



GOVERNMENTAL POLICY GROUP, INC. RH RESOURCES

17 S. High St. - Suite 245 Columbus, Ohio 43215 | (614) 461-9335 | gpgrhr.com

Week in Review

February 3, 2023

CONTENTS

AUDITOR OF STATE	2	MARIJUANA/HEMP	6
BUDGET, F.Y. 24-25	2	MEDICAID/MEDICAID REFORM.....	6
ECONOMIC DEVELOPMENT.....	3	NATURAL RESOURCES.....	7
EDUCATION.....	3	PEOPLE.....	7
ELECTIONS, 2024.....	3	‘STATE OF THE STATE’ ADDRESS	7
ELECTIONS, 2026.....	4	STATE GOVERNMENT	8
ENERGY/UTILITIES	4	TAXATION	9
ENVIRONMENT	4	UNEMPLOYMENT COMPENSATION...9	
GENERAL ASSEMBLY	5	UNIONS	9
INSURANCE	5	WORKERS' COMPENSATION.....9	
IRS	5		



AUDITOR OF STATE

The Special Investigations Unit (SIU) in the Ohio Auditor of State's Office has closed 100 criminal prosecutions since he took office in 2019, Auditor of State Keith Faber announced Thursday. And while he is impressed with his team, Faber said his office needs more resources to better enforce the law. The DeWine administration did grant the Ohio Auditor of State's Office's request to add one employee to the SIU in the executive budget, but Faber said he's planning to work with members of the General Assembly to add more staffers to the bill as the budget process continues.

BUDGET, F.Y. 24-25

After sketching out the major facts for lawmakers in his "State of the State" speech, Gov. Mike DeWine released his official executive budget plan near midnight Tuesday, recommending state General Revenue Fund (GRF) spending totals of about \$28.1 billion in FY24 and \$29.4 billion in FY25, representing increases of 3.2 percent and 4.8 percent, respectively. All Funds appropriation totals are \$103.3 billion for FY24, a 3.5 percent increase, and \$99.7 billion in FY25, a 3.4 percent decrease. In an interview with *Hannah News*, Office of Budget and Management Director Kim Murnieks called it "a conservative, moderately growing general fund budget." State revenue sources are forecast to increase by 2.1 percent in FY24 and 4.6 percent in FY25. The income tax is projected to generate a modest increase of 0.9 percent in FY24, reaching \$10.5 billion, but then grow more substantially by 7.5 percent in FY25, reaching \$11.3 billion. Sales taxes likewise are forecast for greater growth in the second half of the coming biennium, with an increase of 1.7 percent predicted for FY24, bringing in \$13.6 billion, and of 3.9 percent in FY25, bringing in \$14.2 billion. The budget proposal would appropriate more than \$450 million in state fiscal relief funds from the American Rescue Plan Act (ARPA) for a few one-time uses. That total is what remains after lame duck spending action. Murnieks said she did not have a total available for the various other federal COVID relief funds sprinkled throughout the budget.

The biennial tax expenditure report accompanying the executive budget proposal, which tallies the estimated amount of foregone revenue under various credits, exemptions and deductions, projects a collective effect across all taxes of slightly more than \$11 billion in FY24 and \$11.4 billion in FY25. Meanwhile, DeWine is proposing more than \$200 million in additional tax expenditures, largely related to his suggested policies on children and housing. The report lists four criteria for a tax expenditure to be included: it reduces, or has the potential to reduce, revenue to the General Revenue Fund (GRF); persons, income, goods, services or property exempted would have been part of a defined tax base; persons, income, goods, services or property exempted are not subject to an alternate tax levied by the state; and the tax expenditure is subject to repeal or modification by the General Assembly, meaning, for example, the sales tax exemptions for groceries is not included because it is established in the Ohio Constitution.

Gov. Mike DeWine and administration officials focused on economic and workforce development visited Dayton Wednesday to share plans for the new Innovation Hubs meant to bolster talent development and advanced research, as part of a two-day tour of the state to highlight elements of the FY24-25 executive budget proposal. DeWine spoke at the National Museum of the United States Air Force alongside Lt. Gov. Jon Husted, Ohio Department of Development Director Lydia Mihalik, JobsOhio President and CEO JP Nauseef and Jeff Hoagland of the Dayton Development Coalition. Officials also mentioned the proposed new \$2.5 billion "All Ohio Future Fund," an economic development initiative meant to prepare shovel-ready sites across the state so other regions can attract the type of investment Central Ohio has seen recently with the likes of Intel and the Honda battery plant.

Providers of mental health, recovery and family services are urging the DeWine administration to ensure the FY24-25 biennial budget puts increased focus on providing supports that will help people who have mental health (MH) issues or substance use disorders (SUD) to work. The Employment Policy Committee of the Ohio Council of Behavioral Health and Family Services Providers (Ohio Council) wrote to Ohio Department of Mental Health and Addiction Services (OhioMHAS) Director Lori Criss and Opportunities for Ohioans with Disabilities (OOD) Director Kevin Miller to encourage such policies. The Ohio Council also specifically encouraged the agencies to put more resources into ensuring their staff are trained to enable providers to be paid an enhanced rate for helping clients identified as most severely disabled (MSD) with the support model known as Individual Placement and Support (IPS).

ECONOMIC DEVELOPMENT

Gov. Mike DeWine and Lt. Gov. Jon Husted Friday announced the locations of more blighted and vacant structures that will be demolished to make room for new economic development. A total of 599 additional structures in 15 counties will be demolished with support from the Ohio Building Demolition and Site Revitalization Program, which was created by the DeWine-Husted administration to help local communities demolish dilapidated commercial and residential buildings. The projects announced today bring the total number of demolition projects funded through the program to 3,699 projects in 87 counties, including 825 projects announced in October and 2,275 projects awarded in early December.

EDUCATION

The Ohio STEM Learning Network, a partnership between Battelle and the Ohio Department of Education that supports STEM education, is seeking nominations for its Excellence Awards until Friday, Feb. 24. Awards are issued in three categories: teaching; leadership; and partnerships. Details of each award and the entry forms are at <https://tinyurl.com/my7tpamt>.

Gov. Mike DeWine Thursday announced that more than 900 additional schools will receive state funding support for physical safety and security upgrades as part of the latest round of Ohio's K-12 School Safety Grant Program. He made the announcement while visiting Lakewood High School in Cuyahoga County, which is one of the 945 schools that will receive a combined \$68 million in grants as part of the fourth round of the program. A fifth round of funding will be announced in coming weeks.

ELECTIONS, 2024

Saying primaries in Ohio have become a moving target and cause confusion among voters, Rep. Dan Troy (D-Willowick) said he is introducing legislation that will require primaries to be held on the first Tuesday after the first Monday in May, pushing back Ohio's current March primary in presidential years. Ohio had moved its presidential primary date to March in order to have more influence in the presidential nominating process. In 2016, the primary was moved up earlier in March in what was seen as a way to help then-Gov. John Kasich's presidential campaign. With next year a presidential election year, Ohio will hold its primary Tuesday, March 19, 2024. Troy said that means candidates for the ballot will have to file their petitions in December, and entities that want to put issues on the ballot will have to file those issues in December as well.

The following endorsements were made over the week:

- U.S. Sen. J.D. Vance (R-OH) endorsed Donald Trump for president.

ELECTIONS, 2026

Though the field is expected to expand significantly in the years leading up to the next gubernatorial race with Gov. Mike DeWine unable to run again, public policy group Opportunity Ohio head Matt Mayer became the first Republican to announce his candidacy. Mayer, who also formerly ran the Buckeye Institute, said on his website that he announced his run now because he's "frustrated and fed up with the status quo of mediocrity we've had to live with for far too long." He said he believes "establishment career politicians" have had a chance to reenergize the state but have ignored key reforms. Among his priorities are to make Ohio a "right to work" state; eliminate JobsOhio; freeze state spending; eliminate the state income tax; have state funding follow students; streamline local government to reduce local income, sales and property taxes; and adopt pay for performance for elected officials, among other issues. "Let me be clear about one thing: if these smart policies are put in place in the next four years, then I will have no reason to run and happily will remain outside of government."

ENERGY/UTILITIES

Dozens of member communities are backing Ohio's largest government electric aggregator in urging the Public Utilities Commission of Ohio (PUCO) to renew its certificate as an energy marketer and reject competitors' claims that Northeast Ohio Public Energy Council (NOPEC) -- serving over 1 million residential and small business customers in 242 communities and 19 counties -- is guilty of "market manipulation and abuse." Dynegy Marketing and Trade, a supplier of default electric service to FirstEnergy and American Electric Power (AEP) of Ohio, accuses NOPEC of jettisoning member communities onto the utilities' standard service offer (SSO) last summer so that the government aggregator might reenroll them more easily this summer rather than watch them defect to other competitive retail electric service (CRES) providers. Dynegy says the unprecedented move after two decades of NOPEC aggregation undermines the competitive supply chain and threatens the energy market for all Ohioans.

The Supreme Court of Ohio will consider a challenge to the Ohio Power Siting Board's approval of a certificate for Firelands Winds to operate the Emerson Creek Wind Project when it conducts two days of oral arguments on Tuesday-Wednesday, Feb. 7-8. This case, *In re application of Firelands Wind LLC*, will be heard on Feb. 8.

ENVIRONMENT

The Ohio Water Development Authority (OWDA) announced Wednesday that it has awarded \$4.6 million in low-interest loans to Ohio communities to improve wastewater and drinking water infrastructure and make water quality improvements for Ohioans. OWDA said it has funded six projects that will provide improvements and replace aging infrastructure. The projects received an interest rate ranging from 1.75 percent to 4.18 percent.

The Ohio Public Works Commission (OPWC) Wednesday announced the release of 14 conservation project agreements benefitting communities in seven counties. The Clean Ohio Green Space Conservation Program is dedicated to environmental conservation including acquisition of green space and the protection and enhancement of rivers and streams. Grant recipients agree to maintain the properties in perpetuity so they can persist for future generations. Projects are vetted by the state's 19 regional natural resource assistance councils.

GENERAL ASSEMBLY

House Speaker Jason Stephens (R-Kitts Hill) last Friday outlined items he hoped would be addressed as well as potential changes in tax law and the roles of new House committees and the now seven finance subcommittees. Stephens also said he thought the budget process will bring members together after the division over his election; House Republicans had an upcoming retreat as well. "The budget process is just such an involved thing, and we have our committees, our structure -- we have people who are ready to get to work and I think that will help us move forward," he said.

The Joint Committee on Agency Rule Review (JCARR) held its first meeting of the 135th General Assembly (GA) on Monday, with all agenda items clearing without discussion or testimony. Among the items on the agenda was a rule from the Ohio Department of Medicaid on the reimbursement of nursing facility relief payments. JCARR Chair Rep. Jamie Callender (R-Concord) said the meeting scheduled for Monday, Feb. 13 is "tentatively" cancelled.

INSURANCE

With mental health a central theme of Gov. Mike DeWine's second-term initiatives, the Ohio Department of Insurance (ODI) has a new office it hopes will be a hub for people who need help understanding and accessing coverage. The new Mental Health Insurance Assistance (MHIA) Office field has dedicated staff to field calls and emails from consumers, providers, employers and others to help them figure out coverage, file complaints or appeal claim denials. It is also focused on ensuring insurers' compliance with mental health parity laws and working with other agencies and organizations to achieve its mission.

IRS

The Internal Revenue Service has set the 2023 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes as follows:

- 65.5 cents per mile driven for business use, up 3 cents from the midyear increase setting the rate for the second half of 2022.
- 22 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, consistent with the increased midyear rate set for the second half of 2022.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2022.

These rates apply to electric and hybrid-electric automobiles, as well as gasoline and diesel-powered vehicles and became effective Jan. 1, 2023.

MARIJUANA/HEMP

There are more than 330,000 patients registered in the Ohio Medical Marijuana Control Program (MMCP), according to the Ohio Board of Pharmacy (OBP). Specifically, there are 330,280 patients registered in the program, OBP said in its December 2022 patient and caregiver numbers update. Of registered patients, 20,221 are military veterans, 21,334 are classified as "indigent" and 1,246 have a terminal illness. Of the 330,280 registered patients, only 159,057 have both an active registration and an active recommendation from a doctor.

A bipartisan bill legalizing marijuana for adults age 21 and older will be introduced soon, Rep. Jamie Callender (R-Concord) said Monday. Callender and Rep. Casey Weinstein (D-Akron) introduced separate marijuana legalization bills last session -- 134-HB498 (Callender-Ferguson) and 134-HB628 (Weinstein-Upchurch) – and they are looking to co-sponsor a bill in the 135th General Assembly. Callender said he intends to pass a bill that would satisfy the campaign seeking to place an initiated statute on the ballot. The Coalition to Regulate Marijuana Like Alcohol's (CRMLA) initiated statute is currently before the General Assembly.

MEDICAID/MEDICAID REFORM

The Biden administration will offer those removed from the Medicaid program as part of the phase-out of pandemic-era coverage policies a special, extra-long enrollment period for finding coverage through the federal marketplace. In the major year-end federal spending bill, Congress untied Medicaid eligibility from the public health emergency (PHE) declaration. Since the outset of the pandemic in March 2020, the federal government has offered states extra Medicaid matching funds in exchange for maintaining continuous coverage, meaning enrollees could not be removed from the program unless they request it, die or move to a new state. The federal government has been renewing the PHE declaration every three months since that time, but the federal spending bill terminates the continuous coverage requirement at the end of March 2023. States will then have 12 months to initiate and 14 months to complete the eligibility redeterminations for Medicaid enrollees, which will be a monumental task given the sheer numbers. Ohio's total Medicaid enrollment stood at 3.5 million as of December, compared to the pre-pandemic figure of less than 2.8 million in February 2020. As a result, the federal Centers for Medicare and Medicaid Services (CMS) announced recently that it will offer the special enrollment period for people who lose health care coverage due to the end of the continuous eligibility policy. The period will last from March 31 of this year through July 31, 2024.

After years of planning, procurement, litigation, delays and the phased rollout of underlying technology and administrative infrastructure, new managed care plans for Ohioans enrolled in Medicaid finally launched Wednesday, Feb. 1. That's also the date when the state started to contact Ohioans who've stayed on the program under pandemic-era flexibility policies about their impending removal, now that Congress has untied the existence of a declared health emergency from Medicaid eligibility decisions. Seven managed care plans, some incumbents but all operating under a redesigned structure, will start serving enrollees four years almost to the day after Gov. Mike DeWine ordered the Ohio Department of Medicaid (ODM) to re-bid managed care contracts. The new structure includes specialty contractors beyond the managed care plans for key functions, as well as centralization within ODM of some work.

NATURAL RESOURCES

The Ohio Department of Natural Resources (ODNR) Division of Water Resources' new online application for water withdrawal reporting and facility registration is now available at <https://apps.ohiodnr.gov/wwd> . Water users across the state can now use the app to file annual water use reports, view past reports, update information for active facilities, and register new facilities. Ohio law requires any facility with the capacity to withdraw 100,000 gallons per day or more of ground water or surface water to register with ODNR and file an annual report -- due March 1 every year -- listing the facility's actual water use. This data helps the division's Water Inventory and Planning Program track water use and supply and contributes to statewide water conservation efforts.

PEOPLE

Former Rep. Dan Ramos, who served in the Ohio House for four terms, died on Saturday, Jan. 28, according to the *Elyria Chronicle-Telegram*, at the age of 41. A cause of death has not been released, though a friend of Ramos, Max Schafer, told the *Lorain Morning Journal* that he had been stricken with COVID-19 several months ago and was still "having a rough go of it." A graduate of Ohio State University, Ramos first served as an aide to Rep. Joe Koziura, and a policy analyst under House Minority Leader Joyce Beatty and House Speaker Armond Budish (D-Beachwood), before being elected to represent Lorain in the Ohio House and succeeding Koziura. He began his work at the Statehouse as a page at the age of 18. A funeral Mass will be held Saturday, Feb. 4 at Nativity of the Blessed Virgin Mary Parish of Lorain, 418 W. 15th St. in Lorain. Burial will follow at Calvary Cemetery.

William (Bill) Parker Blair III, a long-time lobbyist and advocate for the arts, has died, McKinley Strategies, where Blair was a senior partner, announced Thursday. Blair had lobbied in Ohio for the better part of five decades, with McKinley Strategies noting his presence in the Statehouse walking the halls with leaders and often reminding them of his numerous capital budget requests.

‘STATE OF THE STATE’ ADDRESS

A new cabinet agency focused on children's wellbeing, continued implementation of the Cupp-Patterson school funding formula and a \$2.5 billion economic development fund are among major new proposals in the FY24-25 budget proposal, Gov. Mike DeWine said Tuesday during his 2023 "State of the State" address. While his speech covered several major policy areas, he front-loaded the address with a series of proposals focused on young people from birth through higher education. Those include the proposed new Department of Children and Youth Services.

In education, DeWine said his budget will continue the phase-in of the Cupp-Patterson formula, aka the Fair School Funding Plan, while also proposing major new support for school choice programs. Under his budget, eligibility for the EdChoice school voucher program would grow to 400 percent of the federal poverty level, while charter schools meeting quality criteria would get additional funding for economically disadvantaged students, and charter school facilities funding would double to \$1,000 per student.

In higher education, the governor proposed increasing the Ohio College Opportunity Grant to \$6,000 per student, renewable for four years, and a new, \$5,000-per-year scholarship for students in the top 5 percent of their high school graduating classes. Other child-focused policies, some previewed as

part of his "Bold Beginning" initiative months ago, including expanded home visiting programs, a sales tax exemption on baby supplies like diapers, a \$2,500 state child tax deduction, expanded Medicaid coverage for foster children, and further funding increases for county children's services agencies. A copy of DeWine's speech as prepared for delivery is posted at www.hannah.com >Breaking News.

Gov. Mike DeWine's "State of the State" address was a positive start to the budget process, Senate President Matt Huffman (R-Lima) said Tuesday. "Overall, I'm delighted with what the governor talked about today. There are obviously many details we have to work out," Huffman said during a Statehouse press conference, joined by Senate Finance Committee Chair Matt Dolan (R-Chagrin Falls) and Senate Majority Whip Theresa Gavarone (R-Bowling Green). Huffman said he was particularly happy that DeWine is proposing to expand the EdChoice school voucher program to families at or below 400 percent of the federal poverty level. Huffman also expressed support for the governor's proposals regarding children, career technical schools, higher education, housing and preparing sites for economic development.

Although House Speaker Jason Stephens (R-Kitts Hill) did not participate in the press conference with Huffman, and declined to speak with reporters following the governor's speech, he did release the following statement after the "State of the State" address: "The Ohio House of Representatives looks forward to reviewing Gov. Mike DeWine's priorities in more detail. I applaud the investment in the people of our great state. Good fiscal stewardship requires that we must look beyond a two-year budget cycle to ensure sustainability and solvency for the state of Ohio. It's time for the People's House to get to work." Speaker challenger Rep. Derek Merrin (R-Maumee) did speak with reporters outside the House chamber immediately following the governor's speech, saying, "House Republicans are eager to work with DeWine on his budget." Merrin said he will "talk directly" with DeWine and Huffman about their budget priorities and hopes to meet with the governor and his staff soon to "dig into the details of the proposals."

Many of the budget proposals in Gov. Mike DeWine's "State of the State" address are steps in the right direction, House Minority Leader Allison Russo (D-Columbus), Senate Minority Leader Nickie Antonio (D-Lakewood) and Ohio Legislative Black Caucus (OLBC) President Rep. Terrence Upchurch (D-Cleveland) said during a Statehouse press conference on Tuesday. However, Democratic leaders criticized the governor's proposal to increase funding for the EdChoice school voucher program, and emphasized that Republicans should stop focusing on "culture war" issues like abortion if they truly want to attract more people to live and work in Ohio.

STATE GOVERNMENT

The Ohio Department of Development (DOD) announced Wednesday the state's Procurement Technical Assistance Center (PTAC) program is being rebranded as "Ohio APEX Accelerators," but they will still maintain "exceptional service" in helping businesses compete for government contracts at all levels. Ohio's program is part of a national procurement assistance program managed by the U.S. Department of Defense (USDOD) Office of Small Business Programs. The national rebranding effort began Wednesday and will involve changes in name, logo and branding over the coming months.

TAXATION

Gov. Mike DeWine's administration announced Monday the approval of assistance for four projects expected to create 683 new jobs and retain 405 jobs statewide. During its monthly meeting, the Ohio Tax Credit Authority (TCA) reviewed economic development proposals brought by JobsOhio and its regional partners. The projects are expected to collectively result in more than \$43.7 million in new payroll and spur more than \$588 million in investments across Ohio.

UNEMPLOYMENT COMPENSATION

The state of Ohio significantly improved its national ranking for new unemployment claims, according to financial advisory website WalletHub. Ohio ranked 13 in states where jobless claims decreased the most week-over-week, with "1" being the best and "51" being the worst. Kentucky ranked 1, while Utah ranked 51. Kentucky ranked the highest among Ohio's neighbors, followed by West Virginia (2), Michigan (19), Indiana (29) and Pennsylvania (38).

UNIONS

According to the latest issue of the Ohio AFL-CIO *Weekly News Briefs*, the percentage and number of workers in Ohio belonging to unions increased in 2022, based on federal Bureau of Labor Statistics reported recently. Last year, 52,000 more Ohio workers joined the union movement than the previous year bringing the total number of union members in the Buckeye State to 699,000. Ohio had the third largest increase in union membership nationally last year, according to an analysis of BLS data by the Economic Policy Institute, a Washington, D.C.-based think tank. Only California, with an increase of 99,000 union workers, and Texas, which added 72,000 union members, posted larger total gains.

WORKERS' COMPENSATION

The Ohio Bureau of Workers' Compensation (BWC) approved an average public-employer rate cut of 2.5 percent Friday and recommended a second decrease of 8 percent for private employers to be voted on at its February meeting. Actuaries say non-government savings might be even greater except for the ongoing drop in state investment income over the past two years -- a single-year loss of \$1.611 billion as of Dec. 31, 2021 and \$1.005 billion as of Dec. 31, 2022 -- or nearly half billion dollars more than BWC projections. The public-employer cut of 2.5 percent follows single- to double-digit decreases over the last nine years, save for increases of 6.1 percent in 2019 and 2.2 percent in 2022.