



Ohio's two billion dollar plus capital budget set for spring introduction

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For the last several months Ohio legislators and executive branch officials have likely been touring construction sites, visiting buildings in need of renovations, and looking at plans for buildings that have not yet been constructed. That is because **2022 is expected to see the introduction and passage of a state capital legislation that will appropriate just over \$2 billion in funding for public and private capital projects.** But the competition will be intense, while \$2 billion may seem like a lot of money (and it is); the funds get divided up between 88 Ohio counties, and there will be more organizations that end up empty handed than are funded at the end of the process.

What projects can the State Capital Budget fund?

Ohio's state capital budget is typically passed every 2 years in the second year of a General Assembly. The capital budget is legislation where the State of Ohio appropriates resources to state owned infrastructure as well as other government purpose projects called community projects. Importantly, these projects must be eligible to be funded from state bonds pursuant to [Article VIII of the Ohio Constitution](#), as well as state bond law, and federal tax law. This is a critical point and project sponsors would be wise to consult with Ohio's Office of Budget and Management (OBM) to see whether a potential project meets this test. A list of examples of non-eligible capital projects is included at the end of this article.

While "community projects" make up only a small amount of the average \$2 billion capital budget (typically around 6 percent); they often generate a lot of attention in both the legislature and local communities. Legislators particularly care about community projects that are situated in their own districts. Community projects can include parks, cultural institutions, sports stadiums, museums, social service agencies, hospitals, etc.

Redistricting may affect the timing of the State Capital Budget

The last state capital budget (S.B. 310) in the 133rd General Assembly appropriated just under \$2.13 billion in new capital appropriations for the biennium ending on June 30, 2022. Of this total amount, \$178,163,283 was appropriated for community projects. There were 63 Cuyahoga County community projects funded for a total of \$22,866,174. Thirteen of these projects were for health and or human service purposes. These projects were awarded funds totaling \$5,563,000 representing about a quarter of the amount appropriated for community projects in Cuyahoga County. There are currently at least 12 Cuyahoga County health and human service organizations seeking capital funding in excess of \$10 million.

It was expected that a state capital budget process would be underway in April of this year. This time frame may shift due to policy maker's attention being shifted to legislative redistricting considering the Ohio Supreme Court decisions. Another wrinkle (or opportunity) is if legislation to appropriate more American Rescue Plan Act dollars gets merged into a capital bill. But for now, we have a December memo, from Ohio Senate Finance Committee Chair, Senator Matt Dolan, requesting that any entities seeking capital assistance have those requests into Senators by March 18, 2022, and that requests from Senators were due to him and Ohio Senate Republican Caucus, Budget Director Ray DiRossi, by April 1, 2022. At the time this article was written, Ohio House Finance Chair, Representative Scott Oelslager had not yet issued a similar timeline.

Details that organizations need to provide for their community projects

Last fall, Ohio Office of Budget and Management Director Kimberly Murnieks, in a memo to State Senator Matt Dolan (Chair, Senate Finance Committee) and State Representative Scott Oelslager (Chair, House Finance Committee), outlined the information that "community projects" should be ready to supply OMB:

- Project name, a general description of the overall project, and a specific description of the purposes or specific portion(s) of the overall project for which state capital dollars would be used.
- Physical location and address of the project (city/village/township and county).
- Legal Entity Name and any alternative Doing Business As (DBA) trade names on file with the Ohio Secretary of State and the organization sponsoring the project.
- Identification of the facility or asset owner during construction and after work is completed.
- Estimated total project cost, including an itemized breakout of those costs over the next three capital biennia (FY 2023-24, FY 2025-26, FY 2027-28).
- Amount of state funding being requested for the FY 2023-24 capital biennium.
- Amount and source of non-state funding, including private, not-for-profit, local, and federal funds supporting the project.
- The amount and source of state funding the project or asset has received in the past, and whether the project will be requesting additional state funding in future capital biennia.
- Identification and a description of any use by or involvement of private for-profit businesses or not-for-profit entities.

- Identification and description of any use or involvement by the federal government.
- Identification of the annual amount of and source(s) of funding for ongoing operational costs.
- Any additional relevant information that the requesting organization believes would be of assistance in evaluating the project's value and eligibility to receive state capital funding; and
- Description of how the project's support will benefit the public and how often the public will be able to gain access to the facilities or services provided by the community project funds.

Legislators use these same questions for their own questionnaire that they ask capital budget requesters to complete. That is because legislators will be required to submit a spreadsheet and memo with answers to these questions to the Finance Committee leadership for each project that they support.

How to increase your odds of securing State Capital funding for your project

Successfully seeking state support for a community project through the capital budget requires a well thought out advocacy strategy and plan. Here are a few recommendations you might consider.

#1 Senior Staff and Board Leadership Are Committed to the Cause

Obtaining state capital funds requires the senior leadership of an organization and its board to be fully committed to helping personally make the case. The CEO and the board chair can expect to spend lots of time with legislators and others, giving tours, attending events, and otherwise looking for opportunities to spend time with legislators so they can make their case once, twice, and maybe three times. Spend the time mapping out connections between board members and staff with state policymakers. If you have board members and staff who are politically active, all the better. Just know you going to be spending some time on Interstate 71.

#2 Decide Whether You Need Outside Help to Make Your Case

Most, but not all, successfully funded capital projects retain outside lobbying assistance. But this assistance usually comes at a price. Organizations can typically end up paying between \$3,000 and \$10,000 a month in retainer fees for a single lobbyist or a firm. You may have to sign a contract for a full 12-month time period. If your overall project cost is \$100,000; it might not make sense to retain a lobbyist. It might be better to invest those funds in the project itself or in developing government relations capacity on your own staff and using them to lead your state capital project effort. If you do decide to hire a lobbyist, ask if they are representing other organizations with a capital request. You can also ask about their success in prior capital budgets and their relationships with key legislators.

#3 Clearly Make Your Case

Draft a one to two-page document that includes a project name, a general description of the project, the overall budget, funds committed by other sources, and a description of how state capital dollars would be used, note if the project has received state capital funds in the past, and finally a describe how the project will benefit the public and how the public will be able to access the facility or services supported by state funds. If the project has been endorsed by key community leaders, you might include that as well.

#4 Tell Everyone About Your Project

Share your two-pager capital project summary with everyone. A good capital budget lobbying effort includes a strong communications component. This can include thanking your legislative champions in your publications and on social media. You will want to assemble a list of everyone who needs to be reached and make sure that staff and/or board members are linked with those people with whom they have a relationship with. If you end up having to testify about your project consult a [how-to-guide](#) written by my colleague Hope Lane. This may be obvious, but some capital projects flounder because proponents never talked to the legislators who represent the area where the project is located. This typically happens when a group is solely focused on legislative leadership. Do not make that mistake.

#5 Get on Every List

Most state legislators, as well as local community organizations like chambers of commerce, maintain a list of state capital requests that they are supporting. As the capital budget gets underway, legislators and others will share their lists with the Governor's office, the state budget office, legislative caucus staff (particularly their finance staff), the offices of the Senate President and the Speaker, and of course chairs of the Ohio Senate and Ohio House Finance Committee. If your project benefits people living outside of the location where it is being constructed, reach out to legislators who represent those areas as well. If they are a member of the Finance Committee in the House or Senate, ask them to speak to the Chair to advocate for your project.

Who decides what projects get State Capital Funding?

Even if you follow all these steps, you may end up unsuccessful. While it is no longer a smoke-filled room, it will only take a small room to assemble those who make near final decisions about the capital bill. In the end it will be up to the Speaker of the House, the Senate President and the Director of OBM (representing the governor) to decide what makes it into the capital bill. Also likely at the table will be majority finance staff for both chambers and other OBM leadership. Legislative leadership and OBM will be trying to balance geographic and political concerns along with inevitable disappointment that comes from having more requests than available money. Once they reach final decisions, a bill will be introduced and passed quickly. Capital bills are typically also bipartisan because nearly everyone gets something for their district.

If you are successful, congratulations. If you are not, remember the legislative relationships you develop during a state capital budget process can be useful to you and your organization for other

purposes. There are many examples of organizations first failing and then subsequently succeeding in obtaining state capital support. Also, if you are successful, keep in mind that the process isn't over and that you will be jumping through a series of procedural hoops to obtain the funding. This can be problematic for groups that are on a tight timeline.

OBM list of projects NOT eligible for State Capital Funding

These examples are illustrative of the types of community projects that have traditionally not been funded in prior capital bills; OBM makes the point that this is not intended to represent an exhaustive list. The specifics of a proposed project must be evaluated on a case-by-case basis for state bond funding. The types of projects listed below either lack express constitutional authority for state bond funding, or have traditionally been funded as part of long-standing pre-existing programs for which other funding is available:

- Operating expenses.
- Basic repair or maintenance projects.
- City, county, local government, or non-profit organization office facilities unless a state agency is housed in the facility.
- County courthouses, city halls, or municipal buildings.
- Local community action and senior citizen centers unless there is a specific higher education program nexus and benefit.
- Local infrastructure projects like water lines, sewer lines, wastewater treatment plants, solid waste facilities, or utility upgrades (see the Ohio Public Works Commission (OPWC) State Capital Improvement Program or the Ohio Water Development Authority for these types of projects.)
- Economic development projects such as industrial parks, multi-modal transportation facilities, commercial office space, community revitalization, etc. (see DSA programs like Third Frontier and Facilities Establishment Fund for these types of projects).
- Projects that are owned by or for the benefit of private companies and projects that are owned by or for the benefit of the federal government or not-for-profit entities (absent a long-term lease/use agreement or other interest granted to the State and appropriate mitigation of all federal tax law issues).
- Road projects, road signage, bridges, culverts, or inter-modal facilities. (See Ohio Department of Transportation (ODOT) and the OPWC programs for funding options).
- Local airports (see ODOT).
- Transit Authorities.
- Police or fire stations, County sheriff offices.
- Local library improvements.
- Local social service agency facilities, unless done in conjunction with Mental Health, Developmental Disabilities, or another state agency.

- Capital projects for the use and benefit of private-for-profit organizations.
- Projects for private (non-state assisted) institutions of higher education unless that institution has a joint use agreement with a publicly funded higher education institution (see Ohio Higher Education Facilities Commission for funding of projects at private higher education institutions).
- Vehicles, boats, and short-lived equipment.
- Projects to create or improve assets that do not have a useful life of at least the length of the bonds issued to fund them (approximately 15 years, generally).



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