



SEPTEMBER 22, 1998

OIG REPORT 98-49(H)

MEMORANDUM FOR: MR. RANDALL C. HUNT, DIRECTOR, GOVERNOR'S OFFICE OF APPALACHIA, OHIO DEPARTMENT OF DEVELOPMENT

SUBJECT: Memorandum Survey Report--Review of Fund for Appalachian Industrial Retraining - FAIR, OH-10533-95 and OH-10533-96

PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grants, (2) to determine if the grant objectives were met, and (3) to determine the current status of the project.

SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grants, as well as costs claimed as the matching share. The period of performance for the 1995 grant was October 1, 1995, through September 30, 1996. The period of performance for the 1996 grant is October 1, 1996, through September 30, 1998. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Columbus, OH, July 20-21, 1998. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget (OMB) Circulars A-87 and A-102, and the ARC Code.

BACKGROUND

ARC Grants OH-10533-95 and OH-10533-96 were awarded to the Ohio Department of Development, Governor's Office of Appalachia to continue to fund industrial retraining projects in the Appalachian region of Ohio. The project was designed to supplement the OITP (Ohio Industrial Training Program) by channeling training grants to Appalachian businesses which do not rank high enough to receive regular OITP funding. The OITP requires at least a 50 percent match in company funds. According to the grant agreements, the grantee was to perform the following specific tasks:

- A. Select proposals for individual worker training programs submitted to OITP by businesses in Appalachian Ohio;
- B. Submit selected proposals to ARC for approval. (Funding under the grant was to be limited to those training projects identified by the grantee in the grant proposal.)
- C. Award grants with an effective date no earlier than October 1, 1995, (or October 1, 1996 for the 1996 grant) for worker training proposals which have been approved by ARC.

According to the grant agreements, "(f)unding for individual worker training projects. . . shall not exceed \$20,000 (\$10,000 ARC and \$10,000 OITP)." Each grant was for 50 percent of the total actual and reasonable costs of work accomplished under the grant agreement, not to exceed \$250,000. At the time of our review, the grantee had received an advance of \$125,000 on the 1995 grant and \$125,000 remained in the ARC account. Although the grant period ended September 30, 1997 the grant had not been closed out. The grantee had also received an advance/progress payment of \$67,714.03 on the 1996 grant and \$182,285.97 remained in the ARC account. That project is ongoing.

RESULTS

A. Financial Review

Prior to our on-site visit, we were aware that ARC and grantee officials were working to resolve an issue regarding sub-grantees who received ARC funds exceeding the \$10,000 limit. One company received ARC funds that exceeded the limit by \$123,642 under the 1995 grant and four companies exceeded the limit by a total of \$39,715.78 under the 1996 grant. All of the questioned sub-grants were matched with OITP funds. Grantee officials indicated they thought it was permissible to exceed the limits for certain kinds of sub-grants.

Subsequent to inquiries by ARC staff, the grantee amended the questioned sub-grants to indicate that ARC provided funding of \$10,000 on each and the remaining award amount was funded by OITP. For example, the sub-grant for one corporation totaling \$328,155 initially indicated that the funding would be equally divided between ARC and OITP. It was amended to \$10,000 from ARC and \$318,155 from OITP.

In June 1998, the grantee processed an intrastate transfer voucher for \$123,642.20 to refund the "federal funds incorrectly disbursed" from their ARC account under the 1995 grant. They also processed a voucher to refund \$39,715.78 related to the sub-grants awarded under the 1996 grant. Their records indicate that the funds originally charged to ARC in error are now included in the matching share resulting in the grantee being significantly overmatched. The grantee understands that each funded company has to be matched with OITP funds and the excess match for one company cannot be used as match for another. We also noted there were additional sub-grants in which encumbered funds exceeded the \$10,000 ARC limit but they were corrected by the grantee before any payments were made.

At the time of our visit, we understood that the grantee was preparing financial reports which would reflect the adjustments they made to bring their claimed costs into agreement with program limits. At that time, actual allowable costs for the 1995 grant were \$81,790.81. During our visit, there was also a question as to whether ARC would allow the grantee to extend the period of performance for the 1995 grant agreement to allow them to use the remaining \$43,209.19 in advanced ARC funds and the \$125,000 remaining at ARC. Grantee officials indicated that the training needs in Appalachian Ohio were sufficient to justify keeping the remaining funds.

At the time of our visit, corrected expenditures under the 1996 grant totaled \$91,298.17 and the grantee had drawn down \$67,714.03 from ARC.

B. Program Review/Status

At the time of our visit, 10 companies had participated in the 1995 grant and 27 in the 1996 grant. It appears that most companies are on schedule to meet or exceed their goals to create and retain jobs.

ARC received a request from the grantee to extend the 1996 grant through June 30, 1999, but it has not been approved at this time pending further information from the grantee.

C. Grantee Comments


In their response to our draft report, the grantee provided copies of financial reports indicating that total expenses for the 1995 FAIR project were \$417,276.47 including \$84,995.93 (20 percent) in grant costs and \$332,280.54 (80 percent) in matching share. They also indicated they were returning advanced funds of \$40,004.07 to ARC so the grant account for that year can be closed and the unused funds returned to Ohio's Area Development account.

The grantee withdrew their request to extend the 1996 FAIR grant and indicated that sub-recipients would be reimbursed for training completed through September 30, 1998 as specified by the grant agreement.

The grantee also provided additional documentation indicating the companies participating in the 1995 grant created 383 new jobs, retained 24 jobs and trained 14,266 workers.

D. Auditor Comments/Recommendation

At the time of our visit, we noted grant expenses for the 1995 grant totaling \$81,790.81; however, we accept the grantee's response to our draft report and their final accounting of allowable expenditures, including the eligibility of \$84,995.93 in grant expenses for the 1995 grant. In view of the actions initiated to refund and deobligate program funds applicable to the 1995 and 1996 programs and to provide training funds in accordance with grant agreement terminology, no recommendations are noted.


Hubert N. Sparks
Inspector General



**APPALACHIAN
REGIONAL
COMMISSION**

*A Proud Past,
A New Vision*

Office of the Inspector General

August 25, 1998

Mr. Randall C. Hunt, Director
Governor's Office of Appalachia
P. O. Box 1001
Columbus, OH 43266-1001


re: OIG Report 98-49(H), Grant OH-10533-95/96

Dear Mr. Hunt:

Enclosed is our draft report dealing with grants for industrial retraining. As noted, the primary open issue pertains to resolution of the matter related to grants in excess of \$10,000 in ARC funds for individual worker training projects.

We would appreciate a response within 30 days, including any updated information on this issue, for inclusion in a final report.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure



OHIO DEPARTMENT OF DEVELOPMENT

George V. Voinovich
Governor

Joseph C. Robertson
Director

August 31, 1998

Mr. Hubert N. Sparks, Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC

RE: GRANT OH-10533-95
GRANT OH-10533-96

Dear Mr. Hubert:

The following provides response to your draft report regarding records and implementation of Ohio's Funds for Appalachian Industrial Retraining (FAIR) program for Federal Fiscal Years (FFY) 1995 & 1996.

RESULTS, A. Financial Review (pp. 2-3)

"Recommendation: We recommend that the grantee provide financial reports to the ARC reflecting actual allowable expenditures incurred under the 1995 grant. We also recommend that the grantee work with the ARC program officials to resolve the issue regarding extending the 1995 grant or closing it out, returning unused funds and deobligating the balance of funds in the ARC's grant account.

RESPONSE:

Enclosed is the ARC Form 270 which depicts actual expenditures and reimbursements by the Ohio Department of Development to recipients of FAIR funds for FFY 1995.

Included is a spreadsheets for FFY 1995 depicting business by business grant amounts, grant disbursement, and final fund balances.

MEAD Corporation is currently closing its grant with the ODOD; however, it is not officially closed. Because the MEAD contract has been amended, reference enclosure, MEAD has exhausted its use of eligible ARC training funds. MEAD's final reimbursement request exceeds \$45,000 and will be charged against the Ohio Industrial Training Program.

Mr. Hubert N. Sparks, Inspector General
Appalachian Regional Commission
August 31, 1998
Page Two

RESULTS, A. Financial Review (pp. 2-3)

RESPONSE

CONTD.: Therefore, based upon the amended contract for this fiscal year, coupled with the final expenditure report (Form 270), Ohio respectfully requests that the Grant OH-10533-95 be closed. Furthermore, unused funds will be returned and deobligated to the ARC and in turn, reobligated into Ohio's Area Development account.

RESULTS, B. Program Review/Status (p. 3)

"At the time of our visit, 10 companies had participated in the 1995 grant and 27 in the 1996 grant. It appears that most companies are on schedule to meet their goals and create and retain jobs."

RESPONSE:

Two Performance spreadsheets have been included for both FFYs 1995 & '96 depicting projected versus actual figures for jobs created, retained, and persons trained.

RESULTS, B. Program Review/Status (p. 3)

"ARC received a request from the grantee to extend the 1996 grant through June 30, 1999, but it has not been approved at this time pending further information from the grantee."

RESPONSE:

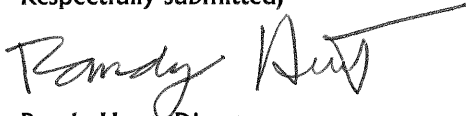
Ohio withdraws its previous request to extend the FFY 1996 FAIR contract and as currently written, this contract, as well as, all sub-recipient contracts, will expire September 30, 1998. Ohio would like to execute this contract as currently written, requesting no extension.

According to the OITP procedure, recipients of the FAIR program will be notified in writing October 1, 1998 with the announcement that their contract has expired. The recipient will then be requested to report any allowable reimbursement up to September 30, 1998 to the ODOD within 45 days from the date of this letter. By early December, all contracts should be closed and final reimbursements disbursed.

Mr. Hubert N. Sparks, Inspector General
Appalachian Regional Commission
August 31, 1998
Page Three

I trust that satisfactorily addresses the concerns reported in your draft report; however, should additional information be required, please do not hesitate to contact me at 614.644.9228.

Respectfully submitted,



Randy Hunt, Director
Governor's Office of Appalachia

encl: ARC Form 270 for Grant OH-10533-95
Expenditure Spreadsheets for OH-10533-95 & 96
Performance Spreadsheet for OH-10533-95 & 96
MEAD Grant Authorization (Amendment)
ARC Inspector General Draft Report, OIG Report 98-49(H) August 25, 1998

c: T. Hunter, Executive Director, ARC (w/encl.)
C. Howard, Legal Counsel, ARC (w/encl.)
C Morningstar, ARC (w/encl.)
Lucy Asadorian, Deputy Director, Finance, ODOD (w/o encl.)
Linda O'Connor, Manager, OITP, ODOD (w/o encl.)
Glendara Clayton, Fiscal/FAIR, ODOD (w/o encl.)

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REQUEST FOR ADVANCE OR REIMBURSEMENT

Approved by Office of Management and Budget, No. 80-RO183

PAGE 1 OF 1 PAGES

1. TYPE OF PAYMENT REQUESTED

a. "X" one, or both boxes
 ADVANCE REIMBURSEMENT

b. "X" the applicable box
 FINAL PARTIAL

2. BASIS OF REQUEST

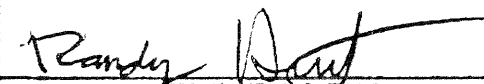
CASH ACCRUAL

(See instructions on back)

<p>3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED</p> <p style="text-align: center;">Appalachian Regional Commission</p>		<p>4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY</p> <p style="text-align: center;">OH-10533-95</p>	
<p>6. EMPLOYER IDENTIFICATION NUMBER</p> <p style="text-align: center;">31-6402047</p>		<p>7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER</p> <p style="text-align: center;">308-B102/GRF-B103</p>	
<p>9. RECIPIENT ORGANIZATION</p> <p>Name : Ohio Department of Development Office of Fiscal 27th Flr. P.O. Box 1001 Columbus, Ohio 43216</p> <p>Number and Street : Columbus, Ohio 43216</p> <p>City, State and ZIP Code :</p>		<p>8. PERIOD COVERED BY THIS REQUEST</p> <p>FROM (month, day, year) : 10/01/95</p> <p>TO (month, day, year) : 09/30/97</p>	
<p>10. PAYEE (Where check is to be sent is different than item 9)</p> <p>Name :</p> <p>Number and Street :</p> <p>City, State and ZIP Code :</p>			

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ACTIVITIES ►	(a)	(b) FEDERAL SHARE	(c) NON - FEDERAL SHARE	TOTAL
a. Total program outlays to date (As of date) 07/31/98	\$	\$ 208,638.13	\$ 332,280.54	\$ 540,918.67
b. Less: Cumulative program income		123,642.20		123,642.20
c. Net program outlays (Line a minus line b)		84,995.93	332,280.54	417,276.47
d. Estimated net cash outlays for advance period		0.00	0.00	0.00
e. Total (Sum of lines c & d)		84,995.93	332,280.54	417,276.47
f. Non-Federal share of amount on line e			332,280.54	332,280.54
g. Federal share of amount on line e		84,995.93	0.00	84,995.93
h. Federal payments previously requested				125,000.00
i. Federal share now requested (Line g minus line h)				
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances	1st month			
	2nd month			
	3rd month			

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY	
a. Estimated Federal cash outlays that will be made during period covered by the advance	\$
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (Line a minus line b)	\$

13. CERTIFICATION		
<p>I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agree-</p>	<p>SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p style="text-align: center;"></p> <p>TYPED OR PRINTED NAME AND TITLE</p>	<p>DATE REQUEST SUBMITTED</p> <p style="text-align: center;">8-28-98</p> <p>TELEPHONE (AREA CODE NUMBER)</p>

PROJECT	PROJECTED NEW JOBS	ACTUAL NEW	% of GOAL	PROJECTED RETAINED	ACTUAL RETAINED	% of GOAL	PROJECTED TRAINED	ACTUAL TRAINED	% of GOAL
Aimco	0			0	0	ERR	196		ERR
A.R.M.	8	15	188%	0	0	100%	10	6	60%
Brown	30		ERR	0	0	ERR	250		ERR
Cardinal	0		ERR	7	7	ERR			ERR
Century	0		ERR	0	0	ERR	48		ERR
Colfor	0		ERR	0	0	ERR	701		ERR
GE Electro	4		ERR	0	0	ERR	397		ERR
Globe	0		ERR	0	0	ERR	168		ERR
Greenfield	3		ERR	0	0	ERR	14		ERR
Haeslty	7		ERR	0	0	ERR	16		ERR
Hall China	14		ERR	0	0	ERR	28		ERR
Hartstone	60		ERR	0	0	ERR	200		ERR
Hunt Valve	2		ERR	0	0	ERR	18		ERR
Kardex	0		ERR	241	241	ERR	241		ERR
Landmark	35	87	249%	48	48	100%	83	87	105%
Lauren	25		ERR	0	0	ERR	242		ERR
North Star	9		ERR	0	0	ERR	12		ERR
O K Dies	0		ERR	12	12	ERR	8		ERR
Omnet	0		ERR	0	0	ERR	427		ERR
Owens/Brock	0		100%	0	0	100%	374	295	79%
Snyder	4		ERR	0	0	ERR	75		ERR
X-Chem	38		ERR	0	0	ERR	38		ERR
Yorde	3	2	67%	14	14	100%	15	15	100%
Ridge Tool	0	3	300%	0	0	100%	8	10	125%
Shreiner	17	1	6%	0	0	100%	37	6	16%
T.C.C.I.	1	1	1	0	0	100%	4	5	125%
	260			322			3615	424	

PROJECT	PROJECTED NEW JOBS	ACTUAL NEW	% of GOAL	PROJECTED RETAINED	ACTUAL RETAINED	% of GOAL	PROJECTED TRAINED	ACTUAL TRAINED	% of GOAL
Rocky Shoes	39	123	315%	0	0	100%	375	138	36%
Ammo, Inc.	4	4	100%	24	24	100%	314	317	101%
Carbonium	0	0	100%	0	0	100%	33	0	0%
Ekern	0	0	100%	0	0	100%	430	462	107%
GE Electric	0	0	100%	0	0	100%	150	173	115%
Triple A	30	0	0%	0	0	100%	30	51	170%
Titanium Metals	1	216	21600%	0	0	100%	10	10	100%
Mayflower	24	40	167%	0	0	100%	35	30	86%
Mfg. P/OMF	0	0	100%	0	0	100%	54	56	104%
Mfg. P/UST	0	0	100%	0	0	100%	287	301	101%
Mfg. P/IT	0	0	100%	0	0	100%	83	155	167%
MEAD	0	0	100%	0	0	100%	2,342	12,575	537%
TOTALS	98	383	391%	24	24	100%	4,163	14,268	343%



OHIO DEPARTMENT OF DEVELOPMENT

George V. Voinovich
Governor

Joseph C. Robertson
Director

September 01, 1998

Thomas Hunter, Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20235

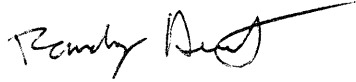
RE: UNOBLIGATED CASH BALANCE
for the FFY 1995 FAIR PROGRAM

Dear Mr. Hunter:

As a result of our close out of the Federal Fiscal Year (FFY) 1995 Funds for Appalachian Industrial Retraining (FAIR) program, kindly accept the enclosed check in the amount of Forty Thousand and Four Dollars and 07/Cents (\$40,004.07), the unobligated cash balance.

Please let me know if there are any other requirements to officially close this program year. I can be reached at 614.644.9228. Thank you.

Respectfully submitted,


Randy Hunt, Director
Governor's Office of Appalachia

\$125,000 advance
84,995.93 expenditure

40,004.07

encl: check

c: H. Sparks, IG ARC (w/o encl.)
C. Howard, ARC Legal Counsel (w/o encl.)
C. Morningstar, ARC (w/o encl.)

F:\GOA\CJB\FAIR\95CHECK.WPD

September 1, 1998

PROJECT	TOTAL	ARC SUM	OITP SUM	ARC DIS	OITP DIS	ARC BAL	OITP BAL	TOTAL BAL	ACCOUNT	DATE CLSD
Rocky Shoes	\$20,000.00	\$10,000.00	\$10,000.00	\$3,170.50	\$3,170.50	\$6,829.50	\$6,829.50	\$13,659.00	Closed	8/97
Armco, Inc.	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	Closed	1/97
Carborundum	\$5,696.00	\$2,848.00	\$2,848.00	\$0.00	\$0.00	\$2,848.00	\$2,848.00	\$5,696.00	Closed	6/97
Elkam Metals	\$20,000.00	\$10,000.00	\$10,000.00	\$9,384.26	\$9,384.26	\$615.74	\$615.76	\$1,231.50	Closed	1/97
GE Electric	\$9,095.00	\$4,547.50	\$4,547.50	\$4,030.92	\$4,030.96	\$516.58	\$516.54	\$1,033.12	Closed	6/97
Triple A	\$11,213.00	\$5,606.50	\$5,606.50	\$5,606.50	\$5,606.50	\$0.00	\$0.00	\$0.00	Closed	1/97
Titanium Meta	\$13,103.00	\$6,551.50	\$6,551.50	\$6,434.75	\$6,434.75	\$116.75	\$116.75	\$233.50	Closed	1/97
Mayflower	\$12,738.00	\$6,369.00	\$6,369.00	\$6,369.00	\$6,369.00	\$0.00	\$0.00	\$0.00	Closed	2/98
Whig. Pitt./MF	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	Closed	6/98
Whig. Pitt./ST	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	Closed	6/98
Whig. Pitt./Y	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	Closed	3/98
Mead	\$328,155.00	\$10,000.00	\$318,155.00	\$10,000.00	\$318,155.00	\$0.00	\$0.00	\$0.00	Closed	8/98
TOTALS	\$500,000.00	\$95,922.50	\$404,077.50	\$84,995.93	\$393,150.95	\$10,926.57	\$10,926.55	\$21,853.12		
GRAND TOTALS								\$21,853.12		

Trustee reports ARC expenditures of \$84,995.93 and their letter of 9-1-98 indicates they're returning \$40,004.07 of their \$125,000 advance. JB

PROJECT	TOTAL	ARC SUM	OITP SUM	ARC DIS	OITP DIS	ARC BAL	OITP BAL	TOTAL BAL	STATUS	TERM	DATE CLSD
Armco	\$41,416.00	\$10,000.00	\$30,708.00	\$9,640.41	\$9,640.01	\$359.59	\$11,067.72	\$11,427.31	OPEN	9/30/98	
Brown	\$17,993.00	\$8,996.00	\$8,997.00	\$0.00	\$0.00	\$8,996.00	\$8,997.00	\$17,993.00	OPEN	12/31/97	
Cardinal	\$11,500.00	\$5,750.00	\$5,750.00	\$4,619.83	\$4,619.93	\$1,130.17	\$1,130.17	\$2,260.34	OPEN	9/30/98	
Century	\$4,684.00	\$2,342.00	\$2,342.00	\$791.90	\$791.90	\$1,550.10	\$1,550.10	\$3,100.20	OPEN	9/30/98	
Colfor	\$39,648.50	\$10,000.00	\$29,652.38	\$10,000.00	\$12,216.74	\$0.00	\$17,435.64	\$17,435.64	OPEN	9/30/98	
Globe	\$28,614.00	\$10,000.00	\$18,614.00	\$10,000.00	\$14,156.76	\$0.00	\$4,457.24	\$4,457.24	OPEN	9/30/98	
Greenfield	\$8,480.00	\$4,240.00	\$4,240.00	\$462.90	\$462.90	\$3,777.10	\$3,777.10	\$7,554.20	OPEN	9/30/98	
Haessly	\$8,000.00	\$4,000.00	\$4,000.00	\$2,702.25	\$2,702.25	\$1,297.75	\$1,297.75	\$2,595.50	OPEN	9/30/98	
Hall China	\$9,127.00	\$4,563.00	\$4,564.00	\$0.00	\$0.00	\$4,563.00	\$4,564.00	\$9,127.00	OPEN	9/30/98	
Hartson	\$10,714.00	\$5,357.00	\$5,357.00	\$230.26	\$230.24	\$5,126.74	\$5,126.76	\$10,253.50	OPEN	9/30/98	
Hunt Valve	\$9,400.00	\$4,700.00	\$4,700.00	\$2,265.00	\$2,265.00	\$2,435.00	\$2,435.00	\$4,870.00	OPEN	9/30/98	
Kardex	\$26,390.00	\$10,000.00	\$16,390.00	\$605.00	\$605.00	\$9,395.00	\$15,785.00	\$25,180.00	OPEN	9/30/98	
Lauren	\$18,373.00	\$9,186.50	\$9,186.50	\$342.50	\$342.50	\$8,844.00	\$8,844.00	\$17,688.00	OPEN	9/30/98	
North Star	\$5,790.00	\$2,895.00	\$2,895.00	\$1,725.00	\$1,725.00	\$1,170.00	\$1,170.00	\$2,340.00	OPEN	9/30/98	
O K Dies	\$10,000.75	\$5,000.00	\$5,000.75	\$0.00	\$0.00	\$5,000.00	\$5,000.75	\$10,000.75	OPEN	9/30/98	
Ormet	\$60,000.00	\$10,000.00	\$50,000.00	\$10,000.00	\$14,263.68	\$0.00	\$35,736.32	\$35,736.32	OPEN	9/30/98	
Owens-Broc	\$58,339.25	\$10,000.00	\$48,339.26	\$10,000.00	\$48,339.26	\$0.00	\$0.00	\$0.00	CLOSED	09/30/98	7/98
X-Chem	\$10,636.00	\$5,318.00	\$5,318.00	\$0.00	\$0.00	\$5,318.00	\$5,318.00	\$10,636.00	OPEN	09/30/98	
Snyder	\$13,267.00	\$6,633.50	\$6,633.50	\$2,720.76	\$2,720.76	\$3,912.74	\$3,912.74	\$7,825.48	OPEN	09/30/98	
A.R.M.	\$5,500.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$0.00	\$0.00	\$0.00	CLOSED	09/30/98	3/98
GE Electro	\$70,000.00	\$10,000.00	\$60,000.00	\$10,000.00	\$51,406.97	\$0.00	\$8,593.03	\$8,593.03	CLOSED	09/30/98	
Landmark	\$15,896.00	\$7,948.00	\$7,948.00	\$7,694.10	\$7,694.10	\$253.90	\$253.90	\$507.80	CLOSED	09/30/98	1/98
Yorde	\$9,321.00	\$4,660.00	\$4,661.00	\$4,660.00	\$4,661.00	\$0.00	\$0.00	\$0.00	CLOSED	09/30/98	4/98
Ridge Tool	\$1,778.00	\$889.00	\$889.00	\$859.75	\$859.74	\$29.25	\$29.26	\$58.51	CLOSED	09/30/98	10/97
T.C.C.	\$4,864.00	\$2,432.00	\$2,432.00	\$2,432.00	\$2,432.00	\$0.00	\$0.00	\$0.00	CLOSED	09/30/98	9/97
Shreiner	\$268.50	\$134.25	\$134.25	\$134.25	\$134.25	\$0.00	\$0.00	\$0.00	CLOSED	09/30/98	4/97
TOTALS	\$500,000.00	\$157,794.25	\$341,501.64	\$94,635.91	\$185,019.99	\$63,129.09	\$146,452.22	\$209,581.31			
GRAND TOTALS		\$499,295.89		\$279,655.90				\$209,581.31			

Legal use:

Control Number: 96-014E ECDD-GOAR



GRANT AUTHORIZATION

Budget Office use:

Memorandum Number:

New
 Modification/Amendment to Control No. ECDD GOAR 96-014D

Start date: 10/01/1995 End date: 05/30/1998 Grant Amount: \$328,155 Amended Amount: 0.00

Grantee - Name & Address: MEAD CORPORATION 401 SOUTH PAINT STREET CHILLICOTHE, OH 45601 FTI: 310535759 -01	Grantee Contact: STEVEN A. BROWN, ORG. LRNG. & DEV. MG. Telephone #: (614) 772-3480	DOD Contact: Linda O'Connor 6-4213 Manager/OITP Barb Johnson 4-9360 Telephone #: 614-644-9360
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BRIEF DESCRIPTION OF PROJECT: ATS Project: 94091B
 (Attach scope of work, budget and a listing of all other current grants the grantee has with the department)

F.A.I.R. GRANT - REGION 7

CHANGE OF FUNDING SOURCE

98-R07-227A

To take care the over commitment of Federal funds

<i>Lucy</i>	<i>\$123,642.20</i>	<i>ISTV</i>	<i>GRF</i>
	<i>30,435.30</i>	<i>come</i>	<i>GRF</i>

916576

PROGRAM CERTIFICATION

I recommend this grant for funding and certify that the grant complies with all applicable program guidelines, rules and Department objectives and that funding is available.

Steve Carter 6/18/98
 Deputy Director Date

FISCAL CERTIFICATION

I certify that funding for grant is available. C.B. approval date _____ and # _____, if required.

Lucy Asadovian 6-11-98
 Chief of Budget and Fiscal Date

PROJECT AUTHORIZATION: _____
 Director or Designee Date

LEGAL: Date Legal Approves/Returns Agreement for Grantee Signature _____ Date Legal/Director Executes the Agreement _____

Comments:

INVOICING METHOD: (check one)

Reimbursement only (hourly rate or per diem & expenses)
 Advance with reimbursement (Amount of advance \$ _____)
 Advance
 Other, describe Monthly

Net amount

FUND	RESP	SAC	SP RC	GRANT	OBJ	SUB OBJ	RPT CAT	ACTY	+/-	LINE AMOUNT
308	GOAR	8265 8025	AP01	E473 E102	570		MRU-71		-	30,435.30 2.00
GRF	GOAR	4175	AP01	E474 E102	570		71		+	154,077.50 30,435.30

FIFTH AMENDMENT TO GRANT AGREEMENT

THIS FIFTH AMENDMENT TO GRANT AGREEMENT (the "Fifth Amendment") is made and entered into by and between the State of Ohio, Department of Development (the "Grantor") and Mead Paper Corporation at Chillicothe, Ohio (the "Company"). This Fifth Amendment shall have Control Number ECDD 96-014F.

BACKGROUND INFORMATION

A. The Grantor and the Company entered into a Grant Agreement dated May 23, 1996 with Control Number ECDD 96- 96-014 (the "Agreement").

B. The Agreement was subsequently modified by an amendment dated July 12, 1996, an amendment dated September 20, 1996, an amendment dated April 13, 1997, an amendment dated August 1997 and an amendment dated March 31, 1998.

C. The Grantor and the Company desire to modify certain provisions of the Agreement as provided herein.

STATEMENT OF THE AGREEMENT

In consideration of the covenants herein set forth, the parties hereby agree as follows:

1. Section 1 of the Agreement is hereby deleted in its entirety and replaced with the following:

1. Grant of Funds. The Grantor hereby grants Funds (the "Funds") to the Company in the amount set forth below:

Total Appalachia Regional Commission Funding:	\$ 10,000.00
Total Ohio Industrial Training Program Funds:	\$318,155.00
(Acc't 4175)	
Total Department of Development Grant:	\$328,155.00

ARC Project Dates:	Start	10/1/95	End	3/31/98
OITP Project Dates:	Start	10/1/95	End	5/30/98

2. Exhibit B, "Budget" shall be deleted in its entirety, and replaced with the attached Exhibit B, "Budget".

3 Except as modified herein, all terms, covenants and conditions contained in the Agreement shall remain in full force and effect.

In Witness whereof, the parties have duly executed this Fifth Amendment to Grant Agreement as of the last date set forth below.

MEAD PAPER CORPORATION

STATE OF OHIO
DEPARTMENT OF DEVELOPMENT

BY: _____

BY: _____
JOSEPH C ROBERTSON, DIRECTOR

TITLE: _____

DATE: _____

DATE: _____

98-R-07-227A
DOC.#916576
\$154,077.50 SUBTRACTED FROM ACC'T 8265 & ADDED TO ACC'T 4175

**EXHIBIT "B", BUDGET
MEAD PAPER CORPORATION
AMENDMENT - CHANGE OF FUNDING SOURCE**

The grant of moneys herein shall be conditioned upon the Department granting funds to the Grantee in the amount referenced above.

	ARC	DOD
1. MANAGEMENT DEVELOPMENT WORKSHOPS		
2. CHILPACO EMPLOYEE DEV. WORKSHOPS		
3. MANAGEMENT SKILLS TRAINING 25% SPECIAL NEEDS - INSTRUCTIONAL MODELS		
4. COMPUTER SKILLS FOR OPERATORS		
5. ELECTRICAL APPRENTICESHIP (NON-REGIST.)		
6. MECHANICAL APPRENTICESHIP (NON-REGIST.)		
7. JOURNEYMAN SKILLS - ELECTRICAL		
8. JOURNEYMAN SKILLS - MECHANICAL		
9. WELDING APPRENTICESHIP (NON-REGIST.)		
10. PRODUCTION SKILLS UPDATE TRAINING		
11. SPECIAL NEEDS-TRAIN-THE-TRAINER @ 25% (FOR COURSES 1-10)		
 SUB-TOTALS:	 \$10,000.00	 \$318,155.00
TOTAL GRANT:		\$328,155.00

Narration to Budget

1. Apply the standard funding guidelines where applicable in accordance with the OITP Eligible Reimbursement Guidelines, contained in the Procedural Forms.
2. The budget reimbursement is based upon 50% of the actual grantee costs up to a maximum of \$20 per instructional hour for the instructor(s) and up to a maximum of 50% of actual company costs for instructional materials and 25% of actual company costs for special needs with appropriate documentation and receipts according to the OITP Eligible Reimbursement Guidelines, contained in the Procedural Forms (not subject to proration).
3. The F.A.I.R. grants are reimbursed at 25% of the actual cost for the OITP portion and 25% of the actual for the ARC (Appalachia Regional Commission) federal portion (total 50% reimbursement).
4. OITP does not reimbursement for OJT (trainees). OITP will reimburse for up to 50% of the trainer/instructor cost for "hand on" instruction. Instruction is capped at 40 instructional hours per trainee, per area of instruction. The trainee is required to have periodic supervision from the instructor during training and may not produce the complete product to be sold for company profit. Any instructional time exceeding 40 hours, requires approval by the Director of the Department of Development.



**APPALACHIAN
REGIONAL
COMMISSION**

*A Proud Past,
A New Vision*

Office of the Inspector General

August 25, 1998

Mr. Randall C. Hunt, Director
Governor's Office of Appalachia
P. O. Box 1001
Columbus, OH 43266-1001


re: OIG Report 98-49(H), Grant OH-10533-95/96

Dear Mr. Hunt:

Enclosed is our draft report dealing with grants for industrial retraining. As noted, the primary open issue pertains to resolution of the matter related to grants in excess of \$10,000 in ARC funds for individual worker training projects.

We would appreciate a response within 30 days, including any updated information on this issue, for inclusion in a final report.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure