify the income and eligibility of federal HEAP applicants, leverage additional federal funds, support projects to assist homeless persons, assist with energy efficiency projects for PIPP customers, and provide training assistance for agencies that administer low-income customer assistance programs. ALI 195639 is used on an ad hoc basis for various purposes.

Coal Research and Development Program (ALI 195402). This ALI funds the operating expenses of the Ohio Coal Development Office (OCDO). OCDO operates the Coal Research and Development Program, funded by GO bonds issued by the Ohio Public Facilities Commission. The GRF funding for debt service on this bond program is discussed later in this Greenbook under **“Category 7: Debt Service.”**

The Coal Research and Development Program is funded through appropriations within the capital budget bill. S.B. 310 of the 133rd General Assembly, the capital budget bill for the FY 2021-FY 2022 biennium, included appropriations of \$5.0 million for the two-year period. The grants focus on two areas of clean coal technology: (1) Ohio Coal Research Consortium grants go to research institutions to study mechanisms critical to emissions formation and methods of control, or for uses of coal as a feedstock for other processes, and (2) Ohio Coal Demonstration and Pilot Program grants go to utility power producers, clean coal technology developers, research and development firms, and universities for the discovery of new technologies or the

demonstration or application of existing technologies that enable the conversion or use of Ohio coal as a fuel or chemical feedstock in an environmentally acceptable manner.

Volume Cap Administration (ALI 195654). This ALI provides funding to cover the administrative costs of overseeing the state’s allocation of tax-exempt private activity bonding authority under the federally defined limit, or Volume Cap. While administered by the Office of Energy, Volume Cap is also used by other state entities, including the Ohio Housing Finance Agency (OHFA), for the issuance of bonds for certain programs.

Category 5: Workforce Development

ALIs in this category fund activities to assist businesses with developing the workforce through training and job retention activities, as well as provide administrative support for the Governor’s Office of Workforce Transformation.

C5:1: State workforce development programs (ALIs 195556, 195553, and 195655)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 195556, TechCred Program	\$7,161,223	\$25,200,000	\$25,200,000
% change	--	251.9%	0.0%
GRF ALI 195553, Industry Sector Partnerships	\$3,004,956	\$5,000,000	\$5,000,000
% change	--	66.4%	0.0%
4F20 ALI 195655, Workforce Development Programs	\$467,211	\$1,175,000	\$1,175,000
% change	--	151.5%	0.0%

TechCred Program (ALI 195556). This workforce development program offers financial assistance for employees or prospective employees to enroll in short-term training courses or programs in specific industries or to pursue in-demand jobs. Employers who submit successful applications under the program are reimbursed up to \$2,000 per credential when current or prospective employees complete eligible technology-focused credentials. These credentials take less than a year to complete. Under the program, employers are eligible to receive up to \$30,000 per funding round. In FY 2022, 1,524 grants were approved totaling \$20.7 million. These grants are projected to provide credentials for an estimated 17,905 employees.

This ALI also supports the Individual Microcredential Assistance Program (IMAP). This program assists low-income individuals who are partially unemployed or totally unemployed by participating in a training program to receive a credential at no cost. Similar to the TechCred Program, IMAP credentials are short-term, industry-recognized, and technology-focused. IMAP training providers are reimbursed up to \$3,000 per completed credential. H.B. 33 increases the maximum reimbursement amount for microcredential training providers under the program from \$250,000 to \$500,000 per fiscal year.

Since its inception, the TechCred Program has been funded by a combination of GRF and non-GRF funding. Non-GRF funding consisted of revenue deposited under the Ohio Incumbent Workforce Job Training Fund (Fund 5HR0). Fund 5HR0 consisted of the following revenue when

it supported the TechCred Program: (1) casino licensing revenue supporting the OhioMeansJobs Workforce Development Revolving Loan Program under the Department of Higher Education, (2) a portion of bond proceeds used to finance the purchase of education loans made to Ohio residents or students attending Ohio institutions, and (3) a transfer from the GRF.

Industry Sector Partnerships Program (ALI 195552). Industry sector partnerships are groups of businesses in the same industry, workforce development entities, educational institutions, and others within a region to develop strategies for filling the industry’s specific workforce needs together. DEV will administer the program to provide technical assistance to the partnerships, as well as offer competitive grants to implement initiatives.

Workforce Development Programs (ALI 195655). This ALI is used to support workforce development training for lead abatement professionals. Approved training providers are reimbursed for training provided. This ALI was established by the Controlling Board in FY 2020 under a Memorandum of Understanding (MOU) with DEV and the Ohio Department of Health (DOH). DOH was appropriated GRF funding in the previous two main operating budgets for lead hazard control and lead workforce training initiatives. It was determined DEV had existing resources to efficiently implement these initiatives. Under the MOU, DOH transferred the appropriations via an intrastate transfer voucher to the State Special Projects Fund (Fund 4F20) to support this ALI.

C5:2: Workforce Development Initiatives (ALI 195643)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
3AE0 ALI 195643, Workforce Development Initiatives	\$1,028,103	\$2,000,000	\$2,000,000
% change	--	94.5%	0.0%

These funds are provided through a transfer of federal Workforce Investment Act (WIA) funds from the Ohio Department of Job and Family Services to support workforce development operating costs of the Governor’s Office of Workforce Transformation and DEV’s Office of Strategic Business Investments.

Category 6: Tourism

This category funds the activities of the Office of TourismOhio. The budget charges the Office with promoting not just tourism, but also “living, learning, and working” in Ohio.

C6:1: Office of TourismOhio (ALI 195683)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5MJ0 ALI 195683, TourismOhio Administration	\$12,000,067	\$7,500,000	\$7,500,000
% change	--	-37.5%	0.0%

ALI 195683 funds the operations of the Office of TourismOhio. The ALI will pay for marketing, advertising, public relations, and the development and publication of tourism and

state promotion materials, payroll, and operating costs of the Office. The Tourism Fund (Fund 5MJ0) has been capitalized by transfers from the GRF. For the FY 2024-FY 2025 biennium, H.B. 33 allows up to \$15.0 million to be transferred from the GRF to Fund 5MJ0.

Category 7: Debt Service

This category of appropriations provides GRF funding for debt service on two types of GO bonds issued by the state. These bonds were issued to support two ongoing programs: the Third Frontier Program and the Coal Research and Development Program.

C7:1: GO bond debt service (ALIs 195905 and 195901)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 195905, Third Frontier Research and Development General Obligation Bond Debt Service	\$59,271,500	\$47,800,000	\$36,500,000
% change	--	-19.4%	-23.6%
GRF ALI 195901, Coal Research and Development General Obligation Bond Debt Service	\$5,724,433	\$5,732,500	\$4,042,500
% change	--	0.1%	-29.5%

Third Frontier debt service (ALI 195905). This ALI funds the repayment of GO bonds issued by the Ohio Public Facilities Commission for R&D initiatives funded under ALIs 195687 and 195692. See “**Category 2: Technology and R&D**” for a discussion of the various grant and loan programs overseen by the Third Frontier Commission.

Coal Research and Development debt service (ALI 195901). This funding covers debt service on bonds issued to award grants for research and development of clean coal technologies. The Ohio Coal Development Office uses these bond proceeds to award grants for research and development of clean coal technologies. For a description of these programs, see “**Category 4: Energy and Environmental Revitalization.**”

Category 8: Administration

This category encompasses ALIs that support DEV’s central administrative offices, including the Director’s office, legal services, communications and marketing, information technology, finance and internal services, and research. Funding for ALIs under this category comes from assessments charged against the divisions.

C8:1: Administration operating (ALIs 195684 and 195636)

Fund/ALI	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
1350 ALI 195684, Development Operations	\$13,002,713	\$16,922,815	\$17,112,847
% change	--	30.2%	1.1%
6850 ALI 195636, Development Services Reimbursable Expenditures	\$124,143	\$125,000	\$125,000
% change	--	0.7%	0.0%

Development Operations (ALI 195684). This ALI is the primary source of administrative funding for the Department's central operating activities and is supported by assessments on DEV's various divisions. These amounts are deposited into the Supportive Services Fund (Fund 1350). The ALI primarily covers payroll, supplies, equipment, and maintenance costs associated with the functions of DEV's executive leadership, legal office, communications and marketing staff, information technology staff, and other central administrative services.

Development Services Reimbursable Expenditures (ALI 195636). The General Reimbursement Fund (Fund 6850) consists of money collected through assessments. This funding is used to cover reimbursable expenses such as state pool car costs, bulk office supply purchases, travel reimbursements, and registration costs for conferences and events.