



**OBM**

Ted Strickland  
Governor

J. Pari Sabety  
Director

***CAPITAL REAPPROPRIATIONS BILL  
TESTIMONY OF J. PARI SABETY  
HOUSE FINANCE COMMITTEE  
MARCH 5, 2008***

Chairman Hottinger, Ranking Member Skindell and members of the House Finance Committee.

I am Pari Sabety, Director of the Office of Budget and Management. I am pleased to appear before you today to provide testimony on the capital reappropriations bill for fiscal years 2009 and 2010. This bill is essentially a strict reappropriations bill and does not contain any corrective language for HB 119, the FY 2008 – FY 2009 operating budget.

**Capital Reappropriations**

The primary purpose of this legislation is to reauthorize unexpended balances of previously approved capital projects. The Ohio Constitution limits legislative appropriations to two years. However, the reality is many capital projects last longer than two years in duration. This process reauthorizes, or re-appropriates, the unspent balances so that projects can be completed as intended. Without the re-appropriation of these available balances, the authority to support spending for projects previously approved and authorized by the General Assembly would lapse.

The urgency as to the timing of passage of this legislation and ultimately, the signature of the Governor is due to a Supreme Court ruling in 1994 in the case AFL-CIO v. Voinovich. That case found that capital re-appropriations when passed by the Legislature and signed by the Governor could not take effect immediately and would take effect 90 days after the Governor's signature. This ruling requires a capital re-appropriations bill to be passed and signed no later than March 31<sup>st</sup> in order for the resources to be available July 1<sup>st</sup>, the beginning of the next fiscal year. Over the years, a process has emerged to meet the Constitutional requirements for re-appropriating projects lasting longer than two years. Specifically, the bill includes estimates of the dollar amounts that are projected to be available at the end of the current fiscal year. That being said, the amounts contained in this bill may not be the actual amount re-appropriated, but are, for the lack of a better term, placeholders representing an "up to" amount. Due to this estimation process, the legislation also provides that the actual dollar amounts to be re-

appropriated are the total of the unencumbered and unallotted amounts at the end of the current fiscal year. This convention is followed because it is difficult to know the exact fiscal position of each project at the end of the fiscal year in time to meet the March 31 timeframe. By re-appropriating the unexpended balance we are able to assure projects can continue to their completion without interruption.

This bill identifies approximately \$5.9 billion in re-appropriations, an amount that appears much larger than that contained in prior re-appropriations bills. For context, HB 530, the most recent re-appropriations bill from the previous General Assembly re-appropriated \$1.76 billion. The dollar amount on this bill is so large because of the recent securitization of Ohio's share of the tobacco master settlement agreement. As you may remember tobacco securitization allowed us to provide a large cash infusion to the School Facilities Commission of around \$4.1 billion and double the pace of school building. It is necessary to re-appropriate the \$4.1 billion for the School Facilities Commission so we can meet our commitments to local school districts within the next year.

### **New Capital Re-appropriations**

While the re-appropriations bill has in the past served as a vehicle for new appropriations for several agencies, the only new appropriations in this bill are for the Public Works Commission. The bill appropriates \$120 million from their existing bond fund and \$24.5 million from their revolving loan fund. These dollars will be used to support local infrastructure projects throughout the state. Again, using this bill as the vehicle has been the convention for the authorizations for the Public Works Commission.

### **Reprogramming of Resources of other Projects**

In consultation with the staff and leadership in the House and Senate, this bill was drafted to limit the amount of projects and dollars that were redirected from previously approved projects. The three mutually agreed upon exceptions contained in the bill are:

- (127.RB-0132) Moves administration of 2 capital appropriations previously approved in HB 699 from Cleveland State University to Cuyahoga County Community College. There are no additional resources appropriated for the projects.

- (127.RB-0051-1) An appropriation in HB 699 for a Warren County project is redirected for the Warren County Park District land acquisition and improvements (\$1,000,000) and (\$300,000) for the City of Mason handicap accessible park improvements. There are no additional resources appropriated from the original project to the two new projects.
- (127LB-G09957/BGK) An appropriation in HB 699 for a Sylvania Family Services Center (\$250,000 earmarked from CAP-479 within Department of Mental Health) is moved for administration purposes to Owens Community College. There are no additional resources appropriated for the project.

Mr. Chairman, thank you for your consideration of this bill. I would be happy to answer any questions you may have.

**Table 1  
Capital Reappropriations Bill for FYs 2009-2010**

**Proposed State Capital Reappropriations for FYs 2009-2010 by Agency**  
**Amounts are estimates of what will be reappropriated effective July 1, 2008**  
**Actual Appropriations will be the unencumbered and unallotted balances as of June 30, 2008**

State Agency	Cash Funds		Debt Funds		Total
	GRF	Other Cash Funds	Backed by the GRF	Backed by Other Revenue	
Alcohol and Drug Addiction Services	\$ -	\$ -	\$ 975,762	\$ -	\$ 975,762
Adjutant General	\$ -	\$ 3,281,728	\$ 10,891,493	\$ -	\$ 14,173,221
Administrative Services	\$ 888,900	\$ -	\$ 45,084,950	\$ -	\$ 45,973,850
Aging	\$ -	\$ -	\$ -	\$ -	\$ -
Agriculture	\$ -	\$ -	\$ 18,329,089	\$ -	\$ 18,329,089
Arts and Sports	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities Commission	\$ -	\$ -	\$ 64,803,882	\$ -	\$ 64,803,882
Attorney General	\$ -	\$ -	\$ -	\$ -	\$ -
Board of Regents/Higher Education	\$ -	\$ -	\$ 826,386,620	\$ -	\$ 826,386,620
Capital Square Review and Advisory Board	\$ -	\$ 746,211	\$ 1,127,272	\$ -	\$ 1,873,483
Commerce	\$ -	\$ 3,787,120	\$ -	\$ -	\$ 3,787,120
Development	\$ -	\$ -	\$ 33,521,501	\$ 47,065,737	\$ 80,587,238
E-Tech	\$ -	\$ -	\$ 1,670,356	\$ -	\$ 1,670,356
Expositions Commission	\$ -	\$ -	\$ 19,786,431	\$ -	\$ 19,786,431
Health	\$ -	\$ -	\$ -	\$ -	\$ -
Historical Society	\$ -	\$ -	\$ -	\$ -	\$ -
Job and Family Services	\$ -	\$ 16,931,957	\$ -	\$ -	\$ 16,931,957
Judiciary/Supreme Court	\$ -	\$ -	\$ -	\$ -	\$ -
Mental Health	\$ -	\$ -	\$ 31,816,101	\$ -	\$ 31,816,101
Mental Retardation	\$ -	\$ -	\$ 10,892,552	\$ -	\$ 10,892,552
Natural Resources	\$ -	\$ 27,429,164	\$ 101,942,536	\$ -	\$ 129,371,700
Public Safety	\$ -	\$ 3,753,100	\$ 2,162,208	\$ 2,072,186	\$ 7,987,494
Public Works Commission	\$ -	\$ 59,867,071	\$ 271,919,979	\$ -	\$ 331,787,050
Rehabilitation and Correction	\$ -	\$ -	\$ 114,657,812	\$ -	\$ 114,657,812
School Facilities Commission	\$ -	\$4,082,224,742	\$ -	\$ -	\$ 4,082,224,742
School for the Blind	\$ -	\$ -	\$ 2,944,533	\$ -	\$ 2,944,533
School for the Deaf	\$ -	\$ -	\$ 2,057,667	\$ -	\$ 2,057,667
Secretary of State	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -
Veterans' Home	\$ -	\$ 3,874,924	\$ -	\$ -	\$ 3,874,924
Youth Services	\$ -	\$ -	\$ 35,230,069	\$ -	\$ 35,230,069
<b>Total Reappropriations</b>	<b>\$ 888,900</b>	<b>\$4,201,896,017</b>	<b>\$ 1,596,200,813</b>	<b>\$ 49,137,923</b>	<b>\$ 5,848,123,653</b>

**Table 2**  
**Summary of New Capital Appropriations Fys 2009-2010**  
**Capital Reappropriations Bill for FYs 2009-2010**

<b>Public Works Commission</b>	<b>Amount</b>
Fund 7038 State Capital Improvements Fund	\$ 120,000,000
Fund 7040 Revolving Loan Fund	\$ 24,500,000
	\$ 144,500,000
 <b>Total New Appropriations</b>	 <b>\$ 144,500,000</b>