

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Public Works Commission

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LBO Redbook

Ohio Public Works Commission

Quick look...

- The Public Works Commission (PWC) administers three programs that provide grants and loans to local governments for infrastructure projects, as well as grants for conservation purposes. PWC employs a staff of nine.
 - The largest is the State Capital Improvement Program (SCIP), funded by general obligation (GO) bond proceeds, which provides grants and loans for infrastructure projects, including road, bridge, wastewater, water supply, and stormwater projects.
 - The Clean Ohio Conservation Program (COCP) preserves greenspace throughout the state and is funded by GO bond proceeds.
 - The Local Transportation Improvement Program (LTIP) provides grants for local government road and bridge projects and is funded by a portion of revenue from the Ohio motor fuel tax. LTIP receives appropriations in the transportation budget act, H.B. 54 of the 136th General Assembly.
- Of the total \$553.1 million in funding recommended in H.B. 96, \$550.5 million (99.5%) is GRF to cover debt service on the GO bonds issued to pay for SCIP and COCP. The remaining \$2.6 million (0.5%) is non-GRF to cover operating costs.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
General Revenue	\$273,440,160	\$286,135,000	\$271,500,000	\$279,000,000
Capital Project	\$1,383,842	\$1,295,168	\$1,299,072	\$1,321,500
Total	\$274,824,002	\$287,430,168	\$272,799,072	\$280,321,500
% change	--	4.6%	-5.1%	2.8%
GRF % change	--	4.6%	-5.1%	2.8%

Appropriation overview

As noted above, the \$550.5 million (99.5%) of the total \$553.1 million recommended for the Public Works Commission (PWC) during the FY 2026-FY 2027 biennium is slated for debt service on bonds issued to support the State Capital Improvement Program (SCIP) and Clean Ohio Conservation Program (COCP). More specifically, approximately 84.1% (\$465.0 million) is for SCIP-related debt service and nearly 15.5% (\$85.5 million) is for COCP-related debt service. The remaining roughly 0.5% (just over \$2.6 million) of appropriations for the biennium is budgeted as follows: just over \$2.0 million for personal services; a little under \$450,000 for supplies, maintenance, and equipment; and \$164,000 for purchased personal services.

PWC programs and funding sources

PWC programs and operating costs are funded differently from each other and are appropriated in the main operating budget, the transportation budget, and the capital budget, as indicated in the table below.

PWC Programs and the Budget Bills that Fund Them				
Program	Use of Funding	Budget Bill		
		Main Operating (FY 2026-FY 2027)	Transportation (FY 2026-FY 2027)	Capital (FY 2025-FY 2026)
		H.B. 96 (Pending)	H.B. 54 (Pending)	H.B. 2 of the 135 th General Assembly (enacted)
SCIP	Awards			✓
	Debt Service Operating Costs	✓		
COCP	Awards			✓
	Debt Service Operating Costs	✓		
LTIP	Awards/ Operating Costs		✓	

State Capital Improvement Program (SCIP) reauthorization

Projections show that bond funding for SCIP will be exhausted in FY 2026. Additional debt issued to fund local projects under the program requires voter approval of a constitutional amendment. To reauthorize SCIP, H.J.R. 8 of the 135th General Assembly placed a constitutional amendment on the ballot for the statewide special election in May 2025. The measure seeks an additional \$2.5 billion in general obligation (GO) bonds to provide ongoing funding for SCIP. If approved by the voters, the state could issue up to \$250.0 million in each year for ten years. Each issuance would be limited to a 30-year maximum maturity period. The state would be obligated to make interest payments on the issued debt. Interest rates vary with market conditions. However, assuming the state issued \$250 million of such bonds per fiscal year, in FY 2027 through FY 2036, with a maturity period of 20 years and an interest rate of 4.5%, the estimated total cost of debt service payments would be approximately \$3.84 billion, spread over 30 years. Debt service payments would range between \$19.2 million and \$192.2 million per fiscal year. Actual debt service payments may be higher or lower depending on market interest rates at the time the bonds are issued and the number of years over which they are to be paid off. These payments would be made under GRF line item 150907, Infrastructure Improvement General Obligation Bond Debt Service, which is further discussed in the budget analysis section.

Analysis of FY 2026-FY 2027 budget proposal

State Capital Improvement Program

SCIP Debt Service (ALI 150907)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 150907, Infrastructure Improvement General Obligation Bond Debt Service					
\$236,221,551	\$316,665,259	\$227,346,048	\$245,235,000	\$225,000,000	\$240,000,000
% change	34.1%	-28.2%	7.9%	-8.3%	6.7%

GRF appropriation line item (ALI) 150907, Infrastructure Improvement General Obligation Bond Debt Service, is used to cover the debt service costs related to the SCIP bonds, as calculated by the Office of Budget and Management (OBM). As of February 2025, there is approximately \$1.65 billion in SCIP debt outstanding.

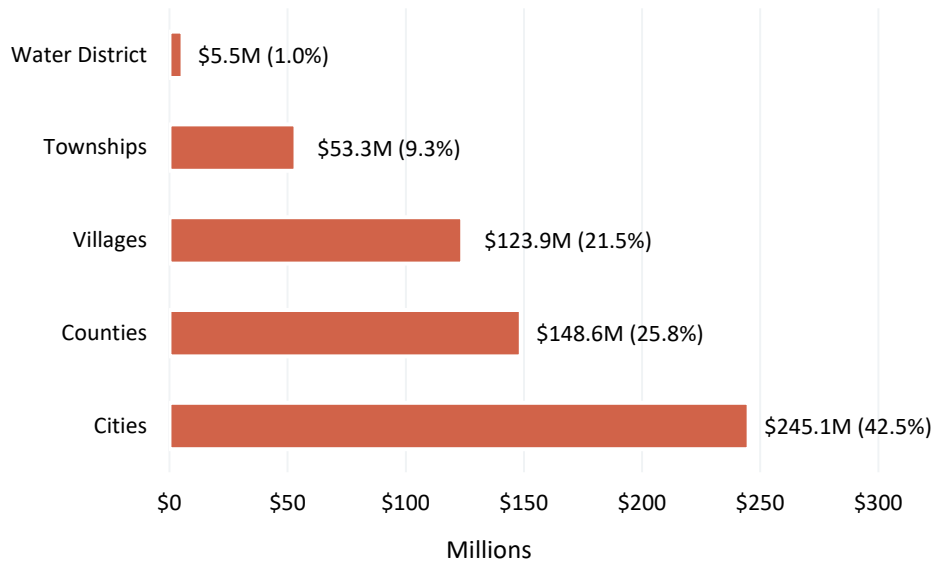
Because SCIP is financed using the proceeds of general obligation (GO) bonds, funding for the program is appropriated in the capital budget. Enacted in June 2024, H.B. 2 of the 135th General Assembly included appropriations of \$400.0 million for SCIP loans and grants during the FY 2025-FY 2026 capital biennium. This was coupled with \$342.3 million in reappropriations contained in the same bill. In addition, H.B. 2 also provided \$255.7 million in appropriations and reappropriations for SCIP revolving loans, funded by the principal and interest income from local government loan repayments.

SCIP awards

Local governments may apply for grants or loans for infrastructure projects including (1) roads, (2) bridges, (3) culverts, (4) wastewater systems, (5) water supply systems, and (6) stormwater systems. Counties, cities, villages, townships, and water, sewer, or sanitary (WSS) districts are eligible for funding. Of the annual allocations, assuming that the May 2025 constitutional amendment passes, by statute, 10% (\$25.0 million) is set aside for small governments, including villages and townships with populations of 5,000 or less, and another 2% (\$5.0 million) is set aside to pay for emergency infrastructure projects. The remaining 88% (\$220.0 million) is available under the application process as described below.

SCIP funding is allocated annually on a per-capita basis to each of the 19 district public works integrating committees (DPWICs) across the state, as set in R.C. 164.08. DPWICs consist of local officials representing all levels of government. The SCIP award may cover up to 100% of project costs. Eligible costs for grants include property and facility acquisition, engineering and design, and construction. Each DPWIC evaluates and scores applications using a locally developed methodology based on criteria listed in Chapter 164 of the Revised Code. Factors such as the financial need of the subdivision, the project’s strategic importance, and whether the project focuses on repair and replacement (in favor of new and expanded infrastructure) are all taken into consideration.

**SCIP Awards by Political Subdivision,
PY 37-PY 38 (\$576.5 million)**



The chart above shows how SCIP grants and loans were distributed in program year (PY) 37 and PY 38 (FY 2024-FY 2025) by type of political subdivision. The total distributed over this period was \$576.5 million across 985 projects. Looking at awards by project type, road projects totaled \$330.1 million (57.3%). Funding for stormwater, wastewater, and water supply projects amounted to approximately \$206.3 million (35.8%) of all SCIP funding over the two years. Bridge and culvert projects received awards of nearly \$40.1 million (7.0%).

SCIP Operating Costs (ALI 150321)

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 7038 ALI 150321, State Capital Improvements Program – Operating Expenses						
	\$719,602	\$944,845	\$1,044,623	\$971,376	\$974,304	\$991,125
% change		31.3%	10.6%	-7.0%	0.3%	1.7%

This ALI is used to pay for the costs PWC incurs for overseeing SCIP. It is funded by a portion of bond proceeds and investment income deposited into the State Capital Improvements Fund (Fund 7038). Administrative expenses include costs for project monitoring, processing disbursement requests, maintaining PWC’s information systems, and preparing financial reports. SCIP comprises about 60% of the Commission’s total administrative costs among the three infrastructure programs under PWC’s purview. At any given time, PWC maintains an active portfolio of more than 1,000 SCIP projects.

Clean Ohio Conservation Program

COCP Debt Service (ALI 150904)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 150904, Conservation General Obligation Bond Debt Service					
\$49,722,933	\$50,530,217	\$46,094,112	\$40,900,000	\$46,500,000	\$39,000,000
% change	1.6%	-8.8%	-11.3%	13.7%	-16.1%

GRF funding under this ALI covers debt service on the bonds issued to support all of three prongs of the Clean Ohio Conservation Program (COCP), including (1) PWC’s greenspace component, (2) the Department of Natural Resources’ (DNR) recreational trails program, and (3) the Department of Agriculture’s (AGR) agricultural easement purchase program. Under Sections 2o and 2q of Article VIII of the Ohio Constitution, up to \$400.0 million in GO bonds may be outstanding at any one time to support the Clean Ohio Conservation Program. The Constitution also requires that only \$50.0 million in bonds may be issued each year, plus the amount that could have been issued, but was not, in prior years. As of February 2025, approximately \$235.1 million in COCP debt is outstanding.

Of total bond funding, 75.0% is used for the COCP greenspace component overseen by PWC, 12.5% is for the Clean Ohio trails program overseen by DNR, and the final 12.5% is for the Clean Ohio agricultural easement purchase program overseen by AGR. Accordingly, H.B. 2 of the 135th General Assembly included appropriations of \$75.3 million over the FY 2025-FY 2026 capital biennium for PWC’s component, and \$12.5 million for each of DNR’s and AGR’s components. H.B. 2 also includes \$96.9 million in reappropriations under COCP.

COCP Operating Costs (ALI 150403)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 7056 ALI 150403, Clean Ohio Conservation Operating					
\$218,293	\$315,397	\$339,219	\$323,792	\$324,768	\$330,375
% change	44.5%	7.6%	-4.5%	0.3%	1.7%

This ALI covers PWC’s operating costs related to the greenspace component of COCP. The ALI is funded by bond proceeds and investment income earned from the Clean Ohio Conservation Fund (Fund 7056). COCP comprises about 20% of all administrative costs incurred by PWC. About 200 projects are managed at any one time. The Commission’s administrative activities involve reviewing and approving project applications, executing funding agreements, disbursing funds, and providing technical assistance.

The goal of PWC’s greenspace component of COCP is to preserve open space, stream corridors, and other land valued for its ecological importance. Under the greenspace component of COCP, PWC makes payments to various property owners to acquire and provide access

improvements to open space and enhance riparian corridors. The program primarily serves local governments and nonprofit organizations, as well as consultants and contractors hired to perform work on approved projects. The award process is nearly identical to that for SCIP and the Local Transportation Improvement Program (LTIP), except that local governments and nonprofit organizations apply for funding through their natural resource assistance councils.