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HB 177 – Written Testimony  
House Technology and Innovation Committee, April 14, 2021**

Chairman Frazier, Vice-Chair Hall, Ranking Member Lightbody and members of the House Technology and Innovation Committee, thank you for the opportunity to present testimony before you today in support of House Bill 177. My name is Kyle Kaufman and I am a Senior Manager in Ernst & Young’s Columbus, Ohio Assurance practice. I have spent 11 years with EY as a CPA and have audited clients within the life sciences, consumer products, retail, automotive, insurance, and not for profit industries.

My varied experiences with the processes, controls, and financial records of my clients have fueled my passion for blockchain technology and have given me the opportunity to work with our EY Blockchain practice. EY’s visions are as follows:

1. That blockchain technology will do for networks of enterprises and business ecosystems what ERP did for the single company.
2. That blockchain technology will do for the exchange of value what the internet did for the exchange of information.

Specific to the public sector, EY believes that governments have a significant opportunity to use smart contracts native to blockchain technology to develop “programmable budgets” that provide decision makers with access to near-real-time financial and non-financial performance information about expenditures



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across the network of policy makers, budget managers, program managers, delivery agents, and beneficiaries.

EY has built a Public Financial Management (PFM) solution that can help governments realize these opportunities. Our PFM solution is actively in use by public entities, governments, and municipalities for use cases that include traceability of funding, loan disbursements and the physical movement of goods and services to beneficiaries.

PFM provides visibility into how public monies are being spent and the related outcomes achieved through an integrated view of public budgeting. It achieves the “programmable public budget” through:

- Tokenization of the appropriation structure of government so public expenditure can be tracked on chain; and
- Smart contracts that reflect the program objectives, authorities, controls, and key performance obligations that structure how budget appropriations are turned into the activities managed by public officials, their agents, and partners in the broader public service, not for profit, and business sectors.

The benefits of applying PFM include reduced administrative costs along the entire chain and significantly improved operating and decision-making information. We believe these benefits to generate value towards the effectiveness of budgets and the associated outcomes of the programs, services, and regulations delivered. We believe the value to be increasingly more relevant as governments regenerate economies post the COVID-19 pandemic.



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Over the past year, we have seen growth in the acceptance of blockchain technology and related digital assets. We have witnessed increases in exploratory legislation related to blockchain technology and digital assets throughout various states. With the top-notch universities we have in the state, I believe that Ohio has the potential to become a leader and talent hub in this emerging industry. House Bill 177 is a significant step towards achieving this.

I give my full support for House Bill 177 and greatly appreciate the time for testimony today.

If the Chairman will permit, I will now display EY's PFM overview video.