



DATE: June 22, 2021

TO: The Ohio House of Representatives, the Ohio Senate and Governor Mike DeWine

FROM: Kent Scarrett, Executive Director, Ohio Municipal League

RE: Reduced federal funding to municipal non-entitlement units of local government (NEUs).

The Ohio Municipal League is writing to oppose language amended into SB 111 that qualifies townships as non-entitlement units of local government (NEU), which will reduce the amount of federal aid previously dedicated to Ohio's smaller cities and villages.

The Ohio House Finance Committee has amended SB 111 to include the distribution of the first tranche of the \$844 million in American Rescue Plan Act (ARPA) funds to Non-Entitlement Units (NEUs) of local government, which have a population under 50,000. The state of Ohio has determined that townships qualify as an NEU and now are eligible to receive funding through the ARPA program where previously only cities and villages met the federal standards to be eligible.

Because of this, townships will now receive a distribution from the \$422 million in the first tranche of ARPA funding provided via Sub. SB 111. It is unknown what the qualifications are for townships to receive the funding, how much townships will receive, or if all Ohio townships will be eligible to receive an ARPA distribution. With townships now included in the ARPA/NEU distributions, there will be an obvious reduction in the amount of federal aid previously dedicated to Ohio's smaller municipalities.

The League is very concerned about the impacts this change will have on Ohio's smaller municipalities. If the legislature takes this action to include townships in the NEU distributions, the state must make our smaller municipalities financially "whole" by provide supplemental funding to those municipalities that will experience a reduction in their originally projected ARPA allocation.

As a reminder, the state is receiving \$5.6 billion in ARPA funding itself and has realized an additional \$3 billion over state tax revenue projections that provides the state with ample financial flexibility to not have to "rob Peter to pay Paul" and thus not rob municipalities across the state of the federal aid that is dedicated for their support.

It is critical that Ohio's smaller cities and villages receive the full amount of federal aid to ensure they can address budget shortfalls and continue to fund our first responders and the other critical local services Ohioans and businesses depend upon.

We urge that the legislature does not support this change in NEU distributions unless municipalities are protected. Thank you for your consideration of our request.

Respectfully,

A handwritten signature in black ink, appearing to read 'K. Scarrett', with a stylized flourish at the end.

Kent Scarrett
Executive Director
Ohio Municipal League