



Greater Ohio  
Policy Center



# Understanding Ohio's Budget Process and

---

# Preparing a Successful Bid for State Capital Budget Dollars

**Jason Warner**  
Director of Strategic Engagement  
Greater Ohio Policy Center

**Friday, October 4, 2024**



---

# TODAY'S PRESENTATION

- 
- ***Background on the State's Operating Budgets***
  - ***The Main Operating Budget Process***
  - ***The Capital Budget Process***



---

# ABOUT THE GREATER OHIO POLICY CENTER

***The Greater Ohio Policy Center is a nonpartisan, statewide public policy organization dedicated to improving the communities of Ohio through smart growth strategies and research to create a revitalized Ohio.***

***Our work is focused on four areas:***

- ***Brownfield Remediation***
- ***Transportation Innovations***
- ***Legacy City Renewal***
- ***Housing Improvements & Neighborhood Revitalization***

# ABOUT ME

**Jason Warner is the Director of Strategic Engagement at the Greater Ohio Policy Center, leading the organizations advocacy and policy work at the Ohio Statehouse, as well as facilitating communications for the organization.**

**Jason has worked in and around Ohio state government for more than 20 years, including work on:**

- **11 state main operating budgets**
- **6 state transportation budgets**
- **9 state capital budgets**
- **Lead efforts to secure \$1 billion in funding for brownfield revitalization and vacant property redevelopment over the past 2 state budget cycles**
- **Lead efforts to secure more than \$250 million in funding for public transportation over the past 3 state budget cycles**

---

# OHIO'S SIX PRIMARY BUDGETS

***The State of Ohio funds government operations with six separate budgets enacted at various points over a two-year cycle.***

## ***2023 Legislative Session***

- ***House Bill 23: The State Transportation Budget, FY24-25***
- ***House Bill 31: The BWC Budget, FY24-25***
- ***House Bill 32: The OIC Budget, FY24-25***
- ***House Bill 33: The Main Operating Budget. FY24-25***

## ***2024 Legislative Session***

- ***HB2: Capital Appropriations & Reappropriations, FY25-26, One-Time Strategic Community Investment Funds***

***All budgets cover a two-year period, referred to as a biennium***

---

# OHIO'S SIX PRIMARY BUDGETS



---

## Transportation Budget | House Bill 23

- **Provides funding for the Ohio Department of Transportation, as well as some funding for the Ohio Department of Public Safety, Ohio State Highway Patrol**
- **Appropriates Ohio Motor Fuel Tax, License Registration Fees, other vehicle-related fees, as well as Federal Funding**
- **In addition to funding, often includes law/policy changes made by the legislature**
- **Cannot pass and be effective the next day, requires a 90-day effective period, requiring it to pass by March 31**
- **State Fiscal Year begins on July 1 and Ends on June 30**
  - **Ohio is currently in FY2025 (July 1, 2024 -June 30, 2025)**

---

# OHIO'S SIX PRIMARY BUDGETS



---

## Main Operating Budget | House Bill 33

- **Provides funding for most state agencies, the legislature, and the judiciary**
- **Appropriates funds derived from the state income tax, state sales tax, miscellaneous agency licensing fees, sin taxes, utility taxes, as well as federal funds**
- **In addition to funding, often includes law/policy changes made by the legislature**
- **State Fiscal Year begins on July 1 and Ends on June 30**
  - **Ohio is currently in FY2025 (July 1, 2024 -June 30, 2025)**



---

# OHIO'S SIX PRIMARY BUDGETS

## **BWC Budget | House Bill 31**

---

- **Provides funding for the Ohio Bureau of Workers Compensation**
- **Appropriates fees paid by Ohio businesses who belong/participate in the BWC**
- **State Fiscal Year begins on July 1 and Ends on June 30**
  - **Ohio is currently in FY2025 (July 1, 2024 - June 30, 2025)**





---

# OHIO'S SIX PRIMARY BUDGETS

## IC Budget | House Bill 32

---

- **Provides funding for the Ohio Industrial Commission**
- **Appropriates fees paid by Ohio businesses who belong/participate in the Ohio Industrial Commission**
- **State Fiscal Year begins on July 1 and Ends on June 30**
  - **Ohio is currently in FY2025 (July 1, 2024 - June 30, 2025)**



# MAIN OPERATING BUDGET

---

Greater Ohio Policy Center







# OHIO'S MAIN OPERATING BUDGET



The Main Operating Budget provides funding for the general operation of the state government, as well as state revenues shared with local governments and public schools. The constitution permits bills that “provide for tax levies and appropriations for current expenses of the state government” to take effect immediately.

Other provisions in the bill take 90 days or have set effective dates.

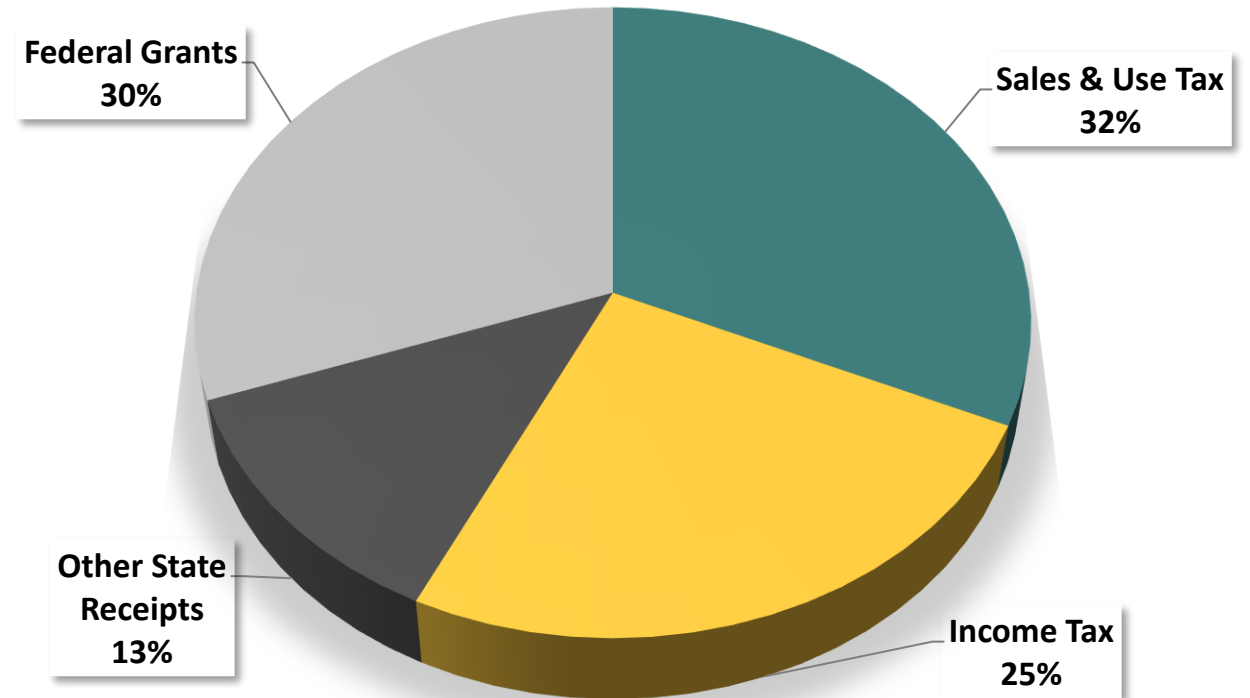


# SOURCES OF FUNDING FOR THE BUDGET

Between FY2022 and FY2023, GRF Tax Revenues increased by 4.6%

Current Estimates by the Legislative Service Commission anticipate growth of 0.6% between FY2023-FY2024 and 5.4% between FY2024-FY2025, the bulk coming from Other State Receipts and Federal Grants

## 2023 Operating Budget Funding



Sales & Use Tax	\$13,483,100,000
Personal Income Tax	\$10,797,200,000
Other State Receipts	\$5,305,500,000
Federal Grants	\$12,931,400,000
<b>Total GRF Funding Available</b>	<b>\$42,515,200,000</b>



# MAIN OPERATING BUDGET

## Where is the Money Spent?

Program	FY2023 (A)	FY2024 (E)	FY2025 (E)
K-12 Education	\$10,059.4	\$11,167.7	\$11,474.6
Medicaid	\$18,483.7	\$20,474.2	\$23,316.4
Non-Medicaid	\$1,623.4	\$1,855.5	\$1,180.3
Higher Ed.	\$2,746.3	\$2,879.4	\$2,957.2
Corrections	\$2,306.0	\$2,415.9	\$2,540.5
General Gov.	\$2,526.1	\$2,628.2	\$2,573.0

*All funding listed in millions. Source, Ohio Legislative Service Commission.*

*A= Actual Spending*

*E= Estimated Spending/Funding as Budgeted*

# MAIN OPERATING BUDGET

## Vehicle for Legislation

- **Over the years, the budget bills have become a driver for the enactment of legislation, due largely to the need for these bills to be passed**
- **An analysis by the Cleveland Plain Dealer in 2023 showed only 12 bills have passed the Ohio General Assembly**
  - **4 of those bills were the Main Operating, Transportation, BWC and IC budget bills**
- **“Laws” enacted in the budget in 2023 include**
  - **Changes to how certain property is taxed**
  - **The name of the Ohio Department of Education, how it operates, and who appointed the state superintendent**
  - **Reduction in the training hours for a hair designer license**

*All of these would have previously been passed as stand-alone bills, but were incorporated into the state budget*



# MAIN OPERATING BUDGET PROCESS

Enactment of the Main Operating Budget is a Multi-Step, Drawn-Out Process, taking months to complete

Work on the budget takes place both in public through committee hearings and floor debate, as well as behind the scenes in lawmakers offices and caucus meeting rooms.



# Budget **Recommendations**



## **MAIN OPERATING BUDGET: STEP ONE:**

The Governor is required by law to submit an **Executive Budget** proposal to the Ohio General Assembly, outlining forecasted revenues and recommending expenditures for the next two years.

The budget must be submitted to the legislature 4 weeks after a new General Assembly is seated, every two years.

If there is a new Governor, they have until March 15 to submit a budget proposal to the legislature.



# MAIN OPERATING BUDGET: STEP TWO:

Hearings are held first in the Ohio House of Representatives.

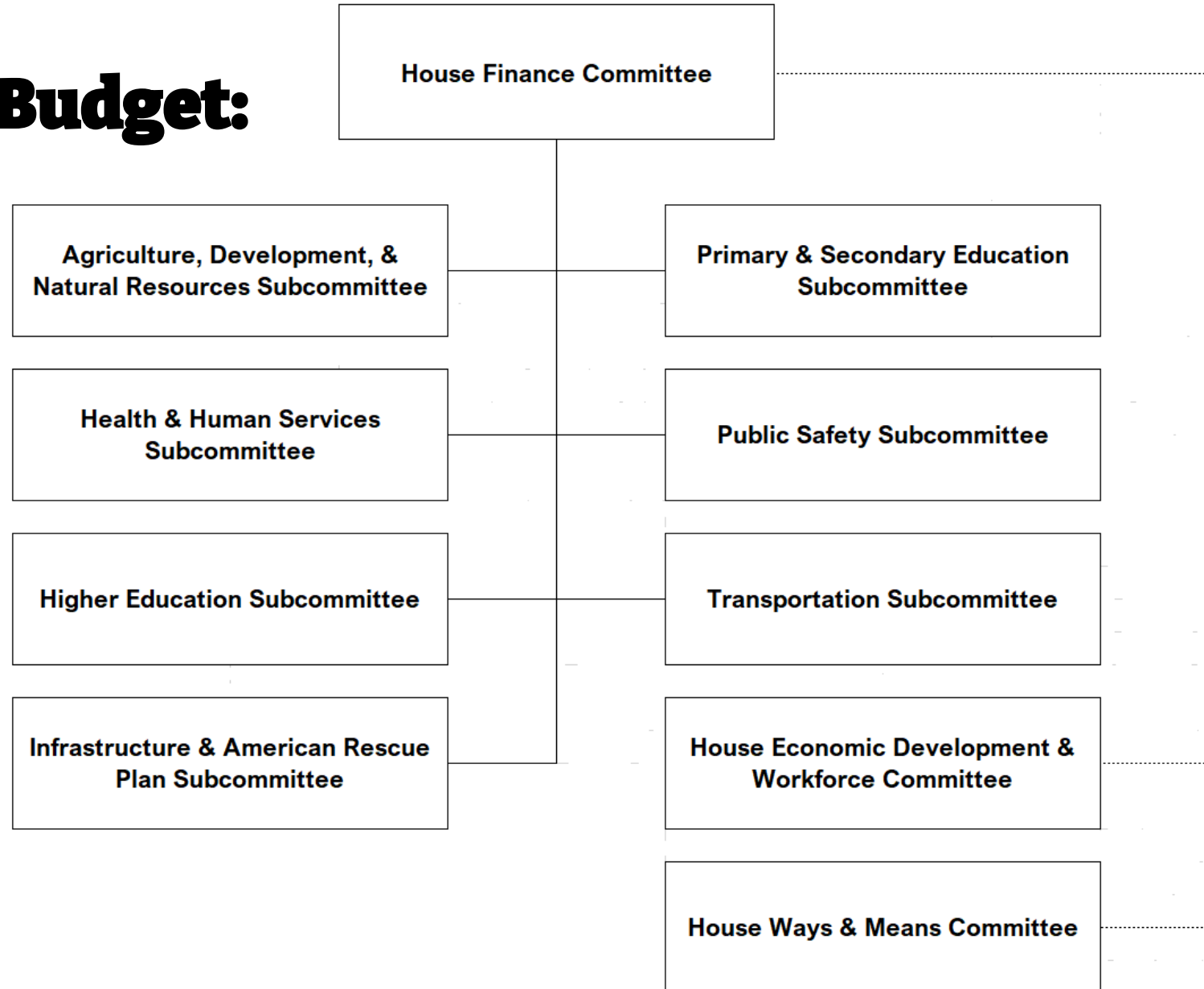
Members of the House Finance Committee hold public hearings on the Executive Budget proposal.

Subcommittees conduct hearings, taking testimony from state agencies, boards, commissions, and members of the public.





# Main Operating Budget: Ohio House Committee Structure for Budget Process, 2023





# MAIN OPERATING BUDGET: STEP THREE:

House of Representatives will introduce a new version of the budget, typically in April.

Some of the proposals from the Executive Budget will be retained.

New proposals, including new spending, reduced spending, and new or modified policy proposals will be included in the **House Version** of the Main Operating Budget







# MAIN OPERATING BUDGET: STEP FOUR:

Once changes have been approved by the House Finance Committee, the final **House Version** of the budget is sent to the floor for a vote, where a simple majority is needed for passage.

While the House of Representatives is completing work on the budget, the Ohio Senate is already working on step five of the Main Operating Budget Process.



# MAIN OPERATING BUDGET: STEP FIVE:

The Senate Finance Committee will begin initial hearings on the budget before the final House Budget is passed, typically in late April.

The Senate will also delegate authority to other standing committees to hear testimony related to the budget but does not have subcommittees.







## MAIN OPERATING BUDGET: STEP SIX:

Like the House of Representatives, the Ohio Senate will introduce a new version of the budget, the third budget proposal, which will typically occur in early June. This **Senate Version** of the budget often retains proposals from the two earlier budget proposals, while adding new funding recommendations and policy proposals. After further changes are made, the budget is reported by the finance committee and sent to the full Senate for consideration and a vote.



# MAIN OPERATING BUDGET: STEP SEVEN:

The differences between the **Executive Budget**, the **House Budget**, and the **Senate Budget** are significant enough that further changes must be made to reach an agreement that has the support of a majority in the House and Senate.

A **Conference Committee** with members from both parties in the House and Senate meets to settle differences between the three budget proposals.





# MAIN OPERATING BUDGET STEP EIGHT:

The Conference Report is reported by the Conference Committee and is approved by the House of Representatives and the Ohio Senate.

The budget is sent to Governor DeWine who reviews the proposal, exercises his Line Item Veto power to object to proposals in the bill, and sign the budget.

Budget funding takes effect immediately, while other changes become effective over 90 days to six months later.

Greater Ohio Policy Center





---

# THE NEXT MAIN OPERATING BUDGET



## Anticipated Timeline for the Main Operating Budget Process in 2025

---

- **January 6, 2025:** 136<sup>th</sup> Ohio General Assembly Takes Office
- **February 3, 2025:** Deadline for Governor to Submit Executive Budget to the General Assembly
- **February 4-5, 2025:** Earliest First Hearing on the Budget in the House Finance Committee
- **April 22, 2025:** Earliest First Hearing on the Budget in the Senate Finance Committee
- **May 1, 2025:** Likeliest Point for House of Representatives to Pass Budget Proposal
- **June 13, 2025:** Likeliest Point for Senate to Pass Budget Proposal
- **June 16-30, 2025:** Conference Committee Meets, negotiates budget agreement
- **June 30, 2025:** Deadline to pass next budget
- **July 1, 2025:** Beginning of Fiscal Year 2026
- **July 1, 2026:** Beginning of Fiscal Year 2027



# CAPITAL BUDGET

---



# OHIO'S CAPITAL APPROPRIATIONS BUDGET



The Capital Appropriations Budget, generally approved in the second year of a biennium, provides funding for projects that repair, reconstruct and construct **capital assets** of state agencies (other than the Department of Transportation), colleges and universities, and public schools.

In most years, funds for local community or regional projects are also funded.

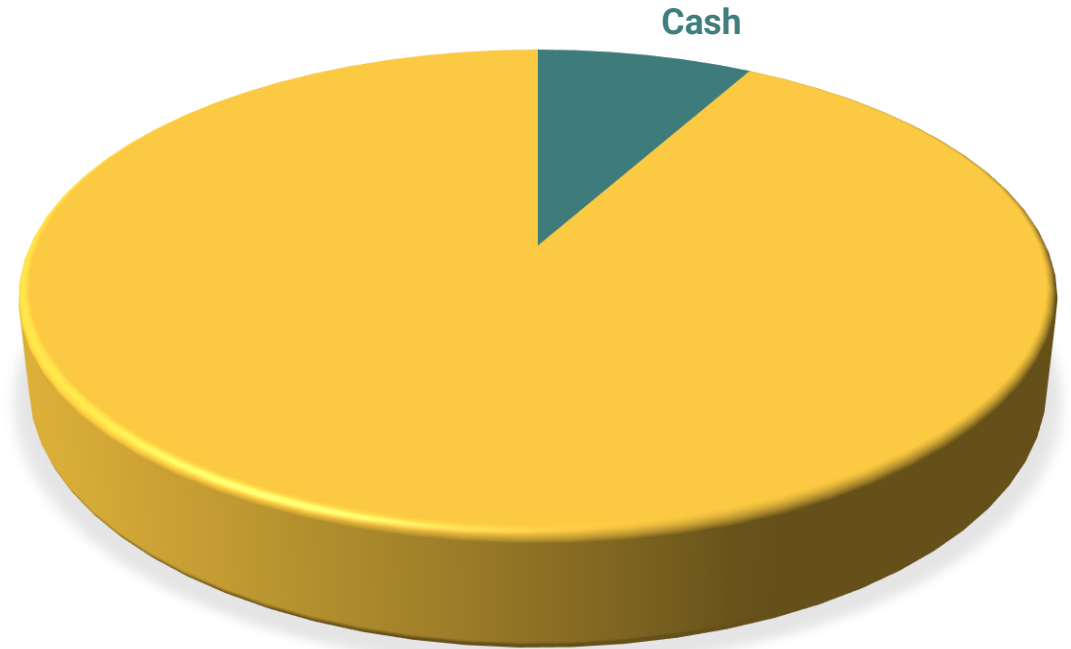


# SOURCES OF FUNDING FOR THE CAPITAL BUDGET

**Most capital projects are supported by long-term debt issued by the State in the form of bonds**

**Other projects can be funded through state cash reserves**

2024 CAPITAL BUDGET REVENUE SOURCES



Debt Support

Cash

\$283,863,546

Debt Support

\$3,228,092,152

Total Investment

\$3,511,995,698



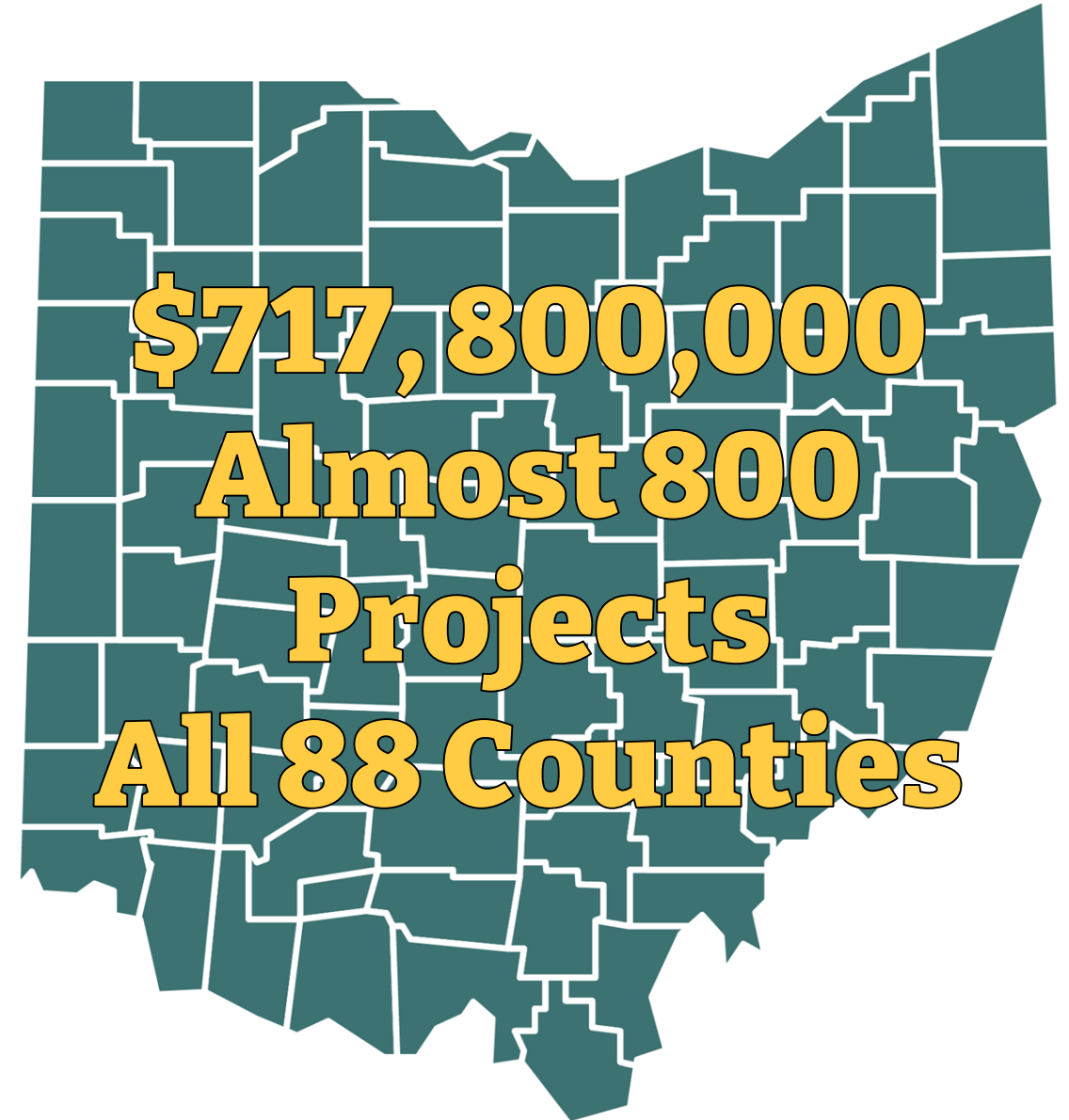


# SOURCES OF FUNDING FOR THE CAPITAL BUDGET

## One-Time Strategic Community Investment Fund

**Legislature established what became known as the “super duper fund” using cash excess (largely resulting from federal COVID spending) to fund other capital projects separate from the traditional capital budget.**

## Funding Set-Aside in the Main Operating Budget – Projects Specified in the Capital Budget





# CAPITAL APPROPRIATIONS 101

Community projects that receive state funds must support the acquisition, construction, improvement, and related equipping for projects demonstrating a state benefit for

- Higher Education
- Mental Health
- Parks & Recreation
- Conservation
- Cultural or Sports Facilities





# CAPITAL BUDGET PROCESS

Enactment of the Capital Budget is much simpler than the Operating Budget, usually being completed within weeks of its introduction, and without much opposition.

It occurs within the context of the preparation of the state's six-year Capital Improvements Plan, which is updated biannually by the Office of Budget & Management based on recommendations from state agencies.







# CAPITAL BUDGET: STEP ONE:

Identify projects in the community that would benefit from Capital Budget funds.

“Project Sponsors” can be private entities, but “must be in good standing with the state”

Project funds may only support capitalization costs incurred from the construction or purchase of long-term, fixed assets that produce long-term state and economic benefits

Local funding for the project is important as it demonstrates community investment & support



# CAPITAL BUDGET STEP TWO:

Submit request for project funds to members of the Ohio House of Representatives and/or Ohio Senate

The more information about the project that can be shared with lawmakers, the better

Invite the lawmakers to the project site so they can see first-hand the vision for the project and understand the importance of the investment for the community







## **CAPITAL BUDGET: STEP THREE:**

Members of the House and Senate submit requests for their districts to the Finance Chairman of their respective chamber

Leadership reviews requests and finalizes recommendations, developing the capital budget plan

Budget is introduced in the legislature and passed in a matter of weeks, if not days, generally with little debate or opposition



# CAPITAL BUDGET STEP FOUR:

Budget is signed by the Governor

Budget will become effective 90 days after the legislation is signed

Project sponsors who received specific allocations in the budget will work with the appropriating state agency to ensure the project meets the requirements and executes a legal agreement







## **CAPITAL BUDGET: STEP FIVE:**

Once agreement is executed, the information is submitted to the Office of Budget and Management for Review, prior to being submitted to the State Controlling Board or Agency Director for Approval

Once approved, the project sponsor can submit payment requests to the state agency for reimbursement of expenses covered by the approved funds





# EXAMPLES

## Village of Ripley

- **Brown County**
- **Located along the Ohio River**
- **Village received \$400,000 through the Ohio Department of Natural Resources for the Freedom Landing Riverfront Development**



- The Freedom Landing dock puts the dock below Front Street, with an access road to the dock. This location was chosen to avoid creating a barrier or obstructing the view of the river and will serve both as a recreational and commercial dock for large riverboats, such as the Delta Queen



# EXAMPLES

---

## Eric Mendelsohn Park Synagogue Campus Restoration

- Cuyahoga County
- Located in Cleveland Heights
- Sustainable Community Associates received a \$1 million grant through the Ohio Facilities Construction Commission



- The former synagogue, school, and 28-acre campus is being redeveloped as a space for parks, community programming in the arts, housing and economic development. The project is benefiting from both public and private funding. State funds are intended to address structural integrity, waterproofing, h/vac, electrical and plumbing maintenance.





# EXAMPLES

## Hotel McArthur

- Vinton County
- Located in Village of McArthur
- Vinton County Convention and Visitors Bureau received \$100,000 through the Ohio Facilities Construction Commission



- Built in 1839, the Hotel McArthur is the oldest building still in use in Vinton County, predating the county's formation in 1850. The hotel is being renovated for use as a hotel, restaurant, and visitors center. The hotel would be the only one operational in the county. The grant funds will be used for renovations to the lobby area.



---

# THE NEXT CAPITAL BUDGET PROCESS

## Lawmakers will begin work on the next Capital Budget in late 2025

---

- The Capital Budget process will officially kick-off in early 2026, however, those seeking project funds must submit project proposals to lawmakers in late 2025
- Between \$150-200 million in public-facing community project funding will be available to communities across Ohio





---

# THE NEXT CAPITAL BUDGET PROCESS

---

## What Lawmakers Need

- 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
- Amount of state funding being requested for the FY 2027-28 capital biennium
- Amount and source of non-state funding, including private, not-for-profit, local, and federal funds supporting the project



---

# THE NEXT CAPITAL BUDGET PROCESS

---

## What Lawmakers Need

- 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
- Description of how the project's support will benefit the general public and how often the public will be able to gain access to the facilities or services provided by the community project funds

---

# THE NEXT CAPITAL BUDGET PROCESS



---

## Anticipated Timeline for the Capital Budget Process in 2026

- **By December 31, 2025:** Deadline to submit budget requests to lawmakers offices
- January, 2026: Review period for caucuses
- February – April: Possible Enactment of the Budget
- **Tuesday, May 5, 2026 – Primary Election Day**
  - **Entire House of Representatives**
  - **Half of the Ohio Senate**
  - **Statewide Offices Including**
    - **Governor & Lt. Governor**
    - **Secretary of State**
    - **Attorney General**
    - **Treasurer of State**
    - **Auditor of State**





# QUESTIONS





# **Jason Warner**

***Director of Strategic Engagement***

614.224.0187, ext. 311

614.245.5406 (mobile)

[jwarner@greaterohio.org](mailto:jwarner@greaterohio.org)

Greater Ohio Policy Center  
399 E. Main Street, Suite 220  
Columbus, Ohio 43215  
[www.greaterohio.org](http://www.greaterohio.org)



**@GreaterOhio**



**@GreaterOhioPolicyCenter**