



Ohio Legislative Service Commission

Bill Analysis

Wendy H. Gridley

S.B. 269

128th General Assembly
(As Introduced)

Sens. Grendell, Seitz, Wagoner, Gibbs

BILL SUMMARY

- Adds nine boards and commissions to those currently served by the Central Service Agency in the Department of Administrative Services.
- Provides for expanded functions of the Central Service Agency pertaining to consolidation of governmental functions.
- Earmarks funds to the Department of Administrative Services for the Central Service Agency Consolidation Initiative.
- Allows a political subdivision that is a member of a regional council of governments to participate in certain unit-priced construction contracts if the contracts are awarded pursuant to specified notice and competitive bidding procedures.
- Creates the State Function Privatization Commission.
- Creates the State Correctional Institution Privatization Commission.
- Creates the Commission on the Restructuring of State Government.

CONTENT AND OPERATION

Expanded functions of the Central Service Agency

Under continuing law, the Central Service Agency (CSA) exists within the Department of Administrative Services to perform routine support for specified boards and commissions. Among the types of services performed are the preparation and processing of payroll and other personnel documents; the preparation and processing of vouchers, purchase orders, encumbrances, and other accounting documents; and any

service the board or commission has delegated to the CSA. The CSA determines the fees to be charged to the boards or commissions. The fees must be in proportion to the services performed.

The bill adds the following nine boards and commissions to those currently supported by the CSA: the State Medical Board, the Board of Nursing, the State Board of Pharmacy, the Ohio Medical Transportation Board, the Ohio Athletic Commission, the Board of Motor Vehicle Collision Repair, the Manufactured Homes Commission, the Board of Orthotics, Prosthetics, and Pedorthics, and the State Board of Career Colleges and Schools.

The bill removes the term "routine" from the description of the support services the agency provides and adds a requirement that the CSA "provide" as well as perform specified services. Among the required services is the preparation and processing of payroll and other personnel documents. The bill changes this duty to require the CSA to make recommendations regarding preparing and processing payroll and other personnel documents in addition to preparing and processing them. The bill removes the current provision stating that nothing in the law is to be construed as a grant of authority for the CSA to initiate or deny personnel or fiscal actions for the boards and commissions. (R.C. 125.22.)

Expanded functions of the Central Service Agency

The bill provides that notwithstanding any contrary provision of law, on the effective date of the act, or as soon as possible thereafter, the CSA, in consultation with the Director of Budget and Management, must review the support services the CSA performs on behalf of the specified boards and commissions (except the Commission on Hispanic-Latino Affairs) and the fiscal condition of those boards and commissions. The CSA thereafter must provide recommendations regarding consolidation of finance, human resources, legal, procurement, and other administrative functions to achieve administrative cost savings and efficiency. The CSA also may initiate or deny personnel or fiscal actions for the boards and commissions if such an initiation or denial would result in administrative cost savings and efficiency among the boards and commissions, and may require the boards and commissions to enter into agreements to share office equipment, office space, or other assets to the extent such an agreement would create efficiencies or savings in rental, lease, or contractual expenses.

Except with respect to the authority of the boards and commissions to appoint or employ additional employees for the performance of professional, technical, clerical, or other duties, the provisions described in the preceding paragraph are not to be interpreted as a grant of authority to the CSA to supersede or replace the boards or

commissions in the performance of their respective statutory duties, or to appoint, remove, or demote the executive directors of the respective boards or commissions.

The Director of Budget and Management may take actions made necessary by administrative reorganization for the purpose of cost savings and efficiency by making budget changes, transferring programs, creating new funds, and consolidating funds. (Section 4.)

The bill earmarks \$308,230 in fiscal year 2010 and \$235,230 in fiscal year 2011 of the State Agency Support Services appropriation item 130321 to be used by the Department of Administrative Services for the Central Service Agency Consolidation Initiative. (Section 3.)

Regional councils of governments

Under continuing law, the governing bodies of any two or more counties, municipal corporations, townships, special districts, school districts, or other political subdivisions can enter into an agreement with each other, or with the equivalent political subdivisions in other states, to establish a regional council of governments consisting of those political subdivisions (R.C. 167.01, not in the bill). A council, once established, has authority to do a range of things that focus on cooperation among the various political subdivisions, the state, and federal government (R.C. 167.03, not in the bill). A political subdivision can contract with a council to receive services from a council or to provide services to a council (R.C. 167.08, not in the bill).

Unless certain provisions requiring separate bids apply,¹ the bill permits a council to enter into a contract that establishes a unit price for, and provides upon a per unit basis, materials, labor, services, overhead, profit, and associated expenses for the repair, enlargement, improvement, or demolition of a building or structure if the contract is awarded pursuant to a competitive bidding procedure of a county, municipal corporation, or township or a special district, school district, or other political

¹ Under ongoing law, a public authority is required to solicit separate and distinct bids for furnishing materials or doing work for plumbing and gas fitting; steam and hot-water heating, ventilating apparatus, and steam-power plant; and electrical equipment. A public authority is not required to solicit separate and distinct bids if the cost is less than \$5,000. (R.C. 153.50, not in the bill.) A public authority cannot award a single, aggregate contract for an entire project or for a greater portion of the project than is embraced in one class of work unless one of the following applies: (1) the separate bids do not cover all the work or materials required or (2) the bids for the whole or two or more kinds of work or materials are lower than the separate bids combined (R.C. 153.51, not in the bill). Public authorities must award contracts for the separate branches of work described above to the lowest and best separate bidder. However, the separate bid requirements do not apply to the erection of buildings and other structures that cost less than \$50,000. (R.C. 153.52, not in the bill.)

subdivision that is a council member; a statewide consortium of which the council is a member; or a multistate consortium of which the council is a member. The bill specifies that purchases under such a contract are exempt from any competitive selection or bidding requirements otherwise required by law.

Additionally, the bill permits a county, municipal corporation, or township and a special district, school district, or other political subdivision that is a council member to participate in such a contract. However, such a council member is not entitled to participate in such a contract if it has received bids for the same work under another contract, unless participation in the council's contract will enable the council member to obtain the same work, upon the same terms, conditions, and specifications, at a lower price.

The bill specifies that a public notice requirement pertaining to the contract must be considered to have been met if the public notice is given once a week for at least two consecutive weeks in a newspaper of general circulation within a county in Ohio in which the council has members and if the notice is posted on the council's Internet web site for at least two consecutive weeks before the date specified for receiving bids. (R.C. 167.081.)

The State Function Privatization Commission

The bill creates a 21-member State Function Privatization Commission to do all of the following:

(1) Generally review the literature of privatization and in particular learn about performance auditing, cost saving, governmental restructuring, and privatization inquiries and efforts that are being carried out under other provisions of the bill;

(2) Conduct a study to identify and recommend governmental and propriety functions that are being performed by state agencies and that might be privatized to achieve greater efficiency in their performance and delivery;

(3) Review all the governmental and proprietary functions that are being performed by state agencies, and of those identify the particular functions that feasibly might be privatized;

(4) Identify the method, such as leasing, share issue, or asset sale, that would offer the best means of privatizing the governmental or proprietary function; and

(5) Prepare a report of its findings and recommendations, including a rationale for each recommendation.

In identifying particular governmental and proprietary functions that feasibly might be privatized (under (3) above), the commission generally must consider whether a function would be more efficiently performed and delivered through private market operations, and more particularly whether performance and delivery of the function through private market operations would reduce costs incurred by the state agency, would reduce the cost of performing and delivering the function, would reduce state governmental costs overall, would improve performance and delivery of the function, would improve accountability for performance and delivery of the function, would reduce the fact of or opportunities for wrongdoing, would reduce or eliminate a governmental monopoly, and would have other benefits the commission has learned about through its background study (under (1) above) and its own experience.

The commission may seek and obtain research and technical services and support in the performance of its duties from any individual, state agency, organization, association, college, or university.

The commission is required to report the findings of its studies to the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, the Governor, and the Auditor of State not later than July 12, 2011. The commission ceases to exist upon issuance of the report.

The President of the Senate must appoint seven members of the commission. Of those members, three must be members of the Senate who are members of the same political party as the President, two must be members of the Senate who are members of a political party other than the party of the President, and two must be persons who are not members of the Senate. The Speaker of the House of Representatives also must appoint seven members. Of those members, three must be members of the House of Representatives who are members of the same political party as the Speaker, two must be members of the House who are members of a political party other than the party of the Speaker, and two must be persons who are not members of the House. The Governor must appoint four members and the Auditor of State must appoint three members. To be eligible for appointment, a non-legislative member of the committee must be qualified by education or experience in privatization matters or in any other subject that relates to the duties of the commission.

All appointments must be made not later than 30 days after the effective date of the bill. Vacancies are to be filled in the same manner as original appointments.

When all members of the commission have been appointed, the commission promptly must meet, select co-chairpersons, and organize its activities. One member who is a member of the Senate and one member who is a member of the House of Representatives are to be selected as co-chairpersons. Thereafter, the commission is to

meet as necessary at the call of the co-chairpersons or on the written request of 11 of its members. Eleven members constitute a quorum. The vote of a majority of the quorum present is required to validate any action of the commission. All business of the commission must be conducted in public meetings.

Members of the commission serve without compensation, and may not be reimbursed for any expenses incurred in the performance of their duties on the commission. (Section 5.)

State Correctional Institution Privatization Commission

The bill creates the 15-member State Correctional Institution Privatization Commission to do all of the following:

(1) Study the Department of Rehabilitation and Correction's operation and management of Ohio's correctional institutions;

(2) Study the operation and management by private entities of correctional institutions in Ohio and in other states; and

(3) Develop a plan for the transfer of the operation and management, by December 31, 2011, of at least one-half of Ohio's correctional institutions that currently are operated and managed by the Department of Rehabilitation and Correction to a private entity.

The commission may seek and obtain research and technical services and support in the performance of its duties from any individual, state agency, organization, association, college, or university.

The commission is required to report the findings of its studies and the plan it develops to the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, the Governor, and the Auditor of State not later than June 30, 2011. The commission ceases to exist on the date it submits its report to the specified members of the General Assembly, the Governor, and the Auditor of State.

The members of the commission must be appointed by the President of the Senate, the Speaker of the House of Representatives, the Governor, and the Auditor of State as follows:

The President of the Senate must appoint five members of the commission. Of those five members, two must be members of the Senate who are members of the same political party as the President, one must be a member of the Senate who is a member of

a political party other than the political party of the President, and two must be persons who are not members of the Senate.

The Speaker of the House of Representatives must appoint five members of the commission. Of those five members, two must be members of the House of Representatives who are members of the same political party as the Speaker, one must be a member of the House of Representatives who is a member of a political party other than the political party of the Speaker, and two must be persons who are not members of the House of Representatives.

The Governor must appoint three members of the commission.

The Auditor of State must appoint two members of the commission.

To be eligible for appointment, a non-legislative member of the commission must be qualified by education or experience in corrections, finance, or any other subject that relates to the duties of the commission.

Appointments must be made not later than 30 days after the effective date of the bill. Vacancies are to be filled in the same manner as original appointments.

When all members of the commission have been appointed, the commission promptly must meet, select co-chairpersons, and organize its activities. One member who is a member of the Senate and one member who is a member of the House of Representatives are to serve as co-chairpersons. Thereafter, the commission is to meet as necessary at the call of the co-chairpersons or on the written request of eight of its members. Eight members constitute a quorum. The vote of a majority of the quorum present is required to validate any action of the commission. All business of the commission must be conducted in public meetings.

Members of the commission serve without compensation, and may not be reimbursed for any expenses incurred in the performance of their duties on the commission. (Section 6.)

Commission on the Restructuring of State Government

The bill creates the 15-member Commission on the Restructuring of State Government. The commission is required to devise and recommend an implementation plan and schedule for the restructuring of state government in substantially the manner prescribed by the as introduced versions of H.B. 25 and S.B. 52 of the 128th General Assembly. The commission must present its recommendations to the Governor, Auditor of State, Speaker of the House of Representatives, and President of the Senate not later than July 1, 2011. The commission ceases to exist upon presenting its report.

The President of the Senate must appoint five members to the commission, with two members being members of the Senate from the majority party and one member being a member of the Senate from the minority party. The Speaker of the House of Representatives must appoint five members to the commission, with two members being members of the House of Representatives from the majority party and one member being a member of the House of Representatives from the minority party. The Governor must appoint three members, and the Auditor of State must appoint two members, to the commission.

No member may receive compensation for serving on the commission.

The commission must elect a commission member who is a member of the Senate and a commission member who is a member of the House of Representatives to serve as co-chairpersons of the commission. (Section 7.)

HISTORY

ACTION	DATE
Introduced	05-25-10

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