

- FY 2004 transfer of \$242.8 million tobacco settlement funding to GRF
- Postponed implementation of OAKS
- \$1.25 million Governor's Blue Ribbon Task Force on Financing Student Success

## Budget and Management, Office of

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### ROLE

The primary mission of the Office of Budget and Management (OBM) is to provide fiscal accounting and budgeting services to state government. OBM ensures that Ohio's fiscal resources are used in a manner consistent with state laws and policies. The office advises the Governor on budget concerns and helps state agencies to coordinate their financial activities.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
115	\$14.5 million	\$13.9 million	\$3.3 million	\$2.5 million	Am. Sub. H.B. 95

\*Employee head count obtained from the Department of Administrative Services (DAS) payroll reports as of June 28, 2003.

### OVERVIEW

The FY 2004 appropriation of \$14,471,194 is less than 1% below FY 2003 expenditures of \$14,476,278. Appropriations are reduced 4% for FY 2005 to \$13,933,892.

Of particular note is new GRF funding of \$1.25 million over the biennium for the Governor's Blue Ribbon Task Force on Financing Student Success. This increase in GRF appropriation is offset by savings from the elimination of the Office of Quality Services and the suspension of payments for the Central State University (CSU) deficit reduction plan. The CSU deficit reduction plan, suspended now that CSU has been removed from fiscal emergency, was used to reduce CSU's operating deficit, alleviate or address issues that led CSU into fiscal emergency, address any audit findings, and assist with the accreditation of academic programs.

Finally, funding for the development of the Ohio Administrative Knowledge System (OAKS) continues, albeit at levels that will require the implementation of this project to be postponed. The overall FY 2004-2005 appropriation for this project is \$1.13 million. When completed, this system will combine the state's budgeting, accounting, human resources, and capital and fixed asset management program and procurement reporting functions into a single application.

## **BUDGET ISSUES**

### ***OFFICE OF QUALITY SERVICES CLOSURE***

The budget act eliminates funding for the Office of Quality Services (OQS), responsible for the Quality Services through Partnership (QStP) program. The Office closed July 11, 2003. Originally established in 1993, the OQS provided training services to employees through the Quality Academy, which supported the implementation of QStP. The total FY 2003 appropriation for the OQS was \$480,105. The OQS is funded at \$30,000 in FY 2004 for final payroll expenses.

### **Commission Closures Line Item**

The Commission Closures Line Item is provided \$65,000 for FY 2004 to cover costs associated with closing the Office of Quality Services. This line item is used to pay for expenses related to an agency's closing, including unemployment and other costs. It was previously utilized by the Department for final expenses incurred by the closure of the Women's Policy and Research Commission in FY 2002.

### ***GOVERNOR'S BLUE RIBBON TASK FORCE ON FINANCING STUDENT SUCCESS***

The budget act appropriates GRF funding of \$1 million in FY 2004 and \$250,000 in FY 2005 to support the Governor's Blue Ribbon Task Force on Financing Student Success, a 33-member group of education, community and business leaders charged with evaluating Ohio's system of financing primary and secondary education. The funds will be used to increase staffing to provide analysis of education finance, hire consultants, and provide equipment and supplies to support staff to assist the Blue Ribbon Task Force. The Task Force will report its findings and recommendations to the Governor in early 2004.

Operations of the Task Force will conclude with the report to the Governor in FY 2004; FY 2005 appropriations will be used for final salaries of staff assigned to the Task Force, increased staffing in the OBM Education section, and any final expenses for the Task Force.

### ***OAKS IMPLEMENTATION DELAY***

The budget act appropriates \$4.13 million over the biennium for the OAKS project, intended to integrate state government budgeting, accounting, human resources, and other reporting functions into a single application. This appropriation compares to funding of \$5.9 million for this project during the FY 2002-2003 biennium. However, state budget concerns have delayed OAKS implementation; the project timeline, including an expected date for vendor selection, is currently under review. Nevertheless, the department expects the OAKS project to be on track for full implementation by the end of the FY 2004-2005 biennium. The overall estimated cost of the OAKS project remains \$156 million.

Regardless of the delays in the other areas, OAKS staff will develop a web-based application to streamline processing procedures related to Controlling Board requests.

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***TRANSFERS TO GRF***

The budget act contains a provision that permits the Director of OBM to transfer up to \$242.8 million from the Tobacco Master Settlement Agreement Fund to the GRF in FY 2004. Of that amount, \$120.0 million would otherwise have been transferred to Fund H87, the Tobacco Use Prevention and Cessation Trust Fund. The bill requires that Fund H87 be reimbursed from the Tobacco Master Settlement Agreement Fund in FY 2015. The remaining \$122.8 million transfer to the GRF would otherwise have been transferred to the Education Facilities Trust Fund (Fund N87) for school construction funding. Instead, this sum will be transferred to the GRF as well. In place of this transfer to the Education Facilities Trust Fund, this bill authorizes the School Facilities Commission to issue \$122.8 million in bonds for school building construction.

The budget act also transfers \$2 million from appropriation line item 4K9, the Occupational Licensing and Regulatory Fund, to the GRF in FY 2004. 

**FY 2004 - 2005 Final Appropriation Amounts**

**All Fund Group**

<i>Line Item Detail by Agency</i>			<i>FY 2001:</i>	<i>FY 2002:</i>	<i>FY 2003:</i>	<i>FY 2004 Appropriations:</i>	<i>% Change 2003 to 2004:</i>	<i>FY 2005 Appropriations:</i>	<i>% Change 2004 to 2005:</i>
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>						
<b>OBM Budget and Management, Office of</b>									
GRF	042-321	Budget Development and Implementati	\$ 2,262,388	\$ 2,207,657	\$1,985,238	\$ 3,092,469	55.77%	\$ 2,405,243	-22.22%
GRF	042-401	Office of Quality Services	\$ 571,104	\$ 525,283	\$475,676	\$ 30,000	-93.69%	\$ 0	-100.00%
GRF	042-402	ERP Project Implementation	\$ 488,775	\$ 64,365	\$0	\$ 0	N/A	\$ 0	N/A
GRF	042-406	Attorney Indemnification	\$ 2,500	\$ 2,500	\$4,191	\$ 0	-100.00%	\$ 0	N/A
GRF	042-407	CSU Deficit Reduction	\$ 393,022	\$ 449,983	\$781,814	\$ 0	-100.00%	\$ 0	N/A
GRF	042-409	Commission Closures	---	\$ 3,671	\$0	\$ 65,000	N/A	\$ 0	-100.00%
GRF	042-410	National Association Dues	\$ 24,800	\$ 25,500	\$26,300	\$ 27,089	3.00%	\$ 27,902	3.00%
GRF	042-412	Audit of Auditor of State	\$ 44,000	\$ 46,000	\$48,000	\$ 62,110	29.40%	\$ 55,760	-10.22%
GRF	042-434	Financial Planning Commissions	\$ 269,612	\$ 38,675	\$0	\$ 0	N/A	\$ 0	N/A
<b>General Revenue Fund Total</b>			<b>\$ 4,056,201</b>	<b>\$ 3,363,634</b>	<b>\$ 3,321,219</b>	<b>\$ 3,276,668</b>	<b>-1.34%</b>	<b>\$ 2,488,905</b>	<b>-24.04%</b>
4C1	042-601	Quality Services	\$ 31,740	\$ 37,458	\$4,429	\$ 0	-100.00%	\$ 0	N/A
105	042-603	State Accounting	\$ 8,326,870	\$ 8,875,638	\$8,502,645	\$ 9,131,651	7.40%	\$ 9,375,862	2.67%
<b>General Services Fund Group Total</b>			<b>\$ 8,358,610</b>	<b>\$ 8,913,096</b>	<b>\$ 8,507,074</b>	<b>\$ 9,131,651</b>	<b>7.34%</b>	<b>\$ 9,375,862</b>	<b>2.67%</b>
5N4	042-602	OAKS Project Implementation	\$ 463,994	\$ 3,260,124	\$2,647,985	\$ 2,062,875	-22.10%	\$ 2,069,125	0.30%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 463,994</b>	<b>\$ 3,260,124</b>	<b>\$ 2,647,985</b>	<b>\$ 2,062,875</b>	<b>-22.10%</b>	<b>\$ 2,069,125</b>	<b>0.30%</b>
<b>Budget and Management, Office of Total</b>			<b>\$ 12,878,805</b>	<b>\$ 15,536,854</b>	<b>\$ 14,476,278</b>	<b>\$ 14,471,194</b>	<b>-0.04%</b>	<b>\$ 13,933,892</b>	<b>-3.71%</b>