

**Testimony of Linda Bailiff, Director
Ohio Public Works Commission**

**Senate Finance
March 18, 2021**

Good morning, Chair Kunze and Committee members. I am Linda Bailiff, Director of the Ohio Public Works Commission. Thank you for the opportunity to provide testimony on behalf of the Commission's Fiscal Year 22-23 budget.

The Transportation Budget Bill, H.B. 74, contains funding for the Local Transportation Improvement Program (LTIP) which we administer in conjunction with the State Capital Improvement Program (SCIP). LTIP receives one cent of the 28-cent gas tax levy under ORC 5735.27. The appropriation amounts in the budget were developed with the assistance of the Ohio Department of Transportation based on projected revenue estimates, a reduction from the previous biennium as a result of reduced receipts. This program is, of course, restricted to roads and bridges for counties, municipalities and townships and funded about 200 projects last year.

The operating budget request is a continuation budget and based on the retention of our existing staff. We've aligned our request to reflect the administrative effort necessary to manage all of our programs which is less than one-half percent of our total program funds. Administrative, maintenance, and equipment costs are shared between our various programs with 60% (SCIP), 20% (LTIP), and 20% (Clean Ohio Green Space Conservation Program).

H.B. 74, as passed by the House, was amended to include temporary law that requires our agency, ODOT, and Public Safety to appear before Controlling Board in order to reappropriate funds to complete temporary cash transfers. Specifically, for OPWC, the affected funds are LTIP, SCIP, and Clean Ohio. The bill has since been amended in this Committee to remove the transfer language between the Highway Operating Fund and the Highway Capital Improvement Fund but the transfer language affecting OPWC remains. The current budget language greatly impedes upon our business model, so we would like to provide some context as to why this language will be problematic.

Each July 1st, we issue new project agreements for our SCIP and LTIP programs, in addition to reappropriating funding for previously released projects that are still under construction. This historically has meant that anywhere between 200 to 300 local governments are relying on reappropriation in order to continue with their construction projects without delay. The timing of

having to go to Controlling Board could greatly impact local governments' ability to continue with their projects and could delay construction during a crucial time over the summer months. The second impact is specific to temporary cash transfers between LTIP, SCIP, and Clean Ohio. OBM times bond sales that best fit market conditions at the time of sale. For example, by waiting a few weeks to initiate a bond sale, OBM can save GRF dollars in the form of debt service costs. They can also obtain a better price for the bonds themselves and maximize savings to the State of Ohio. While these deliberations are occurring, having a source of temporary borrowing for the Commission is a win-win scenario. We are able to continue our banking operations by temporarily borrowing from one of our own funds while OBM determines the best timing for a bond sale. This is of no cost to the Commission. This language would severely hamper our cash management ability and could cause significant delays in our ability to disburse on active projects. The Clean Ohio program is a relatively small program in dollar volume. We have variances in disbursement patterns that could easily run our bank to zero very quickly and due to the timing of bond issuances, having the ability to temporarily borrow from LTIP has allowed us to keep the money moving until the next bond sale is completed. The Controlling Board process and schedule would not be conducive to running a timely acquisition of cash and could delay our ability to disburse on projects for which we have active project agreements.

One of the pinnacles of our program, its success, and its popularity across the State of Ohio is that we have long had the ability to move money quickly and reliably to our customers. We are extremely concerned that this new language will add unnecessary time delays to projects already underway and disproportionately penalize our customers, the contractors they are doing business with, and your constituents. The Controlling Board exists to approve and disapprove state budget adjustments but under what scenario could they disapprove causing us to breach our legal contractual agreements which will cause local governments to breach their agreements with contractors and bring projects to a halt causing inconvenience to the public?

We are happy to respond to any questions or concerns and have provided contact information below.

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