



**Assistant Director Matt McClellan  
Ohio Department of Development  
House Finance Subcommittee on Infrastructure and American Rescue Plan  
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Chairman Callender, Ranking Member Skindell, and members of the House Finance Subcommittee on Infrastructure and American Rescue Plan thank you for the opportunity to offer testimony regarding federal funding in the proposed state operating budget. My name is Matt McClellan, and I am the Assistant Director of the Ohio Department of Development.

Our mission at Development is to empower communities to succeed, which we are working to fulfill by investing our resources in all 88 counties in ways that maximize the return on those investments for our state's people, businesses, and communities. Under the leadership of Governor Mike DeWine and Lt. Governor Jon Husted, and in partnership with the General Assembly, we've delivered some big wins as a result and showcased why Ohio is the best place to live, learn, work, and visit.

As a result of the COVID-19 pandemic, the federal government has enacted several laws to address the economic challenges of the pandemic and assist with recovery efforts. Most recently, the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) were enacted in 2021.

Over the last biennium, Development has worked with the General Assembly to leverage these one-time resources and make significant investments that will provide lasting benefits for the economic prosperity of our state.

**American Rescue Plan Act (ARPA)**

In total, Development has received \$3.1 billion in ARPA funds to support forward-looking, recovery-focused initiatives. As a result, we're making significant investments benefiting businesses, people, and communities across all of Ohio's 88 counties.

For example, through Governor DeWine's OhioBUILDS initiative, Development has invested nearly \$250 million to support 183 critical water infrastructure projects. These much needed improvements help boost quality life for the residents while also making Ohio more competitive for business development projects. Thanks to the support of the legislature, we're preparing to invest an additional \$250 million we received late last year to help even

more Ohio communities with water/wastewater projects. This means Ohio will have invested a half-billion dollars in providing our communities with safer drinking water and more reliable sewer systems.

Also made possible with the support of the legislature, the Governor's Office of Appalachia is overseeing the \$500 million Appalachian Community Grant Program that provides both planning and development grants to build infrastructure, bolster workforce, and improve health care services in the 32-county Appalachian region. This is a once-in-a-lifetime opportunity and a long-overdue, comprehensive investment to create transformational projects that will have a lasting positive impact for generations to come.

The DeWine-Husted Administration is committed to ensuring every Ohioan can live up to their full potential and we've committed ARPA funds to support several key initiatives to ensure Ohio families are safe, secure, comfortable, and connected in their homes. This biennium we dedicated \$150 million for lead abatement and mitigation efforts, including lead poisoning prevention projects and workforce development in the lead mitigation industry. And we made \$504.5 million available for Ohioans in need of Emergency Rental Assistance.

For FY 2024 and 2025, the Executive Budget proposal recommends \$396.9 million in ARPA funds be allocated to Development for two key priorities: broadband expansion and small business support.

In September 2022, BroadbandOhio submitted plans for the U.S. Department of Treasury's Capital Projects Fund, which included additional funding for a second round of the Ohio Residential Broadband Expansion Grant (ORBEG) program. Our team anticipates an allocation of approximately \$90 million within the next few months, with plans to begin taking applications by the first quarter of 2024. The funding for the next round of the ORBEG program is a portion of the more than \$267 million in ARPA Capital Projects funds we're expecting over the next biennium.

As part of the American Rescue Plan Act, the federal government also reauthorized the State Small Business Credit Initiative, which made \$183 million available to support small businesses in Ohio. To date, Development has received approximately \$52.4 million to support socially and economically disadvantaged individuals, very small businesses, and early-stage, technology-based companies. We are administering the SSBCI program through our Minority Business Development Division and the Ohio Third Frontier, splitting the funding among four programs:

- The Community Development Financial Institutions (CDFI) Loan Participation Program provides loans to socially and economically disadvantaged individuals, very small businesses, and businesses located in CDFI tracts.

- The Ohio Collateral Enhancement Program provides collateral on small business loans made by financial institutions to allow small businesses to access loans that otherwise would have been denied.
- The Ohio Venture Fund provides capital to investment funds to invest in early-stage, tech-based companies.
- The Early-Stage Focus Fund complements the existing Ohio Third Frontier Pre-Seed Fund to support funds that target investments to early-stage, tech-based companies in underserved communities and populations.

The remaining funds will be made available through multiple allocations as the state meets expected performance targets.

### **Infrastructure Investment and Jobs Act (IIJA)**

In November 2021, the federal government enacted the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law. With the more than \$328 billion in IIJA funds allocated to Development in the Executive Budget, we intend to build on our work to ensure every Ohioan has access to reliable high-speed internet through a historic investment in broadband infrastructure deployment. Specifically, we plan to use \$105 million to implement the federal Broadband Equity, Access, and Deployment program and \$31 million to support promote digital equity and inclusion through the Broadband Digital Equity Acts Program

As part of the executive budget, Ohio's broadband development and expansion efforts will receive access to \$403 million total in federal funding over the next biennium to build infrastructure and increase the adoption of high-speed internet in underserved and unserved communities.

In addition, we're proposing an increase in appropriation for the Home Weatherization Assistance Program (HWAP) to assist qualified households with making improvements to improve energy efficiency, health, and safety, and reduce household energy expenditures.

The IIJA also authorized funding opportunities for energy-related infrastructure. The United States Department of Energy awarded Ohio approximately \$13.3 million for the IIJA State Energy Program to be spent across a five-year period (2021-2026) to benefit Ohio communities. Also included in the executive version of the budget is \$3.1 million for the Energy Efficiency and Conservation Block Grant to provide grant funding to Ohio small businesses, manufacturers, non-manufacturers, and additional entities who meet the designated criteria, and \$3.2 million for the Energy Efficiency Revolving Loan Fund that can be used for residential and commercial energy audits, upgrades, and retrofits.

## **Conclusion**

Federal funds come with oversight and monitoring that our department coordinates with the U.S. Department of Treasury. We have worked to be transparent with these dollars, to ensure these dollars stay in Ohio, and to ensure that every county can take advantage of these funds. At Development, we take pride in our role as a trusted partner to our business and community leaders, and we aim to be bold, diverse, responsive, and solution focused. The utilization of federal funding in our proposed budget reflects our commitment to these core values and advances the DeWine-Husted Administration's objectives to accelerate economic growth and ensure economic vitality. We're confident prioritizing these focus areas will deliver a solid return on investment for Ohio taxpayers.

Thank you for your time today. I am happy to answer any questions you have regarding our budget proposal.