

Commissioners of the Sinking Fund

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- The Commissioners of the Sinking Fund receives its operating funds through a GRF line item in the Treasurer of State's budget
- Appropriations to the Sinking Fund support debt service payments on Ohio's general obligation debts

OVERVIEW

Duties and Responsibilities

The Commissioners of the Sinking Fund administer the debt service payments and administrative expenses related to state general obligation bonds issued for the following purposes: primary and secondary education facilities, higher education facilities, coal research and development, parks and natural resources capital improvements, conservation projects, local infrastructure projects, and highways.

The Board of Commissioners of the Sinking Fund consists of five members. The Auditor of State serves as the president of the Board and the Secretary of State serves as the secretary. The remaining three members are the Governor, the Treasurer of State, and the Attorney General.

The Sinking Fund has an office in the Treasurer of State's office and receives its operating funds through a GRF line item in the Treasurer of State operating budget (ALI 090-401).

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
0	\$733.00 million	\$817.34 million	\$0	\$0	Am. Sub. H. B. 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June, 2005.

In FY 2006 and FY 2007, the appropriations for the Sinking Fund are \$733,001,400 and \$817,344,300, respectively. Appropriations in FY 2006 are \$71,581,137 more than FY 2005 actual expenditures, a 10.82% increase. Appropriations for FY 2007 are \$84,342,900 greater than FY 2006 appropriations, an 11.51% increase. These appropriations will provide continuing funding for debt service payments and administrative expenses related to state general obligations administered by the Commissioners of the Sinking Fund.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Commissioners of the Sinking Fund is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

General Obligations Debt Retirement

Purpose: To provide for debt service payments related to certain state general obligation bonds.

The following table shows the line items that are used to fund the General Obligations Debt Retirement.

Fund	ALI	Title	FY 2006	FY 2007
Debt Service Fund				
072	155-902	Highway Capital Improvements Bond Retirement Fund	\$180,620,600	\$196,464,900
073	155-903	Natural Resources Bond Retirement Fund	\$26,166,000	\$24,659,100
074	155-904	Conservation Projects Bond Service Fund	\$14,687,300	\$17,668,800
076	155-906	Coal Research/Development Bond Retirement Fund	\$7,071,100	\$8,980,800
077	155-907	State Capital Improvement Bond Retirement Fund	\$163,131,400	\$174,545,100
078	155-908	Common Schools Bond Retirement Fund	\$200,724,700	\$236,911,500
079	155-909	Higher Education Bond Retirement Fund	\$140,600,300	\$158,114,100
Debt Service Fund Subtotal			\$733,001,400	\$817,344,300
Total Funding: General Obligations Debt Retirement			\$733,001,400	\$817,344,300

This analysis focuses on the following specific programs within the General Obligations Debt Retirement program series.

Program 1: General Obligations Debt Retirement

Program Description: The Commissioners of the Sinking Fund manage and pay debt service on certain general obligation bonds that are authorized by the state constitution and the legislature for specific purposes.

Highway Capital Improvements Bond Retirement Fund

This line item finances the retirement of debt that has been issued for the purpose of paying costs of construction, reconstruction, or other improvements of highways, including those on the state highway system and urban extensions thereof, those within or leading to public parks or recreation areas, and those within or leading to municipal corporations. The debt is issued under the authority of Section 2m, Article VIII of the Ohio Constitution, approved by voters on November 7, 1995. Not more than \$220 million in bonds may be issued in any fiscal year and not more than \$1.2 billion principal amount may be outstanding at any time. Bond maturity cannot exceed 30 years. The issue has "rollover" authority, so additional bonds may be issued as other bonds are retired.

Funding Source: Gasoline Excise Tax

Implication of the Enacted Budget: The appropriations will allow for the continued payment of debt service on bonds.

Natural Resources Bond Retirement Fund

This line item pays debt service on bonds issued to finance capital improvements related to: state and local parks and land and water recreation facilities; soil and water restoration and protection; land management, including preservation of natural areas and reforestation; water management, including dam safety; stream and lake management; and other projects that enhance the use and enjoyment of Ohio's natural resources. The bonds are issued under the authority of Section 21, Article VIII of the Ohio Constitution, approved by voters on November 2, 1993. Not more than \$50 million in bonds may be issued within any single calendar year, and no more than \$200 million may be outstanding at any one time. Funds to pay the debt service are transferred to this non-GRF account from the GRF.

Funding Source: GRF

Implication of the Enacted Budget: The appropriations will allow for the continued payment of debt service on bonds.

Conservation Projects Bond Service Fund

This line item pays debt service on bonds issued to provide moneys for conservation purposes. The bonds are issued under the authority of Section 20, Article VIII of the Ohio Constitution, approved by voters on November 7, 2000. It was implemented under Am. Sub. H.B. 3 of the 124th General Assembly. Funds to pay the debt service are transferred to this non-GRF account from the GRF.

Funding Source: GRF

Implication of the Enacted Budget: The appropriations will allow for the continued payment of debt service on bonds.

Coal Research and Development Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for financial assistance for research and development of coal technology that will encourage the use of Ohio coal. The bonds were issued under the authority of Section 15 of Article VIII of the Ohio Constitution, approved by voters on November 5, 1985. Not more than \$100 million in bonds may be outstanding in any single calendar year. Funds to pay the debt service are transferred to this non-GRF account from the GRF.

Funding Source: GRF

Implication of the Enacted Budget: The appropriations will allow for the continued payment of debt service on bonds.

State Capital Improvements Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for local infrastructure projects financed by the Public Works Commission. Formerly, this money has come from a line item in the Treasurer of State's budget. Now funding comes from GRF line item 150-907 under the budget for the Public Works Commission.

Funding Source: GRF

Implication of the Enacted Budget: The appropriations will allow for the payment of debt service on bonds.

Common Schools Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for common schools. The corresponding GRF line item (230-908) is in the School Facilities Commission's budget.

Funding Source: GRF

Implication of the Enacted Budget: The appropriations will allow for the payment of debt service on bonds.

Higher Education Bond Retirement Fund

This line item pays debt service on bonds issued to provide moneys for higher education. The corresponding GRF line item (235-909) is in the budget for the Board of Regents.

Funding Sources: GRF and proceeds from the issuance of debt

Implication of the Enacted Budget: The appropriations will allow for the payment of debt service on bonds.