



Testimony Of
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Ohio House Finance Subcommittee on Infrastructure and American Rescue Plan
*Governor DeWine's Executive Budget Proposal: Federal Spending
Fiscal Years 2024 and 2025*

March 14, 2023

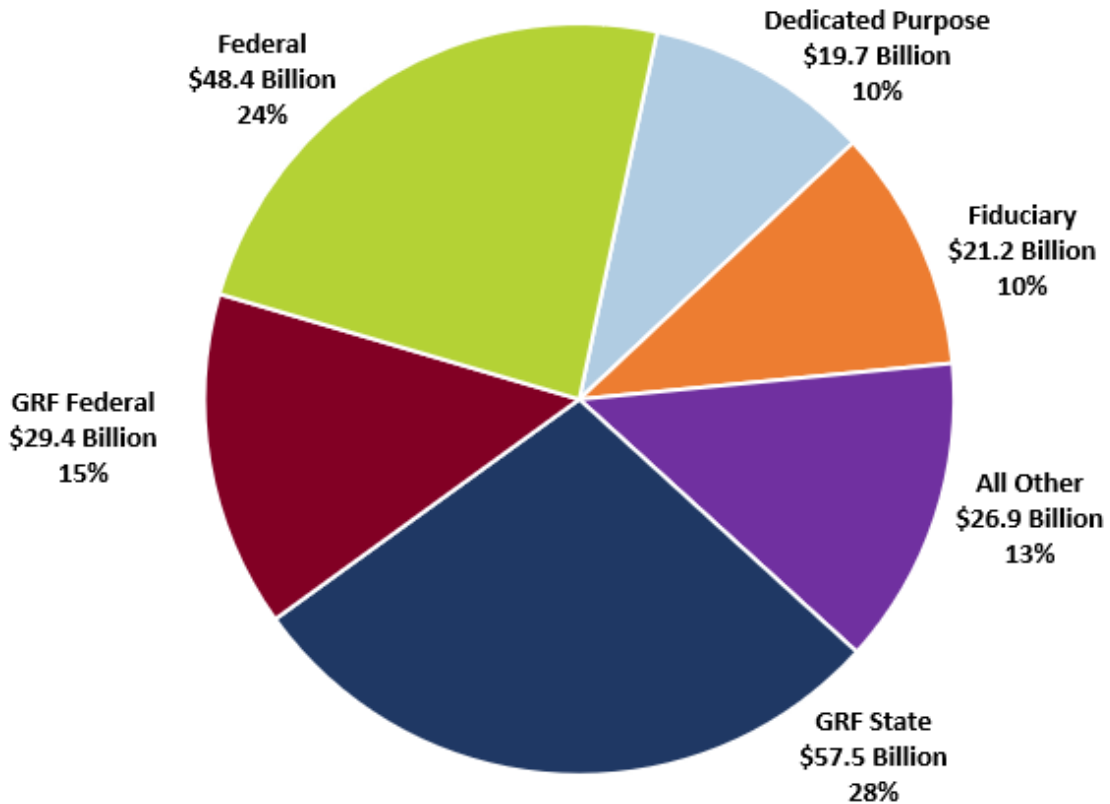
Chairman Callender, Ranking Member Skindell, and members of the House Finance Subcommittee on Infrastructure and American Rescue Plan, I am pleased to be here today to talk with you about the state's use of federal funding in the state budget.

FEDERAL FUNDING AS PART OF THE STATE BUDGET

Each biennium, the state appropriates funding from several sources – the largest is the state General Revenue Fund (GRF), comprised of tax revenue from the Personal Income Tax, Sales and Use Tax, and other general-purpose tax revenues. The state also receives significant funding from the federal government for specific programs – such as Medicaid, education, and grants from other federal agencies. Some funding also flows to the GRF from the federal government as reimbursement for state supported Medicaid expenses.

Each fund in the state treasury is categorized into one of our major fund groups. The Federal fund group includes 254 agency line items and accounts for \$25.2 billion in appropriations in FY 2024 and \$23.2 billion in FY 2025 in the Governor's Executive Budget recommendation – or nearly a quarter of all funds appropriated in each fiscal year. Figure 1 shows the Executive Budget categorized by fund group.

Figure 1: All Funds Budget by Fund Group FY 2024-2025 (dollars in billions)



During the COVID-19 pandemic, the federal government enacted several laws to address the health and economic effects of the pandemic. Most notable among those pieces of legislation are the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in March 2020, and the American Rescue Plan Act, or ARPA, enacted in March 2021.

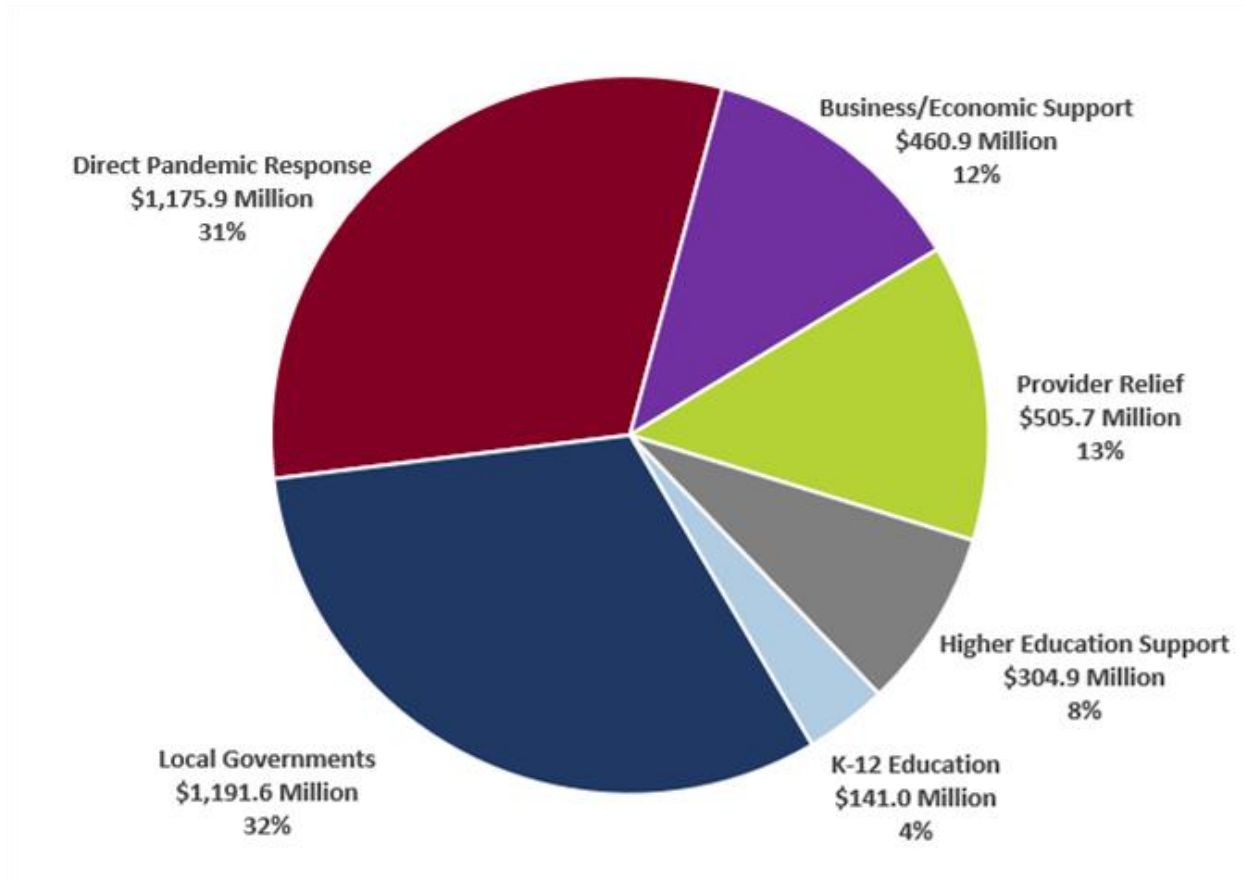
CARES ACT FUNDING OVERVIEW

The CARES Act established the Coronavirus Relief Fund (CRF), which appropriated \$150 billion for states, tribal governments, and local governments to respond to the effects of the COVID-19 pandemic.

In April 2020, Ohio received \$3.8 billion, which was appropriated and expended by December 30, 2021 as required by Congress. Nearly \$1.2 billion was provided as direct payments to over 1,600 local governments for local pandemic response. The remaining funds were appropriated and expended by the state for pandemic response and relief

as noted in Figure 2 below and the attached memo summarizing the Coronavirus Relief Fund.

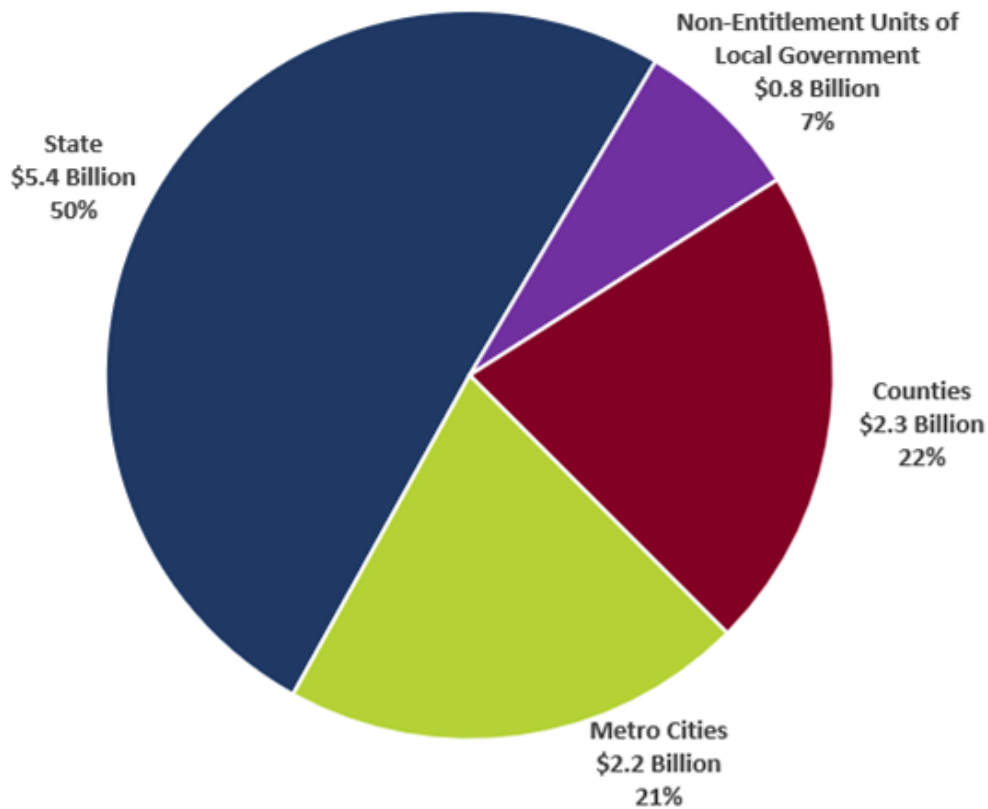
Figure 2: Total CRF Spending, FY 2020-2022 (in millions)



AMERICAN RESCUE PLAN ACT FUNDS

In March 2021, the federal government enacted ARPA, which included the creation of state and local fiscal recovery funds that allocated \$10 billion in additional funding to state and local governments in Ohio to support additional economic relief and recovery. Figure 3 shows how those funds were disbursed among the state, counties, cities, and local governments. Compared to dollars distributed under the CARES Act, which were intended to be flexible and utilized for immediate, short-term needs, funding distributed under ARPA is forward-looking and recovery-focused. The deadline to obligate funds is December 31, 2024, and the deadline to fully expend the funds is December 31, 2026. ARPA funds are much less flexible compared to CRF, with defined allowable uses and specific and detailed reporting requirements.

Figure 3: Ohio ARPA State and Local Fiscal Recovery Fund (in billions)



The state received \$5.4 billion in State and Local Fiscal Recovery Funds from the federal government in two tranches – one in May 2021, and the other in May 2022.

Over the past two years, the General Assembly and Governor DeWine worked together to utilize this one-time funding for one-time expenses that provide lasting returns for long-term prosperity. With the General Assembly’s support, Governor DeWine immediately sought to repay the \$1.471 billion Unemployment Trust Fund loan received from the federal government that accrued during the pandemic. That advancement was repaid before interest would accrue and alleviated the burden from impacting Ohio employers by increasing unemployment insurance taxes. Working together, ARPA funding has been allocated for key one-time priorities, including:

- \$150 million for lead abatement and mitigation efforts, including lead poisoning prevention projects and workforce development in the lead mitigation industry.
- \$500 million to provide grants to local governments for water and sewer quality projects to rebuild and replace aged and broken-down water and sewer systems.

- \$500 million for the Appalachian Community Grant Program to provide planning and development grants to build infrastructure, bolster workforce, and improve health care services in the 32-county Appalachian region.
- \$250 million for Community Violence Intervention and First Responder grants to state and local first-responder agencies to counter increases in violent crime and to mitigate impacts to staffing levels and first-responder wellness.
- \$212 million for School Security grants for physical safety and security upgrades at our schools.

These one-time investments invest in our workforce, improve our infrastructure, and support safer and healthier communities.

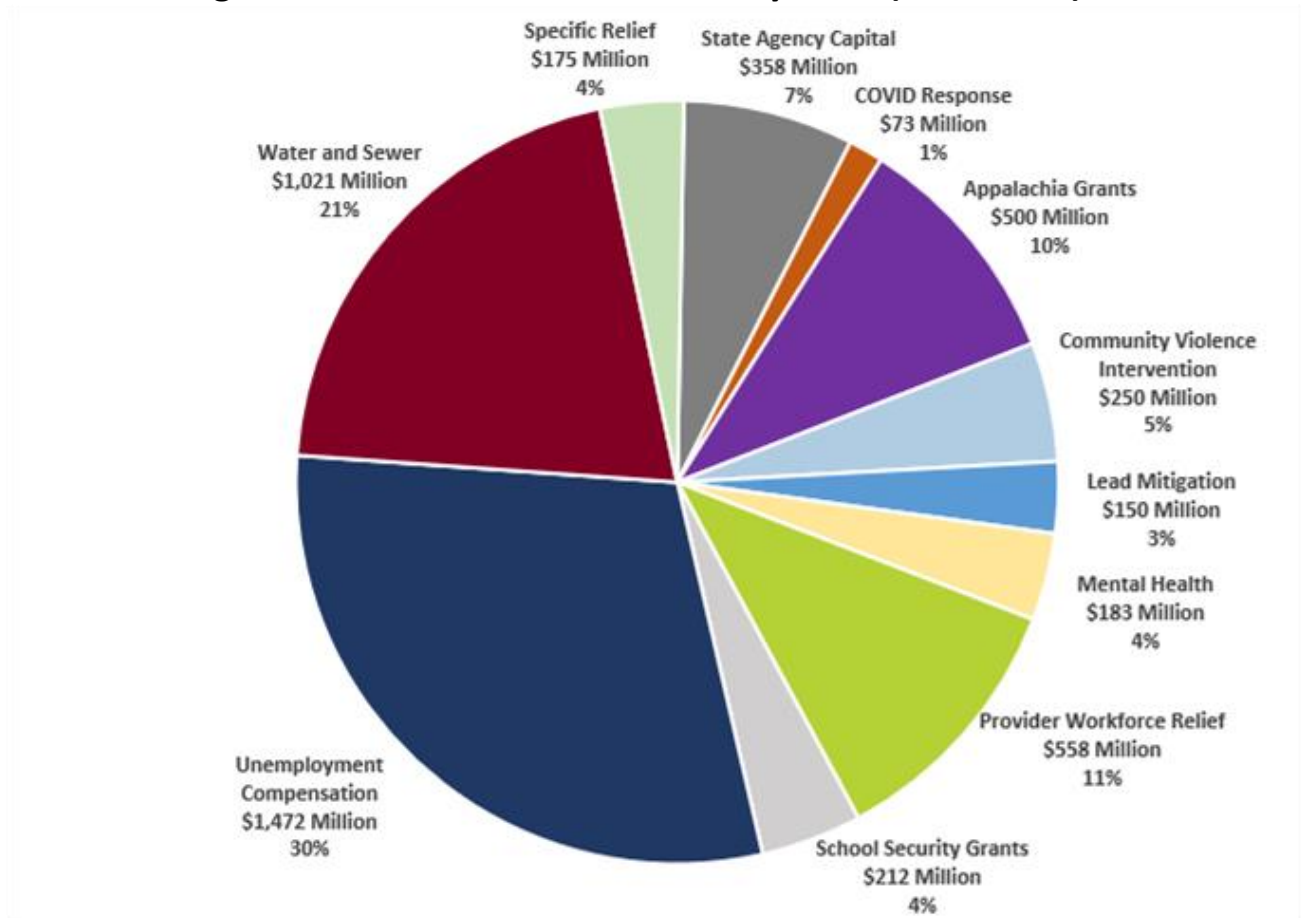
Mr. Chairman, as members of the Subcommittee are aware, the Governor’s budget proposal recommends that the remaining one-time federal ARPA recovery funding be appropriated for the following priorities:

- \$150 million for a pilot child-care scholarship program for critical occupations and other direct service professionals and to increase access to licensed child-care programs for infants and toddlers with priority for those in rural and urban areas,
- \$50 million for pediatric behavioral health to address the shortage of behavioral health professionals serving kids and provide additional capital support needed to expand outpatient and residential services – investments that will help make sure no family is forced to send their child out of state for care or stay too long in a hospital because there is nowhere else to go for help,
- \$40 million to counties for Healthy Aging Grants so local communities can provide direct help to senior citizens to keep them in their homes and off Medicaid,
- \$200 million for a “Super RAPIDS” surge in coordination with the Office of Workforce Transformation for high-tech training equipment requested in collaboration with local businesses – so we can prepare Ohioans for high-skilled in-demand jobs – this investment of federal funds is a partner to the investment of one-time state funding for K-12 career-tech,
- \$10 million for the Department of Transportation (ODOT) and the Department of Development for a comprehensive future-focused and data-driven plan to ensure that our transportation infrastructure supports and propels future economic

growth across the state – this includes a specific focus on the Toledo-Columbus connection.

Figure 4 outlines how the state has appropriated ARPA State and Local Fiscal Recovery Funds thus far.

Figure 4: ARPA State Fiscal Recovery Fund (in millions)



In addition to the more flexible CARES Act Coronavirus Relief and ARPA State and Local Fiscal Recovery Funding, federal funding was allocated for a variety of specific purposes, including K12 education, rental assistance, childcare, capital projects including broadband, and other post-pandemic support programs. Some programs, such as the Elementary and Secondary School Emergency Relief (ESSER) and Governor’s Emergency Education Relief (GEER) programs for K12 education, and the Emergency Rental Assistance (ERA) program for rental assistance, were funded through multiple pieces of federal legislation.

The Ohio Department of Education received nearly \$7 billion in ESSER funds through three rounds, two from CARES and the third authorized via ARPA, to be disbursed to schools based on a formula. The first two rounds supported school-based mental health services, summer learning, after-school programs, and technology. The third round of ESSER focused on learning loss, summer enrichment, and afterschool programming.

The state also received over \$150 million for the GEER program in two rounds, one from the CARES Act and another appropriated by the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. Subgrants support educational services, and other services the Governor deemed essential for carrying out emergency educational services, providing child-care and early childhood education, providing social and emotional support, and protecting education related jobs.

In total, more than \$26 billion in federal funding was allocated to or through the state of Ohio to respond to or recover from the pandemic, most of that funding has been appropriated by the General Assembly over the past three years, and \$19 billion has been fully expended. To ensure complete transparency for these critical funding, OBM created a specific dashboard on OhioCheckbook with all of the details about each allocation and expenditure of federal pandemic funding.

Transparency is key. The Ohio Checkbook ensures that we are transparent with how federal dollars received from the CARES Act and ARPA are spent. Any member of the public can view exactly how much the state has spent on specific programs. It also includes our final report on the state's spending of federal CRF dollars.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA):

In November 2021, the federal government enacted the Infrastructure Investment and Jobs Act, also known as IIJA or the Bipartisan Infrastructure Law. This law provides state transportation agencies approximately \$550 billion over the five-year authorization. The Ohio Department of Transportation (ODOT) will receive a total of \$9.8 billion over five years as a result of IIJA (which includes the *new* Bridge Formula and National EV programs), which is approximately \$499 million more per year than would have otherwise been anticipated. This funding will be appropriated in Ohio through biennial transportation budgets such as H.B. 23. This funding is a “bump up” for our federal highway allocation and will continue to go towards roads and bridges and important safety upgrades.

Most IIJA funding, including the federal highway funding, is allocated through non-discretionary federal formulas as part of existing grant programs. The vast majority of the IIJA funds – nearly 70 percent – was not new.

IIJA did include some new discretionary, competitive federal grant programs for states. An example of this is the Brent Spence Bridge Corridor Project – which received \$1.635 billion from the Bridge Investment Grant and the National Infrastructure Project Assistance programs thanks to the support of the General Assembly, and our partnership with the state of Kentucky and regional and local leaders. This project has a tremendous impact not just on Ohio, but also the national economy – it is estimated the equivalent of 3 percent of our nation’s Gross Domestic Product passes through the bridge corridor daily. The state will continue to look for opportunities to compete for these grants to improve our infrastructure.

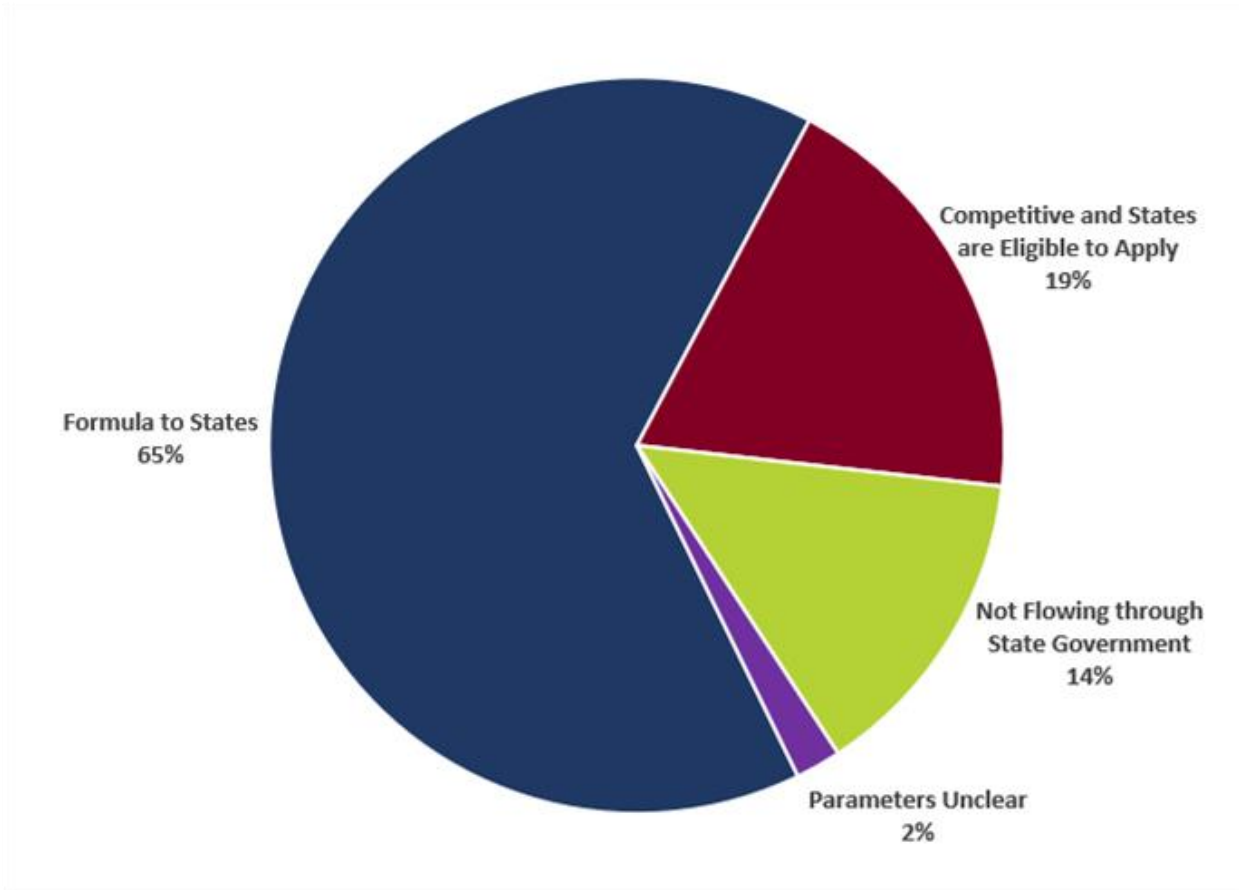
The Department of Natural Resources (ODNR) is also receiving additional funding through IIJA for the orphan well plugging program. Ohio has already received \$25 million through this grant and, this new federal funding, combined with Ohio's already robust state funding, will allow an unprecedented opportunity for the next decade, to continue to plug the nearly 20,000 documented orphan wells across the state.

ODNR also administers the abandoned mine land (AML) program, which currently receives state and federal dollars. The IIJA provided a large increase in federal dollars for that program – ODNR expects to receive \$46 million over the next biennium for the program.

The Executive Budget recommendation includes \$105 million in FY 2024 from the IIJA Broadband Equity, Access, and Deployment (BEAD) program for the Department of Development’s BroadbandOhio office to expand high-speed internet access by funding planning, infrastructure deployment and adoption programs. Leveraging this funding will allow the state to connect unserved and underserved households to affordable broadband, further closing the digital divide in our state.

Figure 5 breaks down the general allocation structures for federal IIJA funding.

Figure 5: Total Infrastructure Investment and Jobs Act Estimates



CONCLUSION

Mr. Chairman, as I conclude my testimony today, I would like to highlight the work that OBM is doing to help local governments, non-profits, and others receive this federal funding.

The Ohio Grants Partnership, launched at OBM in early 2020, provides consistent, enterprise-wide support for the grants management community. Since the onset of the pandemic, the Grants Partnership has taken on the massive responsibility of ensuring many grant programs implemented via federal funds from the CARES Act, ARPA, IIJA, and many others have adequate guidelines, meet reporting requirements, and are simple for local governments to apply and adhere to. OBM has conducted numerous webinars and fielded thousands of emails and phone calls to assist our local stakeholders in receiving assistance.

Our Grants Partnership also has a website, Grants.Ohio.Gov, dedicated to providing a one-stop-shop for information on currently available grant opportunities from across the state enterprise and from the federal government and providing helpful tips on applying for these opportunities.

Chairman Callender, Ranking Member Skindell, members of the subcommittee, thank you for your time and consideration this morning. I am happy to answer any questions that you have.

Attached: Federal Coronavirus Relief Fund Final Report