

Office of Budget and Management

- 37.7% increase in FY 2002 and a 17.8% decrease in FY 2003
- Continued review of education reform proposals
- Continued ERP Project Implementation

OVERVIEW

The Ohio Office of Budget and Management (OBM) is a cabinet-level agency within the executive branch of state government. The primary mission of 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. OBM also provides financial management services and financial information to the Governor, state agencies, the General Assembly, and other interested parties, including local government units.

OBM is organized into four program areas: Budget Development and Implementation (BDI); Financial Accounting Operations (FAO); Intergovernmental Financial Relations (IFR); and the Office of Quality Services. Two-thirds of OBM staff work in "State Accounting," which is comprised of the FAO and IFR sections. State Accounting maintains, manages, and supports the accounting and financial reporting activities of state government and the state's financial relations with the federal and local governments. The next largest section, BDI, prepares and implements the operating and capital budgets of all state agencies. The Office of Quality Services (OQS) trains agency personnel on "total quality management" efforts, through the State's Quality Services through Partnership (QStP) program.

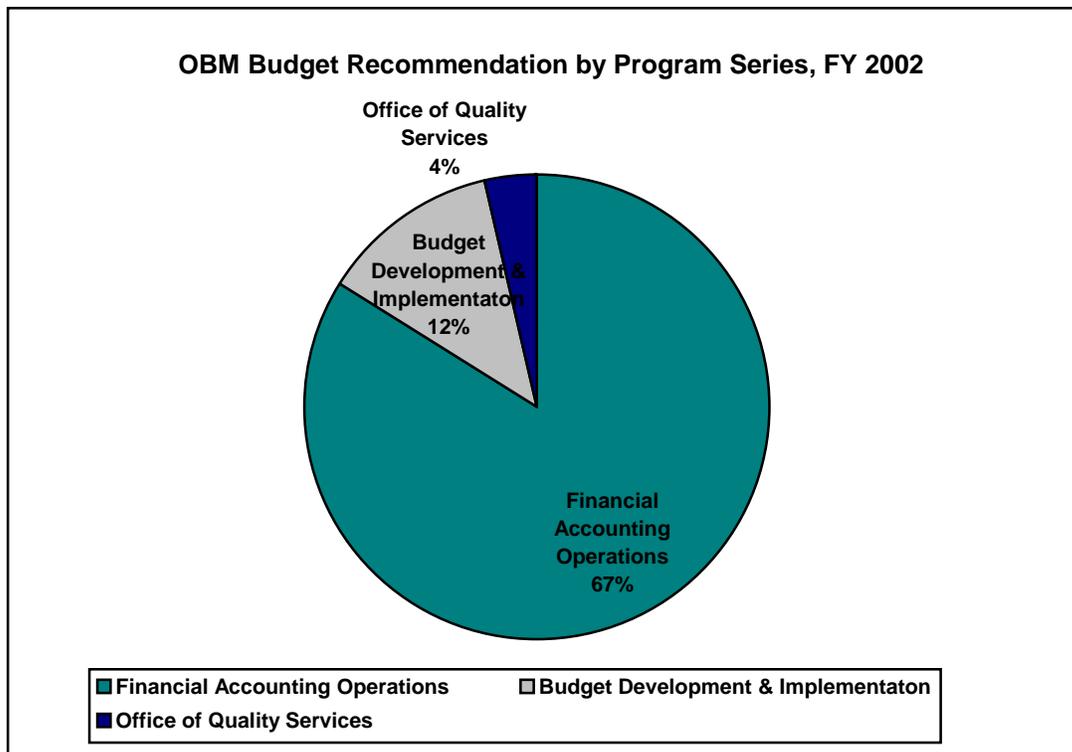
OBM also administers the following programs: economic forecasting and revenue estimating, issuance of state debt, the Controlling Board, the Statewide Indirect Cost Allocation plan (SWCAP), and Financial Planning and Supervision Commissions. The director of OBM sits on the Governor's cabinet as the Governor's chief financial officer.

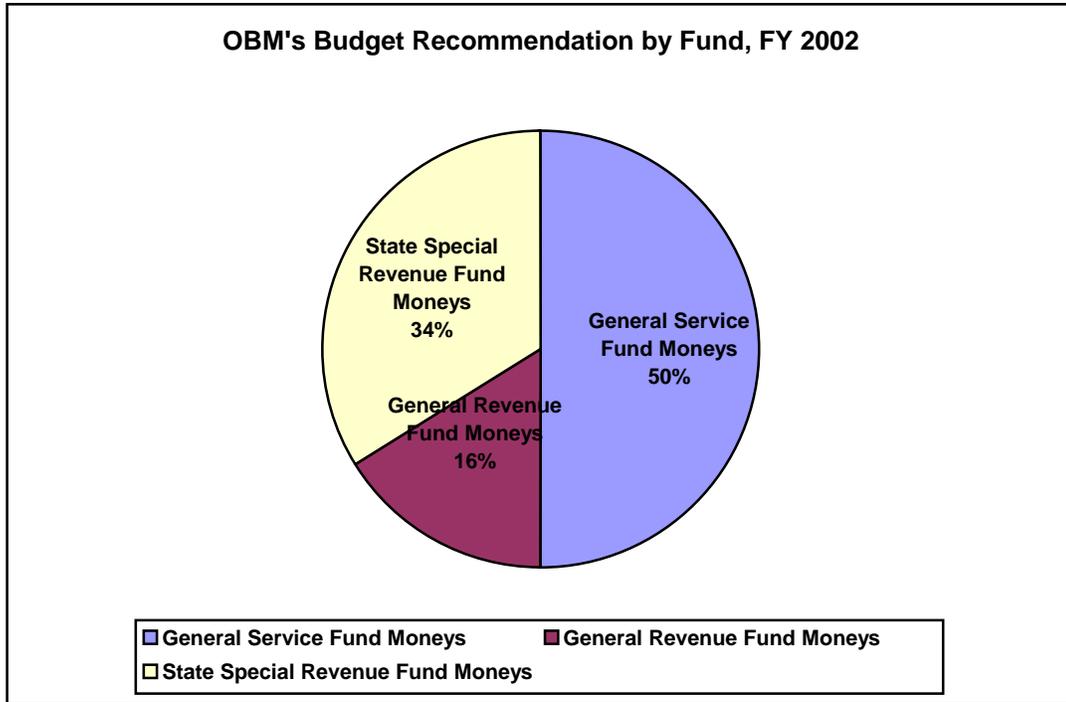
OBM is also involved in an inter-agency program titled Enterprise Resource Planning (ERP). This program will replace and integrate the functions of four major statewide computer programs. These four programs are the Central Accounting System, the Human Resources System, the Fixed Asset Management System and the Procurement System. If everything goes well, it is hoped that the ERP system will be implemented in phases during FY2003.

ADDITIONAL FACTS AND FIGURES

Office of Budget and Management Staffing Levels*						
Program Series/Division	1998	1999	2000	2001	Estimated	
					2002	2003
Budget Development and Implementation	31.5	31	31	35	35	35
Financial Accounting Operations	71.5	78.5	82.5	83	90	90
Intergovernmental Financial Relations Program	2	2	2	.4	.4	.4
Office of Quality Services	7	6.5	7	6.3	6.3	6.3
Totals	112	118	122.5	124.7	131.7	131.7

*Full-time equivalent employees





CONTROLLING BOARD

(Note: Since a redbook is not prepared for the Controlling Board, this information is provided here.)

OHIO'S BICENTENNIAL CELEBRATION

The bill provides \$14 million in FY 2002 and \$16 million in FY 2003 in the Controlling Board's Ohio Bicentennial Celebration line item, 911-408, to fund activities related to the state's bicentennial celebration. These moneys will apparently be administered by the Ohio Bicentennial Commission. The Commission has submitted a list of proposed activities to be funded through this line item, but the costs of the individual programs have yet to be determined. These activities are listed below.

Ohio Bicentennial Status – Ohio communities will make pledges to undertake related activities. Official communities will be rewarded with tokens, such as bicentennial flags, signage, trees, information kits, etc.

Bicentennial Barns – This continues the barn-painting program. One barn in each county will be painted by 2002.

Ohio Corporate Limit Markers – Funds will allow for corporate limit markers for some communities that do not already have one.

Bicentennial Bells – This program provides for one large bronze bell to be displayed in each county.

Longaberger Legacy Initiative/Ohio Historical Markers – Moneys will expand the historical marker program, allowing the erection of more markers.

Targeted Historical Markers – These markers will honor outstanding Ohioans and Ohio accomplishments; funding will be on 50/50 cost basis.

Television History of Ohio – This project is a multi-hour television documentary about Ohio history and culture.

Ohio World Wide Web Super Site - This site will link all Ohio Bicentennial activities and provide a calendar of events.

Kids See Ohio – One fifth grade classroom per county will be provided cameras to capture a portrait of Ohio. These photos will be placed in a Statehouse time capsule.

Ohio Bicentennial Legacy Grants – This program will provide grants for local and state entities to conduct bicentennial projects.

Smithsonian Institution 2003 Folklife Festival – Ohio would be featured in 2003's Smithsonian Folklife Festival on Washington, D.C.'s National Mall; this is an outdoor museum that will showcase Ohio culture and traditions and will run in June and through July 4th in 2003.

Ohio Memory – In conjunction with the Ohio Historical Society, this project creates a digital scrapbook of important Ohio documents and images.

Ohio Humanities Council Grants – Moneys will expand the grants program that helps local historical societies and other groups conduct educational projects.

Travel and Tourism Marketing – Moneys will be available for the promotion of the bicentennial through the Department of Development's Travel and Tourism Division.

Signature Events – Miscellaneous perennial and one-time activities that are coordinated around the bicentennial celebration will receive funding.

Contingency Fund – These moneys will provide for programmatic flexibility.

ANALYSIS OF EXECUTIVE PROPOSAL

Budget Development and Implementation

Program Series 1

Purpose The budget development and implementation (BDI) program series is comprised of two programs, budget analysis and Controlling Board. These programs assist the Governor to develop and implement the state’s operating and capital budgets, provide economic and fiscal forecasting, and monitor the state’s financial resources and obligations.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
GRF	042-321	Budget Development and Implementation	\$2,454,736	\$2,596,829
GRF	042-410	National Association Dues	\$25,544	\$26,350
Total funding: Budget Development and Implementation			\$2,480,280	\$2,623,179

Specific programs within the Budget Development and Implementation program series that this analysis will focus on include:

- **Budget Analysis**
- **Controlling Board**

Budget Analysis

Program Description: The budget analysis program assists the Governor in preparing state operating and capital budgets for submission to the Ohio legislature. After a budget is passed and becomes law, the program monitors spending by agencies based on the amounts appropriated by the Ohio legislature. The program is also responsible for preparing economic forecasts and coordinating the issuance of long-term debt for several state agencies.

The budget analysis program work serves the Governor, the executive and legislative branches in state government, and Ohio citizens. This program operates under the authority of Ohio Revised Code Sections 126.02, 126.03, 126.05, 126.08, 126.09, 126.10, 126.11, 131.33, and Chapter 154. OBM was created in 1973 from the former Department of Finance.

Funding Source: GRF

Line Items: 042-321 and 042-410

Implication of the Executive Recommendation: The Governor’s recommended funding level would permit OBM to meet its statutory obligation. However, OBM expressed some concern in its budget request that without additional appropriations, it might be difficult to meet service demands in a difficult fiscal environment and to make ongoing improvements. These obligations include involvement in preparing and monitoring the state’s operating and capital budgets, and school finance reform. OBM plans to work closely with the Department of Education and the Legislature to monitor implementation of the new school finance system, solve any problems, and provide policy guidance.

Permanent and Temporary Law: One permanent law change and one temporary law changes affect this program series.

- ORC Section 126.11 is changed to clarify that OBM's oversight of state debt applies only to non-conduit issuances of debt. The change also eliminates the requirement for some issuers of debt to submit their documents and other details of the debt obligations to the director of OBM.
- Temporary law is changed so that the Intergovernmental Financial Relations program will be funded through line item 042-321 rather than line item 042-434. Costs previously associated with this program were spent on a consultant to act as financial supervisor for a municipal financial planning and supervision commission. This cost will now be borne by the Auditor of State.

Controlling Board

Program Description: The Controlling Board consists of seven members including the Director of OBM or the Director's designee who serves as the President of the Board and six members of the Ohio General Assembly. The controlling board provides legislative oversight over certain capital and operating expenditures by state agencies and has approval authority over various other state fiscal activities. The Board typically meets on a biweekly basis to consider and vote on requests submitted by state agencies. The budget analysis program staff provides services to the Controlling Board.

The Controlling Board program serves the executive and legislative branches in state government. This program operates under the authority of Ohio Revised Code Section 131.35 and Chapter 127. Additional sections in permanent and temporary law contain other powers and responsibilities assigned to the Controlling Board. The Controlling Board was created in 1917.

Funding Source: GRF

Line Items: 042-321 and 042-410

Implication of the Executive Recommendation: The Governor's recommended funding level would permit OBM to meet its statutory obligations and continue its activities in this program at current levels.

Permanent and Temporary Law: No law changes were proposed that affect this program.

Intergovernmental Financial Relations Program

Program Description: When the Auditor of State determines that a local government or school district has a fiscal emergency, a Financial Planning and Supervision Commission is formed to oversee its finances. A Financial Planning and Supervision Commission consists of seven members including an OBM representative and a mix of six other state and local government officials, and citizens in the case of a municipality. Additionally, OBM has a role in resolving problems that arise in the state that are financial or fiscal in nature and require state intervention. OBM's role in such matters can vary from playing a lead role with many responsibilities to being simple and perfunctory.

This program serves affected local governments and their citizens. The Financial Planning and Supervision program operates under the authority of Ohio Revised Code Chapters 118 and 3316. The program was established in 1979 for municipalities and in 1996 for school districts, counties, and townships.

Funding Source: GRF

Line Item: 042-321

Implication of the Executive Recommendation: The Governor's recommended funding level would permit OBM to meet its statutory obligations and continue its activities in this program at current levels. In the past, costs associated with the assignment of a consultant to act as the financial supervisor to such a commission were borne by OBM. Effective June 30, 1999, this cost is now borne by the Auditor of State. Therefore, the recommendation eliminates line item 042-434 which formally supported intergovernmental relations. OBM chooses to staff the functions of the intergovernmental financial relations through distribution of assignments to budget/management analysts.

Permanent and Temporary Law: No law changes were proposed that affect this program.

Financial Accounting Operations

Program Series 2

Purpose The financial Accounting Operations, Development, and Reporting (FAODR) program series is comprised of accounting operations, processing and internal control oversight. This program oversees and maintains the state’s accounting system.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
GRF	042-412	Biennial Audit	\$46,000	\$48,000
105	042-603	State Accounting	\$9,554,743	\$9,934,755
5N4	042-602	ERP Project Implementation	\$6,600,000	\$2,600,000
Total funding: Financial Accounting Operations			\$16,200,743	\$12,582,755

Specific programs within the Financial Accounting Operations program series that this analysis will focus on include:

- **Accounting Operations and Processing**
- **Internal Accounting Control Program**
- **Enterprise Resource Planning System**

Accounting Operations and Processing

Program Description: Accounting operations and processing (AOP) monitors and controls both the spending and revenue collection activities of state agencies. Activities include accounting system training and assistance, financial reporting, and processing accounting documents. Program staff also develops and maintains computer software accounting programs, provide training to users of the state’s accounting system and produce state financial reports. AOP is the largest program in this series with about 69 employees.

Accounting operations and processing work serves all state agencies. This program operates under the authority of Ohio Revised Code Sections 126.21 and 131.33. OBM took over the AOP program in 1973.

Funding Source: GSF moneys that come from a percent of payroll charged to each agency proposed to be increased from .305% to .315%.

Line Item: 042-603

Implication of the Executive Recommendation: The Governor’s recommended funding level would permit OBM to meet its statutory obligations and continue its activities in this program at current levels, while expanding or improving in certain areas described below.

OBM will backfill five positions due to the full-time assignment of staff to the Enterprise Resource Planning project.

One additional staff position will be funded to support the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 creates new financial reporting requirements that will affect the presentation of basic financial statements and

related required supplementary information. Increased funding is provided in FY2002 for increased audit costs associated with GASB 34.

Additional funding is also provided for increased computer usage expenses due to rate increases imposed by the Department of Administrative Services.

Pursuant to ORC 126.25, the director of OBM recommends an increase in the payroll check-off charge for State Accounting services from .305% to .315% beginning in FY2002. This will increase the costs to agencies throughout state government while providing more money to State Accounting.

Permanent and Temporary Law: GASB 34 will change the procedures used by OBM in financial reporting. ORC Sections 126.21, 131.01, 183.09 and 183.17 are changed to conform to GASB 34. The costs associated with this change are discussed above.

Internal Accounting Control Program

Program Description: The internal accounting control program (IACP) requires each cabinet level agency to annually review their internal controls and report those results to OBM. Agencies also plan for improvements and OBM reviews these plans for progress.

Internal accounting control serves the Governor, legislature, state agencies, and the general public. This program operates under the authority of Ohio Revised Code Section 126.21(D). This program was established by Governor's Executive Order 92-128V in April 1992.

Funding Source: GRF and a portion of GSF moneys that come from a fee charge to state agencies that is proposed to be increased to .315% from .305% of each agency's payroll.

Line Items: 042-412 and 042-603

Implication of the Executive Recommendation: The Governor's recommended funding level would permit OBM to meet its statutory obligations and continue its activities in this program at current levels.

Permanent and Temporary Law: No law changes were proposed that affect this program

Enterprise Resource Planning System

Program Description: The Enterprise Resource Planning (ERP) system is a collection of computer applications that work together to manage business functions. The ERP system will replace and integrate the functions of the Central Accounting System, the Human Resources System, the Fixed Asset Management System, and the Procurement System. The Office of Budget and Management, Department of Administrative Services, Auditor of State and Treasurer of State will work together to implement the ERP system.

Funding Source: SSR funds. \$5 million received through inter-agency agreement with the Auditor of State.

Line Item: 042-602

Implication of the Executive Recommendation: The Governor's recommended funding level will allow OBM to implement the new ERP project. The executive manager and the financial manager of the project will be contracting with OBM. OBM will also be responsible for the costs of the lease of the site where the project will occur. Additionally, OBM will be responsible for paying the maintenance and equipment costs associated with the project. Based on the current schedule, the ERP project is scheduled to end in June 2004.

Permanent and Temporary Law: No law changes were proposed that affect this program.

Office of Quality Services

Program Series 3

Purpose The Office of Quality Services (OQS), through the Quality Services through Partnership (QStP) program, is responsible for promoting quality in state government by training employees to work together to continually improve work processes and products.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
GRF	042-401	Office of Quality Services	\$607,866	\$632,212
4C1	042-601	Quality Services Academy	\$125,000	\$125,000
Total funding: Office of Quality Services			\$732,866	\$757,212

Office of Quality Services

Program Description: OQS supports state agency quality improvement training efforts by developing, advising, and supporting teams of employees working to improve the quality of government services. The Director of OQS chairs the state’s QStP steering committee, which provides guidance, direction, and support to each agency’s QStP training efforts. OQS provides training to employees through the Quality Academy. The purpose of the Quality Academy is to provide education and training services to support the implementation of QStP and the development of a high performance workplace in Ohio state government.

This program serves the Governor, the executive branch, and the general public. OQS was established in 1993.

Funding Source: GRF and GSF moneys that come from fees paid by agencies for employee training through the Quality Academy.

Line Items: 042-401 and 042-601

Implication of the Executive Recommendation: The Governor’s recommended funding level would permit OBM to meet its statutory obligations and continue its activities in this program at current levels, while allowing the Office to purchase supplies and equipment to ensure current levels of service. Academy training sessions are paid for with fees paid to OBM by agencies for their employees to attend.

Permanent and Temporary Law: No law changes were proposed that affect this program.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

Permanent Law Provisions

Clarifies Comprehensive Annual Financial Report Terminology (ORC sections 126.21, 131.01, 183.09 and 183.17)

This change conforms OBM's practices to the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The changes include basic financial statements rather than general purpose financial statements, fund-based financial statements and required supplementary information. OBM believes that in order to implement these new accounting rules, one additional person will need to be hired in order to implement and monitor the changes. Also, the changes will result in increased costs in FY 2002 for payments to the Auditor's office. The Auditor believes it will take longer to do the audit this year because of the changes. In the future, such extra time will not be required due to the fact the Auditor will become familiar with the new processes.

OBM State Debt Management Responsibilities (ORC sections 126.11)

This change will clarify that OBM's oversight of state debt applies only to non-conduit issuances of debt. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local government for the purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they were issued. (Source: Governmental Accounting Standards Board).

Current law requires the issuer of obligations pursuant to Revised Code section 3318 (School Facilities) shall submit to the director of Budget and Management various details of the obligations incurred. This change will eliminate that requirement. However, issuers of obligations pursuant to Revised Code section 3318.085 (Agreement by Eligible District for Joint Issuance of Certificates of Participation in Bond Proceeds) will now be required to submit to the OBM director copies of the preliminary and final offering documents.

Currently, issuers of obligations pursuant to ORC 122 (Department of Development), ORC 166 (Economic Development Program), ORC 3345 (State Universities), ORC 3347 (University Housing Commissions), ORC 3377 (Ohio Higher Educational Facility Commission) and ORC 3706 (Air Quality Development Authority) are required to submit to the director of OBM copies of the preliminary and final offering documents. Issuers of securities pursuant to ORC Chapter 165 (Industrial Development Bonds) must meet the same requirement. These requirements are abolished under this change.

Technical Changes to Fiscal Emergency Law (ORC section 118.08)

This change makes revisions that clarify the payback provisions for municipalities that were in fiscal emergency prior to 1996. OBM states that there are currently two municipalities in such a condition and that the current law is not clear whether or not the law applies to both municipalities equally. This change will eliminate any inequality between the two municipalities in how the cost of fiscal emergency services must be repaid. The two municipalities in fiscal emergency before 1996 are Coalton and East Cleveland.

Temporary Law Provisions

Transfer of Appropriations

The line item 042-434 will not be funded. Previously, costs associated with a consultant hired to act as financial supervisor to a municipal financial planning and supervision commission were borne by the Intergovernmental Financial Relations program. Am. Sub. H.B. No. 283 (effective June 30, 1999) designates the Auditor of State as financial supervisor. Therefore, the costs associated with this will now be borne by the Auditor of State. Subsequently, the low level of funding needed for the Intergovernmental Financial Relations program will be funded through line item 042-321.

REQUESTS NOT FUNDED

Budget Development and Implementation						
Fund	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
GRF	\$195,969	\$0	(\$195,969)	\$238,891	\$0	(\$238,891)

OBM requested supplemental funding to allow the continued use of consultants to assist in analyzing and addressing fiscal policy initiatives. Funding was also requested for one new position and incremental increases for supplies and the upgrading of computer equipment. Due to the tight budget conditions occurring subsequent to the request, OBM believes it isn't necessary to fund this supplemental request.

Office of Quality Services						
Fund	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
GRF	\$122,859	\$34,031	(\$88,828)	\$117,149	\$24,551	(\$92,598)

OBM requested additional funding of \$115,242 in FY2002 and \$109,341 in FY2003 for personal services. The remainder of the supplemental request for supplies and equipment was fully funded.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund ALI ALI Title</i>	Revised Estimated 2001	As Introduced 2002	House Passed 2002	% Change Est. 2001 to House 2002	As Introduced 2003	House Passed 2003	% Change House 2002 to House 2003
<i>OBM Budget and Management, Office of</i>							
GRF 042-321 Budget Dev./Implementation	\$2,292,341	\$ 2,454,736	\$ 2,356,547	2.8%	\$ 2,596,829	\$ 2,492,956	5.8%
GRF 042-401 Office of Quality Services	\$575,541	\$ 607,866	\$ 583,551	1.4%	\$ 632,212	\$ 606,924	4.0%
GRF 042-402 ERP PROJECT IMPLEMENTATION	\$633,937	\$ 0	\$ 0	-100.0%	\$ 0	\$ 0	N/A
GRF 042-407 CSU Deficit Reduction	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
GRF 042-410 National Association Dues	\$24,800	\$ 25,544	\$ 24,522	-1.1%	\$ 26,350	\$ 25,296	3.2%
GRF 042-412 Audit of Auditor of State	\$44,000	\$ 46,000	\$ 44,160	0.4%	\$ 48,000	\$ 46,080	4.3%
GRF 042-420 Economic Development Study	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
GRF 042-434 Financial Planning Commissions	\$233,795	\$ 0	\$ 0	-100.0%	\$ 0	\$ 0	N/A
GRF 042-435 Gubernatorial Transition	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
General Revenue Fund Total	\$ 3,804,414	\$ 3,134,146	\$ 3,008,780	-20.9%	\$ 3,303,391	\$ 3,171,256	5.4%
105 042-603 State Accounting	\$8,493,053	\$ 9,554,743	\$ 9,554,743	12.5%	\$ 9,934,755	\$ 9,934,755	4.0%
4C1 042-601 Quality Services Academy	\$125,000	\$ 125,000	\$ 125,000	0.0%	\$ 125,000	\$ 125,000	0.0%
General Services Fund Group Total	\$ 8,618,053	\$ 9,679,743	\$ 9,679,743	12.3%	\$ 10,059,755	\$ 10,059,755	3.9%
5N4 042-602 ERP Project Implementation	\$1,600,000	\$ 6,600,000	\$ 6,600,000	312.5%	\$ 2,600,000	\$ 2,600,000	-60.6%
State Special Revenue Fund Group Total	\$ 1,600,000	\$ 6,600,000	\$ 6,600,000	312.5%	\$ 2,600,000	\$ 2,600,000	-60.6%
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Total All Budget Fund Groups	\$ 14,022,467	\$ 19,413,889	\$ 19,288,523	37.6%	\$ 15,963,146	\$ 15,831,011	-17.9%

General Revenue Fund

GRF 042-321 Budget Dev./Implementation

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$2,044,627	\$1,985,965	\$2,065,212	\$2,349,452	\$2,454,736	\$2,596,829
	-2.9%	4.0%	13.8%	4.5%	5.8%

Source: GRF

Legal Basis: ORC Chapter 126 (established by Am. Sub. H.B. 215 of the 122nd G.A. in 1997)

Purpose: To pay for all personnel, maintenance, and equipment costs for OBM. This line item replaced line items 042-100, Personal Services; 042-200, Maintenance; and 042-300, Equipment.

GRF 042-401 Office of Quality Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$560,732	\$557,237	\$583,847	\$581,355	\$607,866	\$632,212
	-0.6%	4.8%	-0.4%	4.6%	4.0%

Source: GRF

Legal Basis: Am. Sub. H.B. 215 of 122nd G.A. (established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: To pay for all expenses of the Office of Quality Services, which facilitates the quality effort throughout state government

GRF 042-402 ERP PROJECT IMPLEMENTATION

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$0	\$0	\$646,875	\$0	\$0
	N/A	N/A	N/A	-100.0%	N/A

Source: GRF

Legal Basis: Controlling Board

Purpose: Used as emergency funds in order to fund project managers for the Enterprise Resource Planning (ERP) project.

GRF 042-404 Armory Reimbursement

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$397,500	\$69,250	\$0	\$0	\$0	\$0
	-82.6%	-100.0%	N/A	N/A	N/A

Source: GRF

Legal Basis: Am. Sub. H.B. 215 of the 122nd G.A. (established in Am. Sub. H.B. 117 of the 121st G.A. in 1995)

Purpose: Used to reimburse local governments for up to 50% of the purchase price of buying armories from the Adjutant General

GRF 042-405 Management Consultants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$1,700	\$19,998	\$0	\$0	\$0	\$0
	1076.4%	-100.0%	N/A	N/A	N/A

Source: GRF

Legal Basis: Am. Sub. H.B. 215 of the 122nd G.A. enacted in 1997

Purpose: Paid for the hiring of consultants with management experience to help OBM assist agencies with “re-engineering” and other management issues

GRF 042-407 CSU Deficit Reduction

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$2,487,653	\$2,285,093	\$984,242	\$0	\$0	\$0
	-8.1%	-56.9%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Am. Sub. H.B. 215 of 122nd G.A. (established by S.B. 6 of the 122nd G.A. in 1997)

Purpose: To pay certain costs, as approved by OBM, incurred by Central State University

GRF 042-410 National Association Dues

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$21,800	\$22,500	\$24,100	\$25,578	\$25,544	\$26,350
	3.2%	7.1%	6.1%	-0.1%	3.2%

Source: GRF

Legal Basis: Am. Sub. H.B. 283 of the 123rd G.A. (established in 1981)

Purpose: To pay dues for memberships in several national organizations

GRF 042-412 Audit of Auditor of State

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$7,000	\$33,959	\$0	\$45,000	\$46,000	\$48,000
	385.1%	-100.0%	N/A	2.2%	4.3%

Source: GRF

Legal Basis: ORC 117.14

Purpose: To pay for an annual audit of the State Auditor's office

GRF 042-420 Economic Development Study

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$159,629	\$206,771	\$130,000	\$0	\$0	\$0
	29.5%	-37.1%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: Am. Sub. H.B. 215 of 122nd G.A. (established by H.B. 442 of the 121st G.A. in 1996)

Purpose: Was used to pay for a study of Ohio economic development activities

GRF 042-434 Financial Planning Commissions

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$348,208	\$309,594	\$182,161	\$233,795	\$0	\$0
	-11.1%	-41.2%	28.3%	-100.0%	N/A

Source: GRF (previously, this line item was funded through the Emergency Purposes line item of the Controlling Board)

Legal Basis: ORC 118.05

Purpose: To pay for operating expenses of the state's Financial Planning Commissions. Each commission oversees the restoration of fiscal integrity to a local government after the Auditor of State has declared a fiscal emergency.

GRF 042-435 Gubernatorial Transition

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$220,869	\$10,656	\$0	\$0	\$0
	N/A	-95.2%	-100.0%	N/A	N/A

Source: GRF

Legal Basis: ORC 107.30

Purpose: To pay for the cost of activities incurred during the transition to a new Governor

GRF 042-900 OBM Y2K Contingency

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$3,000,000	\$0	\$0	\$0	\$0
	N/A	-100.0%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Created by Controlling Board in 1999

Purpose: To pay certain state obligations in case year 2000 related computer problems with the central accounting system or other state agency computer systems prevent timely payments by state agencies

General Services Fund Group

105 042-603 State Accounting

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$9,355,576	\$6,691,400	\$7,782,457	\$8,493,053	\$9,554,743	\$9,934,755
	-28.5%	16.3%	9.1%	12.5%	4.0%

Source: GSF: A fee charged to state agencies that is .305% of each agency's payroll. This was last raised from .290% pay period ending November 4, 2000.

Legal Basis: ORC 126.25 (established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: To pay for the cost of accounting services provided to state agencies by OBM

4C1 042-601 Quality Services Academy

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$114,306	\$53,274	\$46,090	\$125,000	\$125,000	\$125,000
	-53.4%	-13.5%	171.2%	0.0%	0.0%

Source: GSF: Fees paid by agencies for their employees to receive training through the Quality Academy

Legal Basis: Am. Sub. H.B. 283 of the 123rd G.A.

Purpose: To pay the cost of courses offered by the Quality Academy where government employees are trained in knowledge and skills on topics related to the principles, processes, and tools of Quality Services through Partnership (QStP)

State Special Revenue Fund Group

5N4 042-602 ERP Project Implementation

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$0	\$0	\$0	\$1,600,000	\$6,600,000	\$2,600,000
	N/A	N/A	N/A	312.5%	-60.6%

Source: SSR: Inter-agency agreement with Auditor of State

Legal Basis: Controlling Board approval

Purpose: To pay for expenses relating to the costs of implementing the Enterprise Resource Planning (ERP) project.

As Introduced

As Passed by the House

Permanent Law Changes**Subject: Payment for Services of Financial Supervisor****section: 118.08**

Makes revisions that clarify the payback provisions for municipalities that were in fiscal emergency prior to 1996. There are currently two municipalities, Coalton and East Cleveland, in such a condition, but current law is not clear whether the law applies to both municipalities equally. This change will eliminate any inequality between the two municipalities in how the cost of fiscal emergency services must be repaid.

No change.

Subject: Modification of Debt Coordination Requirements**section: 126.11**

Clarifies that OBM's oversight of state debt applies only to non-conduit issuances of debt. Makes various changes in reporting duties to OBM by state agencies incurring debt or securities, including modifications to the list of issuers that must submit copies of preliminary and final offering documents to the Director. This may result in less oversight responsibility on the part of OBM and therefore have a small fiscal effect.

No change.

As Introduced

As Passed by the House

Permanent Law Changes**Subject: Conformity to the New Governmental Financial Reporting Model****sections: 126.21, 131.01, 183.09, 183.17**

Changes law to conform OBM's practices to the Governmental Accounting Standards Board (GASB) Statement No. 34, issued in June 1999. The changes include basic financial statements rather than general purpose financial statements, fund-based financial statements and required supplementary information. OBM believes that in order to implement and monitor these new accounting rules, one vacant position will need to be filled, resulting in increased costs of \$58,025 in FY 2002 and \$63,828 in FY 2003. Furthermore, the changes will result in increased costs in FY2002 for additional payments to the Auditor's office because the audit will take more time in order for the Auditor to become familiar with the new processes. This will result in increased costs of between \$100,000 to \$125,000 in FY 2002.

No change.

As Introduced

As Passed by the House

Temporary Law Changes**Subject: Office of Quality Services****Section: 30****ALI: 042-401**

Allows a portion of appropriation item 042-401, Office of Quality Services, to be used to provide financial sponsorship support for conferences and showcases that promote quality improvement.

Section: 28

No change.

Subject: Ohio's Quality Showcase**Section: 30**

Allows the Office of Quality Services to cosponsor Ohio's Quality Showcase. Also allows any state agency to provide financial support of not more than \$5,000 annually or in-kind support for the Showcase.

Section: 28

No change.

As Introduced

As Passed by the House

Temporary Law Changes

Subject: Audit Costs

Section: 30

ALI: 042-603

Limits amount of appropriation item 042-603, State Accounting, that may be used to pay for centralized audit costs to \$450,000 in FY2002 and \$350,000 in FY2003.

Section: 28

No change.

As Introduced

As Passed by the House

Temporary Law Changes**Subject: Budget Stabilization Fund Transfers for the Department of Job and Family Service****Section: 139**

No provision.

Allows Director of Budget and Management in consultation with Director of Department of Job and Family Services to transfer (with Controlling Board approval) up to \$100 million in the biennium from the Budget Stabilization Fund to the General Revenue Fund if it is determined that Medicaid caseload expenditures are likely to exceed Medicaid appropriations. Appropriations to Department of Job and Family Services line 600-525, Medicaid/Health care, would be increased by the amount of any such transfer. Before any transfers may be authorized, all possibilities for transfers of moneys within the Department of Job and Family Services are to be exhausted.

Allows the Director of Budget and Management, in consultation with the Director of the Department of Job and Family Services, and with Controlling Board approval to transfer up to \$50 million during the biennium from the Budget Stabilization Fund to the General Revenue Fund to be used for Department of Job and Family Services Computer Projects. Appropriations to Department of Job and Family Services line 600-416, Computer Projects, would be increased by the amount of the transfer. (See Temporary Law Changes in the Department of Job and Family Services under the Same Subject.)

As Introduced**As Passed by the House**

Temporary Law Changes**Subject: Other Transfers to the General Revenue Fund****Section: 140**

No provision.

Allows the Director of Budget and Management to selectively transfer up to \$30 million during the biennium to the General Revenue Fund from various other non-federal, non-constitutionally restricted funds if it is determined that revenues to the General Revenue Fund are insufficient to cover agency appropriations for the biennium.
