

Office of the Governor

Senate Finance and Financial Institutions Committee

*Terry Steele, Budget Analyst
Legislative Service Commission*

May 23, 2007

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LSC Redbook
for the
Office of the Governor

Senate Finance and Financial Institutions Committee

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May 23, 2007

Office of the Governor

- Total budget of \$9,694,274 for the biennium
- Office of Veterans' Affairs provides training, certification, and accreditation of more than 600 county veteran service officers, commissioners, and staff

OVERVIEW

The Office of the Governor (GOV) oversees the operations of state government. Under the Ohio Constitution, the Governor is the chief executive officer of the state and is elected to four-year terms. The major duties of the Governor include:

- Formulating and implementing administrative policy for state agencies;
- Ensuring the faithful execution of Ohio's laws;
- Submitting biennial capital and operating budgets;
- Appointing judges, certain agency officials, and board and commission members; and
- Serving as commander-in-chief of the Ohio National Guard.

The Office has a total staff of approximately 60 employees. This reflects those employees paid directly from the budget of the Office of the Governor. One change under the Strickland Administration is that the Governor's staff now works from offices inside the statehouse. As there has been in the past there is also an office in Washington D.C.

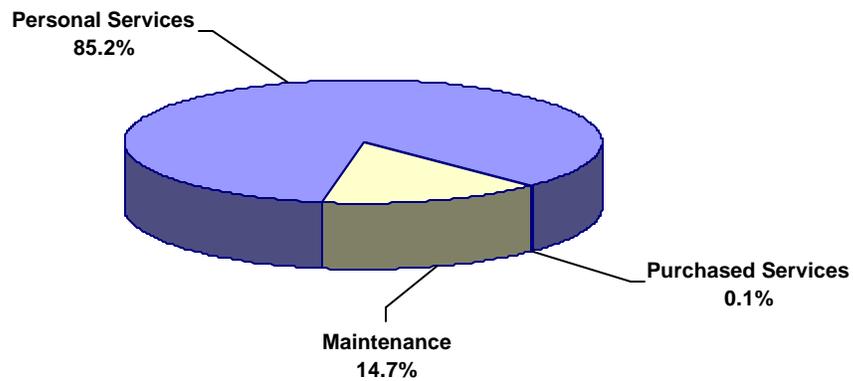
Beginning in FY 1996, the budget for the Office of the Lieutenant Governor was incorporated within the Governor's budget. The Lieutenant Governor oversees select departments and serves as state deputy commander-in-chief, and a cabinet member. The current Lieutenant Governor serves as the Director of the Department of Development. The Governor's office also funds the Office of Veterans' Affairs, which assists veterans in receiving services and benefits, and maintains burial records of Ohio's veterans.

Finally, the Governor's Office also funds Ohio's participation in national and regional associations, such as the National Governor's Association and the National Lieutenant Governor's Association.

FY 2008-2009 Funding Recommendations

The recommended funding for the Governor's Office is \$4,841,637 in FY 2008, a decline of 3.7% from estimated FY 2007 spending of \$5,026,779. In FY 2009, the recommended funding is \$4,852,637, an increase of 0.2% from FY 2008 recommendations. As the chart below illustrates, 85.2% of the Governor's Office spending is on personnel. Maintenance constitutes 14.7%. These maintenance costs primarily come from maintenance and equipment necessary for Ohio's participation in several regional and national associations.

Total FYs 2008-2009 Budget by Object Code



ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

Office of the Governor

Purpose: This program series encompasses the activities of the chief executive officer of the state of Ohio. The following table shows the line items that are used to fund this agency, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	040-321	Operating Expenses	\$3,754,045	\$3,754,045
GRF	040-403	Federal Relations	\$433,443	\$435,443
GRF	040-408	Office of Veterans' Affairs	\$287,000	\$298,000
General Revenue Fund Subtotal			\$4,476,488	\$4,487,488
General Services Fund				
5AK	040-607	Federal Relations	\$365,149	\$365,149
General Services Fund Subtotal			\$365,149	\$365,149
Total Funding: Office of the Governor			\$4,841,637	\$4,852,637

There are two budgeted programs within the Governor's Office:

- **Program 0.01: Office of the Governor**
- **Program 01.02: Office of Veterans' Affairs**

Office of the Governor

Program Description: The Office of the Governor oversees cabinet agencies, formulates administrative policy, recommends legislation, proposes operating and capital budgets, and considers and acts upon legislation approved by the General Assembly. The program also includes the costs to operate the Office of the Lieutenant Governor.

Funding Source: GRF, GSF

Line Items: 040-321, Operating Expenses, 040-403, Federal Relations, 040-607, Federal Relations (GSF)

Implication of Executive Recommendation: The Governor's recommendation will enable the Office of the Governor to fulfill his Constitutional and statutory duties.

Temporary and Permanent Law Provisions

Appointment of Legal Counsel For Governor (Section 206.39). The provision allows the Office to use appropriation item 040-321, Operating Expenses, to hire or appoint legal counsel to be used in proceedings involving the Governor in the Governor's official capacity or the Governor's office only, without the approval of the Attorney General, notwithstanding sections 109.02 and 109.07 of the Revised Code.

Federal Relations (Section 206.39). The provision allows the Governor's Office to use a portion of GRF appropriation item 040-403, Federal Relations, and 040-607, Federal Relations, within Fund 5AK, to support Ohio's membership in national or regional associations.

Related temporary law allows the Office of the Governor to charge any state agency of the executive branch using an intrastate transfer voucher such amounts necessary to defray the costs incurred for the conduct of federal relations associated with issues that can be attributed to the agency. Amounts collected shall be deposited to the Office of the Governor's Federal Relations Fund (Fund 5AK).

Office of Veterans' Affairs

Program Description: This program provides operational oversight of the 88 county Veterans' Service offices and provides training, certification, and accreditation of more than 600 county veteran service officers, commissioners, and staff. This office also serves as the custodian of approximately 2.0 million veterans' records and provides oversight of the Ohio Veterans' Plaza, and the Ohio Veterans' Hall of Fame.

Funding Source: GRF

Line Items: 040-408, Office of Veterans' Affairs

Implication of Executive Recommendation: The Governor's recommendation will enable the Office to address the concerns and needs of Ohio's veterans and active military duty personnel.

Temporary and Permanent Law Provisions

None

REQUESTS NOT FUNDED

The request for the Office of the Governor was fully funded at \$9,694,274 over the biennium.

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General Revenue Fund

GRF 040-321 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$3,601,970	\$3,540,593	\$3,678,791	\$3,981,582	\$3,754,045	\$3,754,045
	-1.7%	3.9%	8.2%	-5.7%	0.0%

Source: GRF

Legal Basis: Section 206.39 of Am. Sub. H.B. 66 of the 126th G.A. (originally authorized by Article III of the Ohio Constitution)

Purpose: Moneys appropriated to this line item pay for personnel, maintenance, and equipment for the Office of the Governor.

GRF 040-403 Federal Relations

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$321,152	\$422,618	\$420,951	\$422,760	\$435,443	\$435,443
	31.6%	-0.4%	0.4%	3.0%	0.0%

Source: GRF

Legal Basis: Section 206.39 of Am. Sub. H.B. 66 of the 126th G.A.

Purpose: These moneys are used for costs associated with Ohio's participation in national or regional associations and related personnel, maintenance, and equipment costs.

GRF 040-408 Office of Veterans' Affairs

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$232,420	\$245,036	\$260,237	\$267,923	\$287,000	\$298,000
	5.4%	6.2%	3.0%	7.1%	3.8%

Source: GRF

Legal Basis: ORC 5902.01; Section 206.39 of Am. Sub. H.B. 66 of the 126th G.A. (Office of Veterans' Affairs was transferred from the Adjutant General's Office to the Office of the Governor in 1991 by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line item pays for the operating expenses of the Office of Veterans' Affairs.

General Services Fund Group

5AK 040-607 Federal Relations

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$0	\$154,490	\$209,590	\$354,514	\$365,149	\$365,149
		35.7%	69.1%	3.0%	0.0%

Source: GSF: Charges to state agencies of the executive branch that use an intrastate transfer voucher.

Legal Basis: Section 206.39 of Am. Sub. H.B. 66 of the 126th G.A.

Purpose: Moneys in this line item pay for costs associated with Ohio's participation in national or regional associations and related personnel, maintenance, and equipment.

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund ALI ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
GOV Governor, Office of the							
GRF 040-321 Operating Expenses	\$3,981,582	\$ 3,754,045	\$ 3,754,045	-5.7%	\$ 3,754,045	\$ 3,754,045	0.0%
GRF 040-403 Federal Relations	\$422,760	\$ 435,443	\$ 435,443	3.0%	\$ 435,443	\$ 435,443	0.0%
GRF 040-408 Office of Veterans' Affairs	\$267,923	\$ 287,000	\$ 287,000	7.1%	\$ 298,000	\$ 298,000	3.8%
General Revenue Fund Total	\$ 4,672,265	\$ 4,476,488	\$ 4,476,488	-4.2%	\$ 4,487,488	\$ 4,487,488	0.2%
5AK 040-607 Federal Relations	\$354,514	\$ 365,149	\$ 365,149	3.0%	\$ 365,149	\$ 365,149	0.0%
General Services Fund Group Total	\$ 354,514	\$ 365,149	\$ 365,149	3.0%	\$ 365,149	\$ 365,149	0.0%
Total All Budget Fund Groups	\$ 5,026,779	\$ 4,841,637	\$ 4,841,637	-3.7%	\$ 4,852,637	\$ 4,852,637	0.2%

As Introduced (Executive)

As Passed by the House

1 (CD-383-GOV) Governor's Residence Operation

R.C. 107.40, Section 503.27

Authorizes the Governor's Residence Advisory Commission to accept any payment for the use of the Governor's Residence, and provides that any such payment is appropriated to SSR Fund 4H2, appropriation item 100-604, Governor's Residence Gift.

Specifies that DAS shall adopt policies and procedures regarding DAS's current obligation to provide general maintenance and operating expenses of the Governor's residence, as well as its obligation regarding the use of the residence.

No provision.

Fiscal effect: Permitting the Governor's Residence to receive payments for the use of the facility may yield additional revenues to Fund 4H2.

R.C. 107.40, Section 503.27

Same as the Executive.

Same as the Executive.

Prohibits the Governor's Residence Commission from accepting, for deposit into the Governor's Residence Fund, any donation, gift, bequest, or devise for the benefit of the Governor's Residence or its garden from a person, individual, or member of an individual's immediate family if the person or individual is receiving payments under a contract with the state or a state agency, other than payments under an employment contract or collective bargaining agreement.

Fiscal effect: Same as the Executive.

As Introduced (Executive)

As Passed by the House

2 (CD-384-GOV) Appointment of Legal Counsel for the Governor**Section: 291.10**

Authorizes the Governor's office to expend a portion of GRF appropriation item, 040-321 Operating Expenses, to hire or appoint legal counsel to be used in proceedings involving the Governor in the Governor's official capacity, without the approval of the General Assembly.

Section: 291.10

Same as the Executive.

3 (CD-385-GOV) Federal Relations**Section: 291.10**

Authorizes a portion of GRF appropriation item 040-403, Federal Relations, and FED Fund 5AK appropriation item 040-607, Federal Relations, to be used to support Ohio's membership in national or regional associations.

Section: 291.10

Same as the Executive.

4 (CD-893-GOV) Study of the Governor's Office of Faith-Based and Community Initiatives

No provision.

No provision.

Sections: 703.10, R.C. 107.12

Requires the Governor's Office of Faith-Based and Community Initiatives, with the assistance of the Advisory Board of the Governor's Office of Faith-Based and Community Initiatives, to conduct, by not later than July 1, 2008, a study of, and to make recommendations regarding, the feasibility and advisability of the Office becoming a private nonprofit entity rather than a part of the Governor's office.

Provides that no member of the Advisory Board of the Governor's Office of Faith-Based and Community Initiatives or organization that a member is affiliated or involved with is eligible for a grant that the office administers or assists in

As Introduced (Executive)

As Passed by the House

administering.

**Fiscal effect: Increase in administrative costs for
conducting the required study**

As Introduced (Executive)

As Passed by the House

Tobacco Securitization

5 (CD-713-MIS) Securitization of Tobacco Master Settlement Agreement Payments

R.C. 183.51, 183.52

Creates the Ohio Tobacco Settlement Financing Authority for the purpose of purchasing and receiving an assignment of the tobacco settlement receipts and issuing obligations. The Authority is to consist of the Governor (as the chair), the Director of Budget and Management (as the secretary), the Tax Commissioner, the Treasurer of the State, the Attorney General, and the Auditor of State, or their designees. OBM staff is required to provide support to the Authority.

Permits the state to assign and to sell to the Ohio Tobacco Settlement Financing Authority all or a portion of the amounts to be received by the state under the Tobacco Master Settlement Agreement. In addition, the executive proposal permits the Authority to accept and purchase those amounts, and to issue and sell obligations, as provided by the proposal.

Specifies that these obligations are to be issued to pay the costs of capital facilities for: (1) housing branches and agencies of state government, including facilities for housing state agencies, for a system of common schools throughout the state, and for use as jail facilities or workhouses; (2) state-supported or state-assisted institutions of higher education; (3) mental hygiene and retardation; and (4) parks and recreation.

Specifies that the aggregate principal amount of obligations issued under the bill cannot exceed \$6.0 billion, exclusive of obligations issued to refund, renew, or advance refund other obligations issued or incurred, with at least 75% of

R.C. 183.51, 183.52

Same as the Executive, but removes the Attorney General from the Authority.

Same as the Executive.

Same as the Executive.

Same as the Executive.

As Introduced (Executive)

the aggregate net proceeds of the obligations issued having to be paid to the state for deposit into the School Building Program Assistance Fund (Fund 032) under the School Facilities Commission.

Provides that, no later than two years following the date on which there are no longer any obligations outstanding under the bond proceedings, all assets of the Authority are to vest in the state, the Authority is to execute any necessary assignments or instruments, including any assignment of any right, title, or ownership to the state for receipt of amounts under the Tobacco Master Settlement Agreement, and the Authority is to be dissolved.

No provision.

No provision.

Fiscal effect: Potential increase of capital funds for school district and other capital facility projects. The executive budget states that at least 75% of the aggregate net proceeds of the obligations issued with tobacco securitization moneys must be paid to the School Building Program Assistance Fund (Fund 032) and limits the use of net proceeds, estimated at approximately \$5.04 billion, to School Facilities Commission and other capital facility projects.

According to the Office of Budget and Management, of the estimated \$5.04 billion in net proceeds, \$2.20 billion would cover all of the funding currently allocated by section 183.02 of the Revised Code to the Education Facilities Trust Fund

As Passed by the House

Same as the Executive.

Specifies that the Attorney General, as counsel to the Authority, is to represent it in the execution of its powers and duties and to prosecute all actions on its behalf.

Provides for the payment of the Attorney General's enforcement expenses from tobacco master settlement agreement amounts sold to the Authority, from the proceeds of obligations issued by the Authority, or from a combination of both.

Fiscal effect: Same as the Executive, but permits Attorney General enforcement activity expenses to be paid from tobacco master settlement agreement amounts sold to the Authority, from the proceeds of obligations issued by the Authority, or from a combination of both.

As Introduced (Executive)

As Passed by the House

(Fund N87) and to the Education Facilities Endowment Fund (Fund P87) of the School Facilities Commission for FY 2008 through FY 2025. The remaining \$2.84 billion would cover the capital costs of SFC (\$1.92 billion) and higher education (\$0.92 billion) over the next three years. Since these capital costs will not be financed with bonds, GRF debt service payments for SFC and higher education will be lower. As a result, the GRF moneys that would otherwise be used to finance SFC and higher education bonds would be used to cover the expansion of the homestead property tax exemption.

OBM may experience minimal increased administrative costs for providing staff support to the Authority.