

---

## DEPARTMENT OF ADMINISTRATIVE SERVICES

### Public employees health care program

- Requires that all health care benefits provided to persons employed by public employers must be provided by health care plans that contain best practices established by the Department of Administrative Services or the former School Employees Health Care Board.
- Requires all policies or contracts for health care benefits that are issued or renewed after the expiration of any applicable collective bargaining agreement to contain all established best practices at the time of renewal.
- Allows a political subdivision, upon consulting with the Department, to adopt a delivery system of benefits that is not in accordance with the Department's adopted best practices if it is considered by the Department to be most financially advantageous to the political subdivision.
- Requires the Department to assist in the design of health care plans for public employers separate from the health care plans for state agencies.
- Permits the Director of Administrative Services to convene a Public Health Care Advisory Committee.

### Alternative fuel

- Eliminates the following: the annual fleet reporting requirement made by higher education institutions to the Department, the Credit Banking and Selling Program of the Department, and the position of State Alternative Fuel Officer currently located within the Department.
- Transfers control of the State Biodiesel Revolving Fund from the Department to the Development Services Agency.
- Eliminates quarterly and annual reporting on alternative fuel usage by state agencies.

### Local Government Information Exchange Grant Program

- Establishes the Local Government Information Exchange Grant Program in the Department of Administrative Services, and requires the Director of Administrative Services to adopt rules to administer the program.



- Authorizes the Director to disburse a grant of \$10,000 to each local government that meets eligibility criteria the Director is to specify by rule.

### **Public exigency power**

- Eliminates the power of the Director to declare a public exigency, which power the Director currently shares with the Executive Director of the Ohio Facilities Construction Commission (OFCC).
- Eliminates the ability of the Director to ask OFCC, in order to respond to a public exigency, to enter into public contracts without competitive bidding or selection.
- Transfers, from the Director to the Executive Director of OFCC, the power to take and use lands, materials, and other property necessary for the maintenance, protection, or repair of the public works during a public exigency.

### **Other provisions**

- Increases, from pay range 44 to pay range 47, the maximum compensation that each state department may pay to up to five of its unclassified employees who are involved in policy development and implementation.
- Specifies that the positions, offices, and employments for which the Director must establish job classification plans are those in the service of the state.
- Clarifies that the Director's authority to approve a policy to grant compensatory time or pay applies only with respect to "employees in the service of the state."
- Renames the Payroll Withholding Fund within the state treasury to the Payroll Deduction Fund.
- Provides that the Life Insurance Investment Fund include money from state agencies and removes the requirement that the Fund include amounts from the renamed Payroll Deduction Fund.
- Prohibits the Controlling Board from authorizing transfers of cash balances in excess of needs from the Building Improvement Fund to the GRF or to another fund to which the money would have been credited in the absence of the Building Improvement Fund.
- Codifies the Building Improvement Fund, providing that the fund consists of payments made by intrastate transfer voucher from the appropriation for office building operating payments, and requires money in the fund to be used for major maintenance or improvements in certain state office buildings.



- Creates the Building Operation Fund within the state treasury and allows the Department to deposit money collected for operating expenses of facilities owned or maintained by the Department into the new fund or into the Building Management Fund where it is currently deposited.
- Replaces the current-law phrase "skilled trade services" with "minor construction project management."
- Allows the Director to provide, and collect reimbursements for the cost of providing, the newly renamed minor construction project management services to any state agency instead of just state agencies that occupy space in a facility not owned by the Department.
- Renames the Skilled Trades Fund in the state treasury to the Minor Construction Project Management Fund and provides that money collected for minor construction project management services be deposited into the renamed fund.
- Authorizes an appointing authority, in cases where no vacancy exists, and with the written consent of an exempt employee, to assign the duties of a higher classification to the exempt employee for a period of time not to exceed two years.
- Allows the House of Representatives to notify the Department of Administrative Services that it opts out of Department purchases for House office space related to maintenance, care, and repair purchases.
- If the House opts out, permits the House to enter into a contract for the purchase of any such services as is permitted under continuing law.
- Requires the Department to pay the costs of House-made purchases and prohibits the Department from charging service fees related to the purchases.

## **Public employees health care program**

(R.C. 9.833, 9.90, 9.901, and 1545.071)

### **Best practices**

Under the bill, all health care benefits provided to persons employed by public employers must be provided by health care plans that contain best practices established by the Department of Administrative Services or the former School Employees Health Care Board. A "public employer" is a political subdivision, public school district, or state institution of higher education. All policies or contracts for health care benefits that are



issued or renewed after the expiration of any applicable collective bargaining agreement must contain all best practices at the time of renewal.

Continuing law permits a political subdivision, upon consulting with the Department, to adopt a delivery system of benefits that is not in accordance with the Department's adopted best practices if it is considered by the Department to be most financially advantageous to the political subdivision.

### **Requirements of Department**

The bill requires the Department to do the following:

- (1) Identify strategies to manage health care costs;
- (2) Study the potential benefits of state or regional consortiums of public employers' health care plans;
- (3) Publish information regarding health care plans offered by public employers and existing consortiums;
- (4) Assist in the design of health care plans for public employers separate from the health care plans for state agencies;
- (5) Adopt and release a set of standards that are considered the best practices for health care plans offered to public employees;
- (6) Require that plans administered by health plan sponsors make readily available to the public all cost and design elements of the plan;
- (7) Promote cooperation among all organizations affected by this phase of the bill in identifying the elements for its successful implementation; and
- (8) Promote cost containment measures aligned with patient, plan, and provider management strategies in developing and managing health care plans.

A provision carried forward from current law requires the Department to prepare and disseminate to the public, an annual report on the status of health care plan sponsors' effectiveness in complying with best practices and in making progress toward reducing the rate of increase in insurance premiums and out-of-pocket expenses and in improving the health status of employees and their families.

### **Miscellaneous provisions related to public employees health care**

The bill renames the Political Subdivisions and Public Employees Health Care Fund the Public Employees Health Care Fund.



The bill allows the Director of Administrative Services to convene a Public Health Care Advisory Committee and specifies that members of the committee serve without compensation. Under current law, the Committee is created under the Department. Current law also requires the Committee to include representatives from state and local government employers, state and local government employees, insurance agents, health insurance companies, and joint purchasing arrangements currently in existence. The bill removes these provisions.

### **Provisions removed by bill**

The bill *removes* provisions that require the Department to design health care plans for use by public employers that are separate from plans for state agencies. In more detail, the bill *removes* provisions that:

(1) Require, upon completion of the consultant's report and once the plans are released in final form by the Department, all health care benefits provided to persons employed by public employers to be provided by health care plans designed by the Department;

(2) Permit the Department, in consultation with the Superintendent of Insurance, to negotiate with and contract with one or more insurance companies for the issuance of the plans;

(3) Require the Department, in consultation with the Superintendent of Insurance, to determine what geographic regions exist in Ohio based on the availability of providers, networks, costs, and other factors relating to providing health care benefits, and then to determine what health care plans offered by public employers and existing consortiums in the region offer the most cost-effective plan;

(4) Require the Department, in consultation with the Superintendent, to develop a request for proposals and solicit bids for health care plans similar to existing plans;

(5) Prohibit requiring a public employer to offer the health care plans designed by the Department until the Department has contracted with an independent consultant;

(6) Permit public employers offering employee health care benefits through a plan offered by a consortium to continue offering consortium plans if they contain the required best practices;

(7) Require the Department to include disease management and consumer education programs;



(8) Require the Department to adopt and release a set of best practices for health care plans;

(9) Require plans administered by health plan sponsors to make readily available to the public all cost and design elements of the plan;

(10) Require the Department to set employee and employer health care plan premiums for the designed plans;

(11) Require the Department to promote cooperation among all affected organizations, and to include cost containment measures aligned with patient, plan, and provider management strategies in developing and managing health care plans;

(12) Require the Department to contract with an independent consultant to analyze costs related to employee health care benefits provided by existing political subdivision, public school district, and state institution plans, and to submit written recommendations to the Department for the development and implementation of a successful program for the acquisition of employee health care plans by pooling purchasing power; and

(13) Require, not more than 90 days before coverage begins for public employees under health care plans designed by the Department, a public employer's governing body, board, or managing authority to provide detailed information about the health care plans to the employees.

### **Annual fleet reporting by state higher education institutions**

(R.C. 125.832)

The bill eliminates the requirement that state institutions of higher education submit annual reports to the Department of Administrative Services concerning their motor vehicle fleets. Specifically, current law requires each state higher education institution to report annually to the Department (1) the methods it uses to track the motor vehicles it acquires and manages, (2) whether or not it uses a fuel card program to purchase fuel for, or to pay for the maintenance of, the motor vehicles, and (3) whether or not it makes bulk purchases of fuel for the motor vehicles.

### **Alternative fuel usage; Credit Banking and Selling Program**

(R.C. 122.075, 125.832, 125.837 (repealed), and 125.838 (repealed))

The bill eliminates the following: (1) the Credit Banking and Selling Program of the Department of Administrative Services, (2) the position of State Alternative Fuel Resource Officer within the Department, and (3) the requirement of quarterly and



annual reporting on alternative fuel usage by state agencies. The bill also transfers control of the state Biodiesel Revolving Fund from the Department to the Development Services Agency.

The Credit Banking and Selling Program is established for purposes of the federal "Energy Policy Act of 1992." Under that Act, certain entities, including state governments, are required to acquire certain numbers of alternative fuel vehicles (AFVs). Fleets that acquire AFVs in excess of requirements, or prior to requirements, receive acquisition credits. Fleets can bank these credits for application to later years' requirements, or sell or trade the credits to other fleets.

The State Alternative Fuel Resource Officer, who is within the Department, monitors federal activity for any federal action that affects Ohio in its use of motor vehicles that are capable of using an alternative fuel. The officer also is available to explain to state departments and agencies the laws that apply to the purchase of motor vehicles that are capable of using an alternative fuel and the laws that govern alternative fuels, and any other relevant issues that relate to motor vehicles that are capable of using an alternative fuel.

The Department must compile on a quarterly basis all data relating to the purchase by each state department and agency of alternative fuels, including the amounts of alternative fuels and conventional fuels purchased, the per-gallon prices paid for each fuel, the locations at which alternative fuels were purchased, and the fuel amounts purchased at each such location. By April 1 of each year, the Department must issue an annual report containing all this data for the previous calendar year.

### **Local Government Information Exchange Grant Program**

(R.C. 149.60)

The bill establishes the Local Government Information Exchange Grant Program in the Department of Administrative Services, and requires the program to be administered by the Director of Administrative Services. The director must adopt rules under the Administrative Procedure Act as are necessary to administer the program. The rules must include all of the following:

- (1) Grant eligibility criteria;
- (2) A requirement that exchange-related electronic data be posted on the Internet in an open format in such a manner that the data is searchable and downloadable through the Internet by the public;



(3) Specifications for consistent formatting of, and specifications for accounting and technology standards for, information provided by participating local governments for inclusion in the exchange; and

(4) Specifications for data that must be included by participating local governments in the information they provide, which must include budgetary data, revenues, expenditures, staffing information, and employee compensation.

The bill requires the Director to disburse a grant of \$10,000 to each local government that meets the grant eligibility criteria established by the director. Grants must be awarded to local governments in the order in which the local governments have met the grant eligibility criteria. The total amount of grants awarded must not exceed the amount that can be funded with appropriations made by the general assembly for this purpose.

The bill also requires that the Director, not later than July 1, 2014, prepare and issue to members of the General Assembly a demonstration report that does all of the following:

(1) Demonstrates how the information exchange may provide local governments with insights regarding efficiency and productivity;

(2) Demonstrates how the information exchange may help local governments improve services to vulnerable populations by providing insights regarding programs that benefit the poor, including general welfare support programs; and

(3) Demonstrates how information exchange data may create opportunities for private sector and research institutions to provide value-added products or services that may be commercialized or create jobs, and thereby contribute to the state economy.

### **Public exigency power**

(R.C. 123.10, 123.11, 123.23 (repealed), and 126.14)

The bill eliminates the power of the Director of Administrative Services to declare a public exigency. The Director currently shares this power with the Executive Director of the Ohio Facilities Construction Commission (OFCC). Further, the bill eliminates the ability of the Director to ask OFCC to enter into public contracts without competitive bidding or selection in order to respond to a public exigency. Finally, the bill transfers from the Director to Executive Director of OFCC the power to take and use lands, materials, and other property necessary for the maintenance, protection, or repair of the public works during a public exigency.

## **Maximum pay range of state departments' unclassified employees**

(R.C. 124.11; R.C. 124.152, not in the bill)

The bill increases the maximum pay range of certain unclassified employees of each state department, from pay range 44 (up to \$49.50 per hour or \$102,960 annually) to pay range 47 (up to \$64.45 per hour or \$134,056 annually). Under continuing law, the head of the administrative department or other state agency must set the compensation for up to five unclassified positions that the department or agency head determines is involved in policy development and implementation. Under the bill, the maximum compensation for these positions is the maximum compensation specified in pay range 47.

The departments to which this compensation change applies are the Departments of Administrative Services, Aging, Agriculture, Alcohol and Drug Addiction Services, Commerce, Developmental Disabilities, Education, Health, Insurance, Job and Family Services, Mental Health, Natural Resources, Public Safety, Rehabilitation and Correction, Taxation, Transportation, Veterans Services, and Youth Services; the Environmental Protection Agency; the Development Services Agency; the Office of Budget and Management; the Ohio Board of Regents; the Department of the Adjutant General; the Bureau of Workers' Compensation; the Industrial Commission; the State Lottery Commission; and the Public Utilities Commission of Ohio.

## **Job classification plans for state employees**

(R.C. 124.14)

Under the bill, the Director must establish job classification plans only for positions, offices, and employments in the service of the state, which includes only positions of trust or employment with the government of the state, and specifically does not include positions with state supported colleges and universities, counties, and general health districts. Under current law, the Director establishes job classification plans for all positions, offices, and employments "the salaries of which are paid in whole or in part by the state."

## **Compensatory time and pay policy approvals**

(R.C. 124.18)

The bill clarifies that the Director of Administrative Services' authority to approve a policy under which an appointing authority grants compensatory time or pay to employees who do not receive overtime pay applies only with respect to employees in the service of the state. The phrase "state employees" is replaced with the



phrase "employees in the service of the state." The phrase "service of the state" is a defined term in continuing civil service law, meaning "offices and positions of trust or employment with the government of the state."<sup>1</sup>

## **Payroll Withholding Fund**

(R.C. 125.21)

The bill renames the existing Payroll Withholding Fund within the state treasury to the Payroll Deduction Fund. The purpose of this Fund is to consolidate all deductions from the salaries or wages of all officials and employees made in any month in order to make the appropriate payments for the intended purpose of the deductions or to make a refund where it is determined that deductions were made in error.

## **Life Insurance Investment Fund**

(R.C. 125.212)

The bill (1) removes the requirement that the existing Life Insurance Investment Fund include amounts from the renamed Payroll Deduction Fund (see "**Payroll Withholding Fund**," above), and (2) adds that the Fund include money from state agencies. The Fund, which is used to pay the costs of the state's life insurance benefit program, also includes amounts from life insurance premium refunds received by the state and other receipts related to the state's life insurance benefit program.

## **Building Improvement Fund**

(R.C. 125.27 and 127.14)

The bill prohibits the Controlling Board from authorizing transfers of cash balances in excess of needs from the Building Improvement Fund to the General Revenue Fund or to another fund to which the money would have been credited in the absence of the Building Improvement Fund. The same prohibition currently exists for numerous other funds.

The bill also codifies the Building Improvement Fund, which had been created by the Director of Office of Budget and Management under authority of the previous main operating budget (H.B. 153 of the 129th General Assembly). That law had transferred the building and facility operations of the Ohio Building Authority to the Department of Administrative Services. As part of the transfer, the Director of OBM was required, if requested by the Department, to make necessary budget changes,

---

<sup>1</sup> R.C. 124.01, not in the bill.



including creating new funds.<sup>2</sup> Thus, the Building Improvement Fund was born. In codifying the fund, the bill requires that it consist of any payments made by intrastate transfer voucher from the appropriation item for office building operating payments. It also requires that the fund be used for major maintenance or improvements required in certain state office buildings, specifically the James A. Rhodes or Frank J. Lausche State Office Tower, the Toledo Government Center, the Senator Oliver R. Ocasek Government Office Building, and the Vern Riffe Center for Government and the Arts. The bill creates the fund in the State Treasury and specifies that it retains its interest.

### **Building Operation Fund**

(R.C. 125.28(C))

The bill creates the Building Operation Fund within the state treasury and allows the Department of Administrative Services to deposit money collected for operating expenses of facilities owned or maintained by the Department into the new fund or into the Building Management Fund where it is currently deposited.

### **Minor construction project management services**

(R.C. 125.28(B))

The bill replaces the current-law phrase "skilled trade services" with "minor construction project management services" and allows the Director of Administrative Services to provide, and collect reimbursements for the cost of providing, the renamed minor construction project management services to any state agency instead of just those state agencies that occupy space in a facility not owned by the Department.

### **Minor Construction Project Management Fund**

(R.C. 125.28(C))

The bill renames the Skilled Trades Fund in the state treasury to the Minor Construction Project Management Fund and provides that money collected for minor construction project management services (see "**Minor construction project management services**," above) be deposited into the renamed fund.

---

<sup>2</sup> Section 515.40 of Am. Sub. H.B. 153 (not in the bill).



## **Exempt employee consent to certain duties**

(Section 701.10)

The bill authorizes an appointing authority, in cases where no vacancy exists, and with the written consent of an exempt employee, to assign the duties of a higher classification to the exempt employee for a period of time not to exceed two years. The exempt employee is entitled to compensation at a rate commensurate with the duties of the higher classification. For purposes of this provision, "appointing authority" means an officer, commission, board, or body having the power of appointment to, or removal from, positions in any office, department, commission, board, or institution. An "exempt employee" is an employee who holds a position that is not subject to public employee collective bargaining.

Under continuing law, whenever an employee is assigned to work in a higher level position for a continuous period of more than two weeks but not more than two years because of a vacancy, the employee's pay may be established at a rate that is approximately 4% above the employee's current base rate.

## **House of Representatives office maintenance**

(R.C. 123.01; R.C. 125.02 and 125.04, not in the bill)

The bill states that unless the House of Representatives notifies the Department of Administrative Services that the House opts out, purchases for the maintenance, care, custodial care, utility costs, and repair of office space used by the House are subject to the control and jurisdiction of the Department. If the House opts out, the House can enter into a contract for the purchase of any such services as is permitted under continuing law provisions that allow the House to establish contracts for supplies and services. The bill requires the Department to pay the costs of the purchases made by the House and prohibits the Department from charging the House service fees related to the purchase. Under current law, the Department has the authority to exercise general custodial care of all real property of the state.

