



STATEHOUSE REPORT

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209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986 • www.ccao.org

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CCAO priorities fare well in Executive Budget

On Tuesday, Governor Mike DeWine delivered his State of the State address in front of a joint session of the General Assembly. During his address he gave a broad outline of his budget proposal and what his administration's priorities would be for the upcoming biennium. Later that night, the Office of Budget and Management officially released the "[Blue Book](#)," the specifics of the budget.

Many of CCAO's budget priorities are addressed in some measure by the Executive Budget.

Top Priorities

Going into this budget cycle, CCAO has three top budget priorities: a restoration of the Local Government Fund (LGF), continued funding for county jail projects, and maintaining full state reimbursement for indigent defense costs.

Local Government Fund: The LGF currently receives 1.66% of state tax revenue, down from its former statutory level of 3.68% in 2011. The LGF is a vital component of the state-county partnership. It provides a flexible revenue stream that can be placed in the county general fund and can therefore be used for a wide variety of purposes. CCAO estimates that full restoration would provide at least \$185 million per year to county governments, along with further increases to townships and municipalities.

The Executive Budget proposal takes a step in the right direction by increasing the share of state tax revenue allocated to the LGF to 1.70% but more can be done. In this era where Ohio has a AAA bond rating for the first time in 40 years and where the Budget Stabilization Fund is at its largest since its creation, the state can afford to further increase the LGF's restoration.

Funding for County Jail Projects: Counties routinely spend up to 70% of their general fund budget on public safety, and one of the largest expenses in that area is the county jail. Many county jails are outdated and are past their useful lives. Coupled with new pressures on jail facilities as the services they must provide expands beyond simple detention and with substantial increases in construction costs, jails continue to account of an inordinate share of county budgets.

CCAO is delighted to see that the Executive Budget includes the creation of a new appropriation line item in the Department of Rehabilitation and Corrections' budget to help address this issue.

Appropriation item 501505, Local Jail Grants, will provide \$25 million in capital grants in each fiscal year to jail projects around the state for both construction and renovation. With the reestablishment by the DeWine-Husted Administration of the partnership to help counties with jail projects in the capital budget and this new appropriation item, CCAO is proud of the strong partnership with the Administration to advance both public safety and responsible fiscal management.

Indigent Defense: As stated above, public safety is often the top expenditure area for counties. Historically, one of the biggest components, in addition to the county jail, has been indigent defense. Counties are responsible for providing legal representation to criminal defendants who are found to be indigent (typically, unable to afford their own attorney). Indigent defense is an area of establishment partnership with the DeWine-Husted Administration and the General Assembly, as the changes made over the past four years would have been hard to fathom a decade ago.

However, additional pressures remain for counties. Compensation rates for attorneys have increased due labor market pressures. Some counties, particularly in rural areas of the state, have had a difficult time finding qualified attorneys to perform this service and have subsequently had to increase the payment rate to attract attorneys to indigent defense work. CCAO is very happy to see the Administration maintain its commitment to provide full reimbursement for counties by increasing the appropriation for county reimbursement to help accommodate these labor market pressures,

Other Budget Priorities

While the LGF, jail funding, and indigent defense reimbursement may be CCAO's top priorities for the budget, they are far from our only priorities. Just as counties provide services in a wide variety of areas, so too do our priorities cover the full range of policy areas that counties manage.

Child Care: The governor proposed an eligibility increase of up to 160% of the federal poverty level to access publicly funded child care (PFCC). The current eligibility is up to 142% of the FPL. It is estimated this will give more than 15,000 additional children access to PFCC. A mother of two children will be eligible for PFCC while making up to \$17.72/hour, up from \$15.73/hour today.

Children Services: The executive budget proposes an increase of \$25 million in FY 2024 and \$35 million in FY 2025 for the state child protection allocation, which directly funds placement costs and administration for children services at the county level.

Senior Services: The Department of Aging will receive a one-time ARPA appropriation of \$40 million for the Healthy Aging grants to help seniors stay in their homes as long as possible. These funds will flow through the commissioners who may work with Area Agencies on Aging and other local partners. Based on the department's earlier budget requests, these funds will likely be focused on the fourteen counties without a senior services levy.

Housing: The governor's proposal includes two tax credits to help increase the supply of affordable housing in the state. The first is a tax credit for the development and rehabilitation of multi-family rental housing units. Administered by the Ohio Housing Finance Agency, this program would reserve up to \$100 million per year for four years to developers of qualifying projects. The second is a tax credit of up to \$50 million per year for four years to developers of qualifying single-family housing units.

Workforce and Economic Development: During his State of the State speech, the governor announced the "All Ohio Future Fund," which will prepare the physical and human infrastructure needed for the next wave of economic development projects around the state. The one-time fund will

feature an investment of \$2.5 billion over the biennium. This will likely include a partnership with JobsOhio. CCAO is still gathering information on the form this will take in the budget.

Broadband: In FY 2024, the Department of Development budget includes several broadband deployment appropriations: \$105 million in federal funds for the Broadband Equity, Access and Deployment Program, and a \$267 million appropriation from the ARPA Capital Projects fund. In FY 2025, \$30 million will be made available from the Broadband Digital Equity Act Program.

Next Gen 9-1-1 and MARCS: The executive budget makes an unprecedented investment in public safety information infrastructure by providing funding for the implementation of Next Gen 9-1-1 and support for the Multi-Agency Radio Communication System through appropriations of \$46.0 for NG 9-1-1 and \$50.0 million for MARCS adoption over the biennium. ***The funding for NG 9-1-1 is for implementation and is separate from the user fee to fund operations of the system. There is no user fee increase in the executive budget.***

RECLAIM Ohio: The budget proposal continues another robust area of partnership between counties and state, as RECLAIM Ohio will receive a 20% funding increase in the first year of the biennium, from \$171.7 million in 2023 to \$205.3 million in 2024.

Soil and Water District Match Increase: The executive budget increases the two appropriation items in the Department of Agriculture's budget that provide funding to county soil and water districts by a total of \$8.2 million over the biennium.

Farmland Preservation: The budget provides a massive investment in farmland preservation by increasing the eponymous appropriation item in the Department of Agriculture's budget by \$3.5 million (a 700% increase). This item is used to secure perpetual easements on productive farmland to keep the parcel in agricultural production forever.

County Election Official Training: The proposed budget maintains an appropriation item created by the Controlling Board in 2021 that the Secretary of State uses to help support training provided to county election officials. The budget provides the item a modest increase in each year of the biennium.

Mental Health Services: The governor's proposal makes a number of investments in the mental health field. It calls for about \$46.5 million over the biennium to support the new 988 Suicide and Crisis Lifeline network with the goal of increasing the number of call centers that have response rates of at least 90% and that have an answer speed of less than 60 seconds. The budget also calls for \$20 million in allocations to county ADAMH boards to fund local projects in prevention, early intervention, and suicide prevention. Finally, the budget allocates \$16 million to the state's forensic centers to hire and retain Forensic Evaluators to help ensure the services that forensic evaluation centers provide to localities continues to be provided in a timely manner.

OSU Extension: The executive budget maintains support for OSU Extension by giving each of Extension's three appropriation items a 3% increase in each fiscal year.

H2Ohio: The DeWine-Husted Administration continues its dedication to maintain Ohio's waterways through increased investments in the H2Ohio program. Most notably, the H2Ohio Rivers Initiative will expand the restoration and improvement efforts of the program to rivers across the state. The Rivers Initiative is proposed to receive \$29.5 million in each fiscal year, split between the Ohio EPA and the Department of Natural Resources.

Medicaid Bold Beginning: The Department of Medicaid's proposed budget includes funding to extend Medicaid coverage for children and pregnant women at up to 300% of the federal poverty level, potentially covering an additional 30,000 children and 3,500 pregnant mothers.

Executive Budget proposes consolidation of children-related appropriations into new Department of Children and Youth

One notable component of Governor DeWine's budget proposal is the creation of a new cabinet department in the state government, the Department of Children and Youth. The goal of the Department is to provide efficient and effective service delivery to Ohio's children and their families. It consolidates functions and programs from six different state agencies with the goal of reducing duplicative programs, increasing administrative efficiency, and improving service delivery.

Among the functions that will be housed within the new department are childcare licensure, Help Me Grow, the Imagination Library, the Children's Trust Fund, foster care, certain Temporary Aid for Needy Families block grant programs, and others. According to a presentation made after the budget introduction, the state hopes to have the Department up and running within 18 months of the budget's completion.

Legislative Activity

There were no legislative committee meetings this week.

The following bills that may be of interest to counties were introduced:

- [Senate Bill 39](#) (Senator Tim Schaffer): Exempts children's diapers, car seats, strollers, cribs, and baby monitors from the sales and use tax.
 - Similar exemptions are in the executive budget proposal but as budget language has not been released yet, the degree of overlap between Senate Bill 39 and the Governor's proposal is not yet clear.
- [Senate Bill 41](#) (Senator Kristina D. Roegner): Makes changes to the law regarding building inspections in the form of creating a procedure to expediate appeals by the state board or a local board of building appeals.
 - This bill is scheduled for an informal hearing in front of the Senate Small Business and Economic Opportunity Committee on Tuesday, February 7, at 11:00 a.m.
- [Senate Bill 43](#) (Senator Andrew Brenner): Modifies the procedure through which a surviving spouse of a disabled veteran may receive a homestead exemption to their property taxes.