

# ROBERT SPRAGUE

OHIO TREASURER

**FY 2024-2025 State Operating Budget**

**Senate Finance Committee**

**Ohio Treasurer Robert Sprague**

**Wednesday, April 19, 2023**

Chairman Dolan, Ranking Member Sykes, and members of the Senate Finance Committee, thank you for providing me the opportunity to discuss the work of the Treasurer's office, as well as our current budget request for the upcoming biennium.

As the state's banker and chief investment officer, the Treasurer's office manages state revenue, provides for its investment, and serves as the custodian of public financial assets. The office also issues bonds on behalf of the state and ensures timely payment of principal and interest. Additionally, the Treasurer's office administers a variety of programs designed to support families, businesses, and local governments across the Buckeye State.

Standing before you today, I can assure you that we have executed these duties with an unwavering commitment to service and stewardship.

For Fiscal Years 2024 and 2025, the Treasurer's office is respectfully requesting an overall reduction in funding from its Fiscal Year 2023 allocation. This includes a reduction of approximately 34% in its General Revenue Fund allocation in FY 24 and an additional 14% in FY 25, drawing instead upon ample balances in the office's dedicated purpose funds.

Additionally, the Treasurer's office has implemented a more straightforward and streamlined approach to budgeting, reducing the overall number of agency line-items by one-third and either eliminating costs where appropriate or absorbing needed expenses elsewhere.

Because of prudent budget management, improved operational efficiencies, and forward-thinking program implementation, these changes are possible while the Treasurer's office continues to provide first-rate service to state agency partners, local governments, and residents across our state.

The past four years have been a time of considerable change in the Treasurer's office. During that time, I've made it our team's mission to refocus the office's attention to public finance and to bring bold, innovative solutions forward that put the power of the Treasury to work for Ohioans.

To ensure we are meeting the needs of our state in an efficient and accountable manner, we've conducted top-down reviews of operations and programs housed in the Treasurer's office. In providing testimony two years ago, I noted several examples of improvements already achieved, including a partnership forged with the DeWine-Husted Administration in support of the Ohio Checkbook and how we curbed costs by bringing the office into alignment with contemporary financial operations. While we remain persistent in our self-evaluation efforts,

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much of what we've already implemented has helped pave the way for the budget we've presented today.

Though not included in our budget proposal, I would like to acknowledge that we are actively working with the Governor's office and the Ohio Department of Taxation in developing specialized, interest enhanced, tax-advantaged savings accounts, to encourage and promote homeownership throughout our state. While the program is still in development, we are optimistic about its potential. Put simply, to purchase a home in Ohio is to invest in Ohio, and that is why I'm happy we can do our part in helping more Ohioans realize the dream of homeownership.

Before I close, I'd like to briefly touch on a few of the more recent Treasurer's office initiatives that were only made possible with the support of our legislative partners.

In establishing the ResultsOHIO program, we've created an avenue for thoughtleaders and policymakers to foster new and innovative ideas through a pay-for-success framework. This new approach relies upon the private sector to cover up-front costs and protects taxpayer dollars by only paying for projects that are proven to deliver real results.

The inaugural effort under the ResultsOHIO model was launched following passage of the FY 22-23 operating budget, which included funding for a pay-for-success project geared toward expanding access to vision care and services in schools across Ohio's 32 Appalachian counties. In partnership with the Foundation for Appalachian Ohio, Vision to Learn, and the Ohio Optometric Foundation, the iSee project uses a mobile vision clinic to provide on-site vision care to Ohio students. Service delivery includes vision screenings, eye exams, and new prescriptions glasses – all free of charge to the students and their families.

In August, an independent evaluation by the University of Cincinnati Evaluation Services Center determined that the project exceeded its pre-established metrics for success during the first year of the two-year pilot. In all, more than 1,500 students across this underserved region finally received the services and care they desperately need. As a result, a pre-determined portion of the results-based appropriation was subsequently disbursed to the project sponsors, and the remaining allocation continues to be held pending the outcome of the final evaluation which will occur later this year.

The iSee project fittingly illustrates the benefits of taking a pay-for-success approach to problem-solving. We look forward to working with the General Assembly and other partners across to identify additional opportunities for the ResultsOHIO model to be utilized, so that we can support outcomes-based solutions to critical challenges facing our communities, all while protecting taxpayer dollars.

Shifting gears, our Ohio Gains initiative has created new ways to put our state's balance sheet to work for Ohio. Passed with unanimous, bipartisan support during the last General Assembly, HB 440 authorized the Treasurer's office to leverage new and innovative investment strategies

to help Ohio's agriculture community, public universities, and health systems get the most out of their dollars.

The most immediate and significant impact resulted from the revamping of the nearly 40 year-old Ag-LINK program, which provides reduced interest loans to Ohio's agriculture community.

For the first time ever in the program's history, we've transitioned to a year-round application period. Doing so has provided Ohio's farmers with greater borrowing flexibility and ensures they can access lower-cost capital whenever they need it most. With the legislature's help, we also added agricultural co-ops to the list of eligible borrowers and removed outdated loan caps from statute, which allows the program to remain nimble and keep pace with modern borrowing needs. Moving forward, loan caps are assessed and set by the Treasurer's office on an annual basis.

All in all, these reforms made 2022 a record-breaking year for Ag-LINK as it saved Ohio's farming community more than \$2 million, while reducing interest rates on more than \$360 million in operating loans. At a time when rising inflation and interest rate hikes are making the costs of virtually everything go up, we take great pride in our ability to step up to the plate and find new ways to help our farmers save precious dollars.

These are just a few examples of how we've worked together over the past four years to make a difference in the lives of Ohioans. As I start my second term as Ohio Treasurer, I'm confident this list will only continue to grow and look forward to finding ways the Treasurer's office can help you achieve your goals and best serve your constituents.

Again, Mr. Chairman and members of the committee, thank you for inviting me to be here today. I am happy to answer any questions you may have.