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1 **OBM - 2** **Financial Planning and Supervision Commissions****R.C.** **118.05, Section 701.20**

Modifies the makeup of a Financial Planning and Supervision Commission from seven to five if a political subdivision in fiscal emergency has a population of less than 1,000. Modifies the qualifications of commission members. Specifies the number of members necessary to constitute a quorum.

Fiscal effect: Potential negligible decrease in expenditures from the GRF if there are fewer Financial Planning and Supervision Commission members to reimburse for actual and necessary expenses.

2 **OBM - 12** **Pay Reduction Strategies****R.C.** **124.152, 124.18, 124.34, 124.392, 126.05,**
Section 741.10

(1) Reduces the compensation of certain full-time and permanent part-time state employees during the FY 2010-FY 2011 biennium by 4%, 4.5%, or 5%. Returns the pay for these employees to the FY 2009 level at the beginning of FY 2012.

(2) Authorizes the Governor, during the FY 2010-FY 2011 biennium, to impose a moratorium on the receipt of holiday pay on any holiday by employees paid by warrant of the Director of OBM, if the Governor declares a fiscal emergency. Provides that employees required to work on a holiday by their appointing authority be paid at their regular rate of pay. Exempts employees of the judicial and legislative branches and the Secretary of State, Auditor of State, Treasurer of State, and Attorney General from the moratorium on the receipt of holiday pay.

(3) Requires the Director of DAS, in consultation with the Director of OBM, to establish mandatory or voluntary furlough programs for any employee paid by warrant of the Director of OBM as necessary to reduce state expenditures in the event of a fiscal emergency declared by the Governor. Specifies that (a) reductions in pay made as the result of a furlough are not modifications or reductions in pay that an employee in the classified civil service can appeal to the State Personnel Board of Review and (b) an employee need not be in active pay status the day preceding a holiday to receive holiday pay, as current law requires, if the employee is furloughed on that day. Authorizes the Governor to declare a fiscal emergency if the Governor ascertains that the available revenue and balances for any fund or across any funds will in all probability be less than appropriations for the year, and to issue such orders as are necessary to the Director of OBM to reduce expenditures, or to the Director of DAS to implement various personnel actions, including but not limited to furloughs.

(4) Directs the Office of Collective Bargaining within DAS to negotiate with the respective state collective bargaining units various payroll reduction strategies through the collective bargaining process prior to July 1, 2009, including, but not limited

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to, reductions in pay for FY 2010 and FY 2011 and an increase in a state employee's share of dental, vision, and life insurance benefits during those fiscal years, to achieve savings of between \$170 million and \$200 million for each fiscal year. Authorizes the Director of OBM to transfer cash from non-GRF funds to the GRF to carry out the provisions above.

Fiscal effect: Decrease in payroll expenditures. In order to achieve the savings described above, the executive budget proposes to reduce exempt employee compensation by up to 5% based on a graduated scale, and by comparable amounts or concessions from employees subject to collective bargaining agreements. According to OBM, employees earning \$125,000 or more would be subject to a 6% reduction. Additionally, the executive proposes to lower the amount of the dental, vision, and life insurance premiums paid the state from 100% to 90%, to use furloughs when appropriate, and to increase the mandatory early retirement incentive trigger. All of these options may be used in varying degrees.

3 OBM - 4 Exempt Employees of the Shared Services Center

R.C. 126.21

Authorizes the Director of OBM to appoint and fix the compensation of OBM employees whose primary duties include the consolidation of statewide financing functions and common transactional processes.

Authorizes the Director of OBM to enter into contracts relating to consolidation of these statewide functions and processes.

Fiscal effect: These duties relate to the Shared Services Center within OBM, which has been budgeted for over 120 employees and payroll costs of \$8.3 million in FY 2010 and \$10.3 million in FY 2011.

4 OBM - 1 PERS Retirement Incentive Plans

R.C. 145.298

Makes the current requirement that a state institution or state employing unit establish a retirement incentive plan if it proposes to close or lay off, within a six-month period, the lesser of 50 or 10% of its employees applicable only to actions taken before July 1, 2009.

Requires a state institution or state employing unit to establish a retirement incentive plan if, on or after July 1, 2009, it proposes to close or lay off, within a six-month period, the lesser of 200 or 30% of its employees.

Fiscal effect: Potential fiscal effect to the state if a state institution or state employing unit is required to establish a retirement incentive plan under specified conditions by the bill. If a retirement incentive plan is established, an agency is required to make payments to the retirement system of additional actuarial obligations that occur as a result of the plan. The provision only applies to state agencies. It has no fiscal effect on local governments.

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5 **OBM - 13** **Audit Costs****Section: 229.10**

Requires that not more than \$456,000 in FY 2010 and not more than \$467,000 in FY 2011 of GSF Fund 1050 appropriation item 042603, State Accounting and Budgeting, be used for centralized audit costs associated with either Single Audit Schedules or financial statements prepared in conformance with generally accepted accounting principles.

6 **OBM - 14** **Shared Services Center****Section: 229.10**

Requires the Director of OBM to use the OAKS Project Implementation Fund (Fund 5N40) and the Accounting and Budgeting Fund (Fund 1050) to implement a Shared Services Center within OBM for the purpose of consolidating statewide finance functions and common transactional processes. Requires the Director of OBM to transfer the unobligated cash balance remaining in Fund 5N40 to the GRF before the end of FY 2011.

Requires the Director of OBM to include the recovery of costs to operate the Shared Services Center in the accounting and budgeting payroll rate and through a direct charge using intrastate transfer vouchers to agencies for services rendered. Requires the Director of OBM to determine the cost recovery methodology and cost recovery revenues to be deposited into Fund 1050.

Allows the Director of OBM to enter into contracts or agreements necessary to carry out the Director's duties.

Fiscal effect: OBM estimates accounting and budgeting payroll check-off rates of 0.116% in FY 2010 and 0.106% of gross pay per employee in FY 2011 will fund the Shared Services Center (SSC), with the total check-off rate each fiscal year being 0.824% of gross pay per employee. The payroll check-off allocated to SSC will generate about \$3.6 million in FY 2010 and \$3.4 million in FY 2011. SSC will also be funded with \$2.1 million each fiscal year from the OAKS Project Implementation Fund (Fund 5N40), direct charges to the agencies participating in the program, and other revenue allocations.

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7 **OBM - 16** **Internal Control and Audit Oversight****Section: 229.10**

Requires the Director of OBM to include the recovery of costs to operate the Internal Control and Audit Oversight Program in the accounting and budgeting services payroll rate and through a direct charge using intrastate transfer vouchers to agencies reviewed by the program. Requires the Director of OBM, with advice from the Internal Audit Advisory Council, to determine the cost recovery methodology. Requires such cost recovery revenues to be deposited into the Accounting and Budgeting Fund (Fund 1050).

Fiscal effect: The Internal Audit program will be primarily funded by direct charges to the agencies participating in the program, with eight agencies scheduled to participate in FY 2010 and expanding to 21 by FY 2011. The direct charges are based on billable hours and are expected to generate about \$3.8 million in FY 2010 and \$4.4 million in FY 2011. Accounting and budgeting payroll check-off rates of 0.063% in FY 2010 and 0.058% of gross pay per employee in FY 2011 are the other major revenue source for the Internal Audit program, with the total check-off rate each fiscal year being 0.824% of gross pay per employee. The payroll check-off for Internal Audit functions will generate about \$2.0 million in FY 2010 and \$1.9 million in FY 2011. The total budget for the Internal Audit program is \$6.0 million in FY 2010 and \$6.6 million in FY 2011.

8 **OBM - 15** **Forgery Recovery****Section: 229.10**

Requires AGY Fund 5EH0 appropriation item 042604, Forgery Recovery, to be used to reissue warrants that have been certified as forgeries by the rightful recipient as determined by the Bureau of Criminal Identification and Investigation and the Treasurer of State. Requires the Director of OBM to reissue a state warrant upon receipt of funds to cover the reissuance of the warrant.

9 **OBM - 17** **OAKS Support****Section: 229.10**

Requires the Director of OBM to operate and maintain the financial management module of the state's enterprise resource planning system, referred to as the Ohio Administrative Knowledge System (OAKS). Requires the Director of OBM to include in the accounting and budgeting services payroll rate the recovery of estimated costs of the information technology services provided by the Office of Information Technology (OIT) in DAS in support of the financial management module of OAKS, up to \$9,610,874 in FY 2010 and up to \$9,733,416 in FY 2011.

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Requires such cost recovery revenue to be deposited into the Accounting and Budgeting Fund (Fund 1050) and paid at least quarterly to the OAKS Support Organization Fund (Fund 5EB0) by intrastate transfer vouchers in accordance with the budget and cost allocation plan approved by the Director of OBM for each fiscal year.

Allows the Director of DAS to offset this proportional allocation with intrastate transfer voucher billings to or cash transfers from other funds used by DAS to support costs paid from Fund 5EB0.

10 OBM - 18 Personal Service Expenses**Section: 503.10**

Requires any appropriation from which personal service expenses are paid to bear the employer's share of various costs, unless otherwise prohibited by law. Requires that these costs be determined in conformity with the appropriate sections of law and paid in accordance with procedures specified by OBM.

11 OBM - 38 Satisfaction of Judgments and Settlements Against the State**Section: 503.20**

Permits the use of certain appropriations to satisfy judgments, settlements, and administrative awards ordered or approved by the Court of Claims or by any other court of competent jurisdiction in connection with civil actions against the state.

12 OBM - 19 Capital Project Settlements**Section: 503.30**

Specifies an additional and supplemental procedure to provide for payments of judgments and settlements if the Director of OBM determines that sufficient unencumbered moneys do not exist in the particular appropriation to pay the amount of a final judgment rendered against the state or a state agency, including the settlement of a claim approved by a court, in an action upon and arising out of a contractual obligation for the construction or improvement of a capital facility if the costs under the contract were payable in whole or in part from a state capital projects appropriation.

13 OBM - 20 Re-issuance of Voided Warrants**Section: 503.40**

Provides funds for the reissuance of voided warrants under section R.C. 117.47, when approved by OBM.

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14 OBM - 21 Reappropriation of Unexpended Encumbered Balances of Operating Appropriations**Section: 503.50**

Reappropriates an unexpended balance of an operating appropriation or reappropriation that a state agency encumbered prior to the close of a fiscal year for the following fiscal year for various time periods based on the type of encumbrance, and specifies applicable procedures related to this process.

Upon approval of the Director of OBM, allows an operating expense encumbrance to remain available for more than five months from the end of a fiscal year. Requires the Director to report each approved item to the Controlling Board.

15 OBM - 22 Appropriations Related to Cash Transfers and Re-Establishment of Encumbrances**Section: 503.60**

Specifies that any cash transferred by the Director of OBM under R.C. 126.15 (for the purpose of making adjustments to capital or operating budgets) and any amounts necessary to re-establish appropriations or encumbrances under that section are appropriated.

16 OBM - 23 Transfers to the General Revenue Fund of Interest Earned**Section: 512.10**

Authorizes the Director of OBM to transfer to the GRF interest earned in any state fund, with the exception of funds that are restricted or protected by the Ohio Constitution, federal tax law, or the federal Cash Management Improvement Act.

17 OBM - 24 GRF Transfer to the OAKS Project Implementation Fund**Section: 512.30**

Requires the Director of OBM, on July 1 of each fiscal year or as soon as possible thereafter, to transfer \$2,100,000 from the GRF to the OAKS Project Implementation Fund (Fund 5N40).

Fiscal effect: The transfers of cash from the GRF to Fund 5N40 are intended to support the Shared Services Center (SSC) within OBM. The transfers enable OBM to offer the program at a lower cost (via a lower voucher rate) to agencies in the early years of the program to incentivize its use. As more agencies use SSC, the program will benefit from increased economies of scale. As such, the GRF subsidy is planned to end after FY 2011 and direct charges to the agencies will provide most of SCC's funding.

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18 OBM - 5 Transfers from the Budget Stabilization Fund**Section: 512.40**

Permits the Director of OBM, in either year of the biennium, to transfer cash from the Budget Stabilization Fund to the GRF in order to balance GRF revenues with GRF expenditures. Requires the Director of OBM, within ten days of any transfer, to notify the Governor, the Speaker of the House of Representatives, the President of the Senate, and the Minority Leaders of each house of the date and amount of the transfer and the cash balance remaining in the Budget Stabilization Fund.

Fiscal effect: Potential increase in revenue to the GRF. The current cash balance in the Budget Stabilization Fund (BSF) is approximately \$1.0 billion. The executive proposal plans for the transfer of \$948 million from the BSF to the GRF in FY 2011. If the transfers occur as planned, the resources in the BSF would be exhausted (for FY 2009, \$63.3 million in the BSF will be used to support the state share of Medicaid costs incurred by the GRF). Additionally, it would decrease investment income due to lower available balance in the BSF.

19 OBM - 8 Cash Transfers to the General Revenue Fund from Non-GRF Funds**Section: 512.60**

Permits the Director of OBM to transfer cash from non-GRF funds that are not constitutionally restricted to the GRF in order to ensure that available GRF receipts and balances are sufficient to support GRF appropriations in each fiscal year. Requires the Director of OBM, before September 1 of each fiscal year, to issue quarterly reports identifying the non-GRF funds targeted for cash transfers to the GRF and the estimated amount of these cash transfers in each fiscal year.

Requires the Director of OBM, in conjunction with OBM's monthly financial report, to provide an update each quarter, beginning with the quarter ending September 30, 2009, comparing the estimated and actual amounts transferred by fund.

Fiscal effect: Potential increase in GRF revenue. According to the executive proposal, planned transfers of \$116.8 million of non-GRF funds will occur in FY 2010 and \$151.8 million in such transfers are planned for FY 2011.

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20 OBM - 3 State Agency Administrative Cost Savings and Efficiency

Section: 512.90

Permits a state agency to enter into one or more interagency agreements with another state agency or agencies for the purpose of achieving administrative cost savings and greater efficiency and authorizes the Director of OBM to take any steps regarding budget or fund changes or program transfers necessary due to the reorganization or consolidation for purposes of cost savings and greater efficiency.

Fiscal effect: Potential decrease in administrative expenses for the agencies that enter into such agreements.

21 OBM - 25 Authorization for Treasurer of State and OBM to Effectuate Certain Debt Service Payments

Section: 518.30

Directs OBM to process payments from general obligation and lease rental payment appropriation items during the FY 2010-FY 2011 biennium relating to bonds or notes issued under Sections 2i, 2k, 2l, 2m, 2n, 2o, 2p, 2q and 15 of Article VIII, Ohio Constitution, and Chapters 151. and 154. of the Revised Code. Requires payments to be made upon certification by the Treasurer of State, Office of the Sinking Fund, of the dates and the amounts due on those dates.

22 OBM - 9 Authorization for Ohio Building Authority and OBM to Effectuate Certain Lease Rental Payments

Section: 518.40

Requires OBM, in FY 2010 and FY 2011, to execute lease rental debt service payments in accordance with the lease agreements involving the bonds or notes issued under Section 2i of Article VIII, Ohio Constitution, and Chapter 152. of the Revised Code. Requires the Ohio Building Authority to certify the date and the amount due for each payment to the Director of OBM.

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23 OBM - 27 State and Local Rebate Authorization**Section: 521.10**

Appropriates, from the funds designated by or pursuant to the applicable proceedings authorizing the issuance of state obligations, amounts computed at the time to represent the portion of investment income to be rebated or amounts in lieu of or in addition to any rebate amount to be paid to the federal government in order to maintain the exclusion from gross income for federal income tax purposes of interest on those state obligations under section 148(f) of the Internal Revenue Code. Requires OBM to approve and voucher rebate payments.

Fiscal effect: None. Rebate payments, if any, will be paid out of the bond fund in which excess earnings were realized. Federal laws prohibit tax-exempt bond issuers, in this case the state of Ohio, from earning a higher rate of interest from investment of bond proceeds than the interest paid on the bonds.

24 OBM - 28 Statewide Indirect Cost Recovery**Section: 521.20**

Appropriates from available receipts amounts required for statewide indirect costs when the Director of OBM has determined that an appropriation made to a state agency for this purpose is insufficient.

25 OBM - 29 GRF Transfers on Behalf of the Statewide Indirect Cost Allocation Plan**Section: 521.30**

Allows a director of an agency to certify to the Director of OBM the amount of expenses not allowed to be included in the Statewide Indirect Cost Allocation Plan under federal regulations. Authorizes the Director of OBM to transfer from the GRF into the fund for which the certification is made, up to the amount of the certification upon determining that no alternative funding source is available to pay for such expenses.

Requires the director of an agency receiving such funds to include a request for funding for such activities from an alternative source as part of the next budget submission.

Prohibits total transfers made from the GRF by the Director of OBM under this provision from exceeding the amounts transferred into the GRF under R.C. 126.12.

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26 OBM - 33 Fiscal Year 2009 General Revenue Fund Ending Balance

Section: 521.40

Notwithstanding divisions (B) and (C) of section 131.44 of the Revised Code, requires all FY 2009 surplus revenue in excess of the year-end balance required under division (A)(3) of section 131.44 of the Revised Code to remain in the GRF.

Fiscal effect: Prevents transfers to the Budget Stabilization Fund and the Income Tax Reduction Fund that might otherwise be required by section 131.44 of the Revised Code.

27 OBM - 31 Federal Government Interest Requirements

Section: 521.50

Authorizes the Director of OBM to designate the funds that are to retain their own interest earnings in order to reduce the payment of adjustments to the federal government.

28 OBM - 32 Federal Cash Management Improvement Act

Section: 521.60

Allows the Director of OBM to cancel and re-establish all or part of encumbrances in like amounts within the funds identified by the Federal Cash Management Improvement Act as required by R.C. 131.36.

29 OBM - 11 Fiscal Stabilization and Recovery

Section: 521.70

Permits the Director of OBM to issue guidelines to agencies applying for federal money made available to the state for fiscal stabilization and recovery purposes. Requires that such federal funding that is intended for use for specified purposes be deposited into the GRF, and prohibits the use of such funding for providing the state share of Medicaid.

Permits the Director of OBM to authorize GRF expenditures in excess of the amounts appropriated to provide additional government services if additional federal stimulus funding is available, and appropriate such additional GRF expenditures.

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30 DAS - 33 OAKS Support Organization

Section: 207.30.20

Requires that GSF Fund 5EB0 appropriation item 100635, OAKS Support Organization, be used by the Office of Information Technology to support the operating costs associated with the implementation and maintenance of the state's enterprise resource planning system.

Requires DAS to develop a cost allocation plan including (1) up to \$9,610,874 in FY 2010 and \$9,733,416 in FY 2011 from OBM via ISTV, and (2) amounts from DAS's Human Resources Division via ISTV, and (3) other DAS Services Funds via ISTV.

Allows the Director of DAS to request that the Director of OBM transfer cash from other funds used by DAS to GSF Fund 5EB0, OAKS Support Organization, in lieu of ISTV billings. Requires that these amounts, whether made by ISTV billings or cash transfers, not be in excess of the limits under the federal indirect cost allocation plan.

Requires DAS's Human Resources Division to operate and maintain the human capital management module of OAKS and include in the human resources payroll rate the estimated costs of maintaining the module. Requires that such revenues be deposited in GSF Fund 1250, Human Resources, and transferred not less than quarterly to Fund 5EB0.

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Creates the Unified Long-Term Care Budget Workgroup and requires the Workgroup to develop a unified long-term care budget.

Requires the Directors of Aging and Budget and Management to annually submit a written report describing the progress towards establishing, or if already established, the effectiveness of the unified long-term care budget.

Allows the Director of Budget and Management to seek Controlling Board approval to transfer cash from SSR Fund 5R20, Nursing Facility Stabilization, used by the Department of Job and Family Services, to SSR Fund 4J40, PASSPORT/Residential State Supplement, used by the Department of Aging. Appropriates any cash transferred to SSR Fund 4J40 appropriation item 490610, PASSPORT/Residential State Supplement.

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32 GOV - 1 Service Coordination Workgroup

Section: 751.20

Creates the Service Coordination Workgroup to develop procedures for coordinating services that any of the following provide to individuals under age 21 and their families: the Office of the Governor, the Departments of Alcohol and Drug Addiction Services, Education, Health, Job and Family Services, Mental Health, Mental Retardation and Developmental Disabilities, and Youth Services; the Office of Budget and Management; and the Family and Children First Cabinet Council.

Requires the Workgroup, not later than July 31, 2009, to submit a report to the Governor with recommendations for implementing the procedures.

Permits the Director of Budget and Management to seek Controlling Board approval to transfer cash and appropriations as necessary to implement the Workgroup's recommendations.

Fiscal effect: Since the representative of the Governor's Office is to serve as the chairperson of the Council, this provision may cause a minimal increase in the Governor's Office's costs to produce the workgroup's report.
