

# ROBERT SPRAGUE

OHIO TREASURER

**Ohio Senate Finance Committee  
Interested Party Testimony  
Brandon Kern, Director of Policy and Legislative Affairs  
May 23, 2019**

Chairman Dolan, Vice Chairman Burke, Ranking Member Sykes and members of the Senate Finance Committee, thank you for the opportunity to provide a brief update on Treasurer Robert Sprague's budget priorities for FY20-21.

Treasurer Sprague presented our office's executive budget testimony to the Senate Finance Subcommittee on Primary and Secondary Education on April 30, 2019. In that testimony, the Treasurer laid out many of his priorities for the office. I would like to provide the committee with updates on two particular items and related developments that have occurred since the Treasurer's testimony.

Chief among the Treasurer's priorities is to establish the ResultsOHIO fund, which is a pay for success contracting program to ensure Ohio's taxpayer dollars can be directed to programs and initiatives that have proven to be effective. As you know, SB 122 (Wilson) and HB170 (D. Manning) were introduced earlier this year and would create such a pay for success contracting program. Under this model, the state pays for a completed project only if the project has met predetermined benchmarks set in performance contracts.

Under ResultsOHIO, the role of the Treasurer is two-fold. First, the initiative establishes an independent fund where state and local governments can appropriate dollars specifically for backing pay for success contracts. Second, the Treasurer's office serves as an independent facilitator and fiscal agent for issuing contracts based on policymaker objectives. This latter component ensures that independent and transparent data validation of successful outcomes can take place. The effective stewardship and investment of public money are cornerstones of the Treasury. Applying those principles to a pay for success model will create confidence among private sector investors and taxpayers alike.

Since the Treasurer's testimony to the senate subcommittee, ResultsOHIO has gained widespread support from leaders across the state. In addition to testimony provided to this committee and the subcommittee, we have attached a number of public statements of support for ResultsOHIO. You will see the individual statements come from a diverse set of organizations and focus areas. In addition, the House of Representatives took action to add provisions into the budget bill that would effectively implement this model.

Our office has also been working with members of the Senate to develop amendment language that will further enhance the ability of ResultsOHIO to gain confidence of private sector investors while retaining the utmost accountability to taxpayers. Treasurer Sprague urges you to consider these enhancements and retain language in the budget bill to establish this new innovative model for Ohio.

The second item I'd like to touch on is the restoration of funding for the Ohio Workforce Development Loan Program, which was created by Senate Bill 1 of the 130<sup>th</sup> General Assembly. Funding for this program, which is jointly administered by the Ohio Department of Higher

Education and the Treasurer's office, was cut by \$10 million in the House-passed version of the budget bill.

The Ohio Workforce Development Loan Program (WDLP) addresses a critical issue in Ohio: the growing skills gap that exists between the needs of employers and our state's workforce. The WDLP accomplishes this by promoting educational training in rapidly growing sectors of Ohio's economy through loans to students enrolled in approved workforce training programs. Since its launch, the WDLP has invested more than \$5 million directly to Ohioans pursuing training in a variety of industries, such as nursing, truck driving, welding, diesel technician, and dental assisting.

The WDLP has made access to these programs, many of which are ineligible for federal loans or grants, a possibility for more than 1,200 Ohio residents. Not only has the WDLP made an impact in the lives of hundreds Ohio workers, but has grown significantly in recent years. This growth has occurred with a relatively modest marketing effort.

Thirty-five institutions have currently been approved for nearly \$4.2 million in funding from the loan fund. In addition to those commitments, loan servicing and administrative costs are more than \$300,000 annually. The budget bill, as it stands, leaves just \$3.1 million in the fund resulting in a deficit of \$1.7 million. This funding level is not enough to sustain ongoing operation of the program.

Treasurer Sprague has identified workforce development training as a priority. In the first months of his administration, the office has worked to improve the WDLP, building out the IT infrastructure necessary to support significant growth while also developing a marketing plan aimed at dramatic expansion.

Our office has worked closely with the Department of Higher Education and members of the Senate to draft amendment language that would restore funding for the program and require TOS and ODHE conduct a review of the program and make recommendations to the legislature on its future. The Treasurer respectfully asks for your support of this amendment.

## **ResultsOHIO Support Statements**

### **Pat Tiberi, President & CEO, Ohio Business Roundtable**

*"Not every societal issue requires a new government program or an additional lift on the part of Ohio taxpayers. By using the power of market forces and the private sector, ResultsOHIO incentivizes smart spending on the challenges facing Ohio and measures the results of that spending to ensure successful outcomes. ResultsOHIO is innovative, it's entrepreneurial, and it will be another tool for Governor DeWine and the legislature to tackle any number of issues impacting Ohio's people, its communities, and its businesses."*

### **Nick Lashutka, President & CEO, Ohio Children's Hospital Association:**

*"The Ohio Children's Hospital Association applauds Treasurer Sprague's initiative to support programs that have proven to be effective and deliver results and strong return on investment to benefit all Ohioans. In working toward our mission to advocate in partnership with our patients, families and communities for continuous child health improvement, we create and support programs that are evidence-based and results-driven. With a focus on challenges such as child health, infant mortality, addiction, early childhood education preparedness and workforce training, we believe Treasurer Sprague's 'ResultsOHIO' will help to identify and amplify programs and partnerships that follow these same principles to promote best outcomes for Ohioans, including our state's children."*

### **Adam Sharp, Executive Vice President, Ohio Farm Bureau:**

*"As businesspersons, farmers always want to see proof of performance before investing their money; applying that same expectation to state tax dollars is sound public policy. Productivity on farms is driven by ingenuity and hard work and when government rewards individual accomplishment, entire communities benefit. Treasurer Sprague's ResultsOHIO program will drive measurable improvements in environmental protection, infrastructure, economic development, addiction challenges and many other crucial issues challenging rural Ohio."*

### **Shannon Jones, Executive Director, Groundwork Ohio**

*"Groundwork Ohio applauds Treasurer Sprague's commitment to support innovative strategies deeply grounded in evidence to address some of the greatest challenges facing our communities at a time where public resources are limited. By bringing together the strengths and resources of the public and private sectors, with rigorous accountability and discipline on moving outcomes, this new initiative can improve the health and well-being of our most vulnerable learners."*

### **Cheri L. Walter, Chief Executive Officer, Ohio Association of County Behavioral Health Authorities**

*"We applaud Ohio Treasurer Robert Sprague and his team for establishing the ResultsOHIO fund. The ResultsOHIO fund will provide a unique opportunity to support the development of innovative solutions to pressing health challenges. We look forward to working with Ohio Treasurer Sprague to implement the ResultsOHIO program and leverage resources for community-based substance use disorder services and supports. We know that treatment works and people recover. Now we must continue working on all fronts to enhance access to programs and services throughout our state that make recovery a reality for individuals and families in need."*

### **Nick Santucci, Director of Government & Public Affairs, Youngstown/Warren Regional Chamber**

*"The Youngstown/Warren Regional Chamber supports Treasurer Sprague's pay for success model. Whether it's workforce development, the opioid epidemic, or the myriad of other*

*challenges facing the Mahoning Valley, identifying and supporting successful public-private partnerships that address these policy issues is of great importance. This model is fiscally responsible to taxpayers in that it embraces projects that are proven to be effective, rather than funding statewide programs that may have little impact locally or regionally.”*

**Greg Lawson, Research Fellow, The Buckeye Institute**

*“It is frequently difficult to determine the real return on investment for many projects that get taxpayer dollars. Too often situations emerge where an agency that has an incentive to spend money is able to tilt perception by controlling all of the data needed to determine programmatic efficacy. The Treasurer is looking to make that process better and make sure that the information used to determine various programs' success is legitimate.”*

**Howie Beigelman, Executive Director, Ohio Jewish Communities**

*“Maximizing impact and ensuring a strong return on investment are central to any initiative with a long-term view – and those goals are at the core of ResultsOHIO. The Treasurer’s pay for success model has the potential to support the very best and most effective solutions put forth by the private and nonprofit sectors to address issues like workforce development, health care and behavioral health services, the needs of our seniors and individuals with special needs, and areas as critical as crisis response and community resiliency.*