



# Office of Budget and Management

John R. Kasich  
Governor

Timothy S. Keen  
Director

## Capital Improvements

### DEVELOPING THE CAPITAL BUDGET: A Process Focused on Meeting Ohio's Important Infrastructure Needs

The Office of Budget and Management has begun a several-month process to develop a capital budget for introduction next year in the Ohio General Assembly. This capital spending plan will provide fiscally responsible investments to maintain and improve the state's educational and public-service infrastructure. The capital bill is expected to focus on the most pressing needs of state government, schools and higher education, with particular emphasis given to each investment's impact on jobs and economic growth.

Since the capital budget ultimately impacts the state operating budget through General Revenue Fund debt service, any proposals will be consistent with Governor John Kasich's commitment to prudent, restrained government spending that strategically targets state dollars in ways that help improve the lives of Ohioans and keep our state a leader in the competitive world economy. As the capital process develops, traditional areas of focus have included:

#### **REBUILDING OHIO'S SCHOOLS**

In recent years, the largest portion of capital appropriations has supported repairs, renovations and new primary and secondary education facilities through the Ohio School Facilities Commission.

#### **HIGHER EDUCATION**

In late 2011, Gov. Kasich called on the state's 37 public college and university presidents to put aside their traditional process for dividing up the state's capital construction budget and to collaborate on a single list of projects that were most important to the state. The result of this unprecedented process was widely applauded. To continue that successful model, the governor has asked Ohio University President Roderick McDavis to lead a commission of university presidents to recommend a list of priority projects for consideration in the new capital budget.

#### **SUPPORTING LOCAL INFRASTRUCTURE**

Planning for the capital budget will also consider support for local infrastructure projects administered by the Ohio Public Works Commission through bond-backed funding as well as revolving loan funding for local infrastructure projects in communities throughout Ohio. Examples include upgrades, replacement or new construction of water lines, storm and sanitary sewers, local roads, bridges and other infrastructure.

#### **STATE AGENCIES' CRITICAL INFRASTRUCTURE NEEDS**

When developing the capital bill, the Office of Budget and Management will seek to identify projects to help state agencies address their most urgent priorities for maintenance, renovations and cost-saving efficiencies. Examples include funding to the Department of Natural Resources for maintenance and repair of Ohio State Parks facilities and other department assets, and support for renovations, improvements and major maintenance projects at the state's adult corrections facilities.

#### **COMMUNITY PROJECTS**

Given Ohio's renewed economic well-being, the capital budget process will seek recommendations for critical community projects across the state. Similar to the successful model used for higher education, a diverse group of leaders will be asked to work in similar fashion with the economic development community, arts community and others to provide advice about which community-project investments make the most sense from a statewide and local perspective. The Administration will engage the state's eight major metropolitan areas to develop a set of recommendations for projects with the most significant regional economic importance. In addition, a process will be established to allow arts leaders from across Ohio to collaborate and recommend major projects of significance to the state. Other organizations outside the eight major metropolitan regions are welcome to submit recommendations to the governor and members of the Ohio General Assembly.

#### **THE BOTTOM LINE**

As a result of Ohio's improved economy, prudent fiscal management and structurally balanced budget, the state has the capacity to accommodate capital projects that will improve our state. The capital budget process will thoughtfully identify important projects, while balancing the state's need for fiscal restraint and responsibility. The Administration looks forward to working with the Ohio General Assembly to review the various recommendations and project proposals it receives.