

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

**House of Representatives**

*Matthew L. Stiffler, Budget Analyst  
Legislative Service Commission*

*February 2009*

## **READER'S GUIDE**

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the House of Representatives (REP), which includes the following three sections.

1. **Overview:** Provides a description of the House's existing functions and staffing, and an overview of the House's executive recommended budget for the FY 2010-FY 2011 biennium.
2. **Analysis of the Executive Proposal:** Provides a detailed analysis of the House's executive recommended budget, including the funding and purposes for each appropriated line item.
3. **Attachments:** Includes LSC's Catalog of Budget Line Items (COBLI), which describes each line item's purpose, revenue, and expenditures, and the LSC budget spreadsheet which summarizes each line item's recent expenditure and appropriations history.

## TABLE OF CONTENTS

<b>OVERVIEW</b> .....	<b>1</b>
Duties and Responsibilities.....	1
Appropriation Overview .....	1
Staffing Levels.....	3
<b>ANALYSIS OF EXECUTIVE PROPOSAL</b> .....	<b>4</b>
Introduction .....	4
Operating Expenses .....	4
Operating Expenses (GRF line item 025321).....	4
House Reimbursement (GSF line item 025601) .....	5
Miscellaneous Sales (GSF line item 025602).....	5

### **ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# House of Representatives

- Primarily GRF-funded budget
- Funded at FY 2009 levels
- Largest expense: member and staff compensation

## OVERVIEW

### Duties and Responsibilities

The legislative branch of the state of Ohio includes the General Assembly, which is composed of two chambers: the Senate and the House of Representatives. Based on Article II of the Ohio Constitution, the General Assembly can be viewed as having three fundamental legislative powers: (1) the power to enact laws providing for the establishment, organization, and operation of government in Ohio, (2) the power to enact all manner of laws that promote the public peace, health, safety, and welfare, and (3) the power to levy and collect taxes for certain purposes. In terms of more specific legislative duties and responsibilities, the House:

- Enacts, in conjunction with the Senate, new laws or amends or repeals existing laws;
- Adopts, in conjunction with the Senate, joint, concurrent, and simple resolutions that generally are formal expressions of the opinions and wishes of the General Assembly and do not require approval of the Governor;
- Judges the election, returns, and qualifications of its members; and
- Institutes the process by which a state officer can be charged and impeached for misconduct, with the subsequent trial conducted by the Senate.

The House has 99 members called Representatives, with one Representative elected from each House District. Representatives are elected to terms of two years. Unlike the Senate, the entire membership of the House is subject to election every even-numbered year. Pursuant to the Ohio Constitution, a person cannot hold the office of Representative for longer than four successive two-year terms.

### Appropriation Overview

Under existing law – division (B) of section 107.03 of the Revised Code – the executive branch of the state of Ohio has limited authority over the state's legislative agencies, especially in the case of their biennial budgets and associated permanent and temporary law. Although these state legislative agency budgets are presented to the legislature as executive recommendations, the Office of Budget and Management in

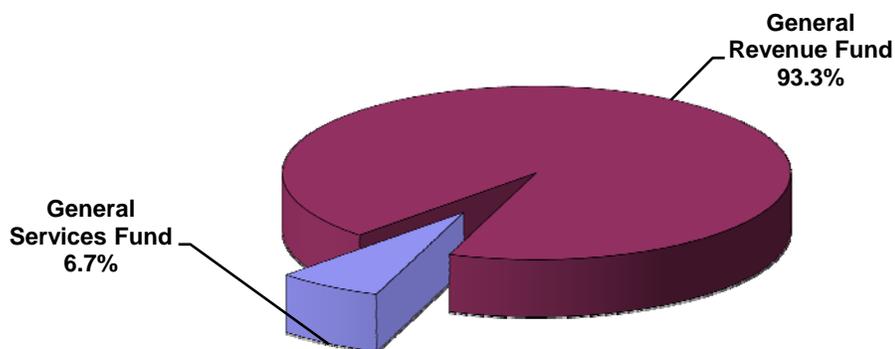
reality only serves as the conduit through which legislative agency budgets are passed to the legislature.

Under the executive recommended budget, the House proposes GRF and non-GRF appropriations totaling \$20.6 million and \$1.5 million, respectively, in each of FY 2010 and FY 2011. As Table 1 below indicates, this essentially results in flat GRF and non-GRF funding. That is, FY 2010 and FY 2011 appropriations identical to the adjusted FY 2009 GRF and non-GRF appropriations. The House's operating expenses, which are financed almost entirely by GRF appropriations, largely consist of personal service-related payroll expenses, in particular payments of salaries and wages, supplements, and fringe benefits of 99 members and 160-plus full-time staff.

<b>Table 1. Executive Budget Recommendations by Fund Group, FY 2010-FY 2011</b>					
<b>Fund Group</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>% change, FY 2009-FY 2010</b>	<b>FY 2011</b>	<b>% change, FY 2010-FY 2011</b>
General Revenue	\$20,574,548	\$20,574,548	0.0%	\$20,574,548	0.0%
General Services	\$1,471,513	\$1,471,513	0.0%	\$1,471,513	0.0%
<b>TOTALS</b>	<b>\$22,046,061</b>	<b>\$22,046,061</b>	<b>0.0%</b>	<b>\$22,046,061</b>	<b>0.0%</b>

*Appropriations by Fund Group Summary.* Chart 1 immediately below shows the total recommended appropriations (FY 2010 and FY 2011) by fund group. Over 90% of the House's expenditures are supported by moneys appropriated from the GRF.

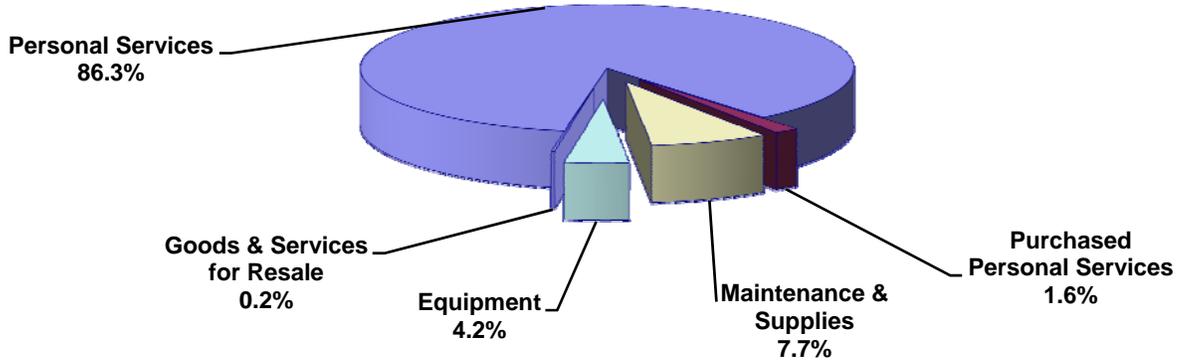
**Chart 1: Biennial Executive Budget Recommendations by Fund Group, FY 2010-FY 2011**



*Appropriations by Object Expense.* Chart 2 immediately below shows the total recommended appropriations (FY 2010 and FY 2011) by object expense. Close to 90% of the House's annual operating expenses in the next biennium will be allocated for

personal services, essentially payroll expenses (salaries and wages, supplements, fringe benefits, and so forth).

**Chart 2: Biennial Executive Budget Recommendations by Object of Expense, FY 2010-FY 2011**



**Staffing Levels**

Table 2 immediately below displays the number of members and staff paid, or to be paid, by the House from FY 2007 through FY 2011.

Table 2. House Staffing Levels by Fiscal Year					
Type of Staff	2007	2008	2009	2010*	2011*
Members	99	99	99	99	99
Administrative Staff	168	176	176	165	165
Pages	43	43	43	40	40
<b>TOTALS</b>	<b>310</b>	<b>318</b>	<b>318</b>	<b>304</b>	<b>304</b>

\* The staffing levels displayed in the above table for FY 2010 and FY 2011 are estimates.

## ANALYSIS OF EXECUTIVE PROPOSAL

### Introduction

The House was established in 1802 and derives its authority from both Article II of the Ohio Constitution and Chapter 101. of the Revised Code. The primary role of the House is to consider bills, which may alter existing law or create new law and resolutions, which are formal expressions of the wishes and opinions of the House.

### Operating Expenses

This category of appropriations includes funding to support the efforts of Representatives, and their staffs, in the representation of their districts. Table 3 immediately below shows the line items that are used to fund this category of services and activities, as well as the Governor's recommended funding levels. It is then followed by a narrative describing how each appropriated amount will be used.

<b>Table 3: Governor's Recommended Amounts for the House of Representatives</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2010</b>	<b>FY 2011</b>
<b>General Revenue Fund (GRF)</b>				
GRF	025321	Operating Expenses	\$20,574,548	\$20,574,548
<b>General Revenue Fund Subtotal</b>			<b>\$20,574,548</b>	<b>\$20,574,548</b>
<b>General Services Fund (GSF) Group</b>				
1030	025601	House Reimbursement	\$1,433,664	\$1,433,664
4A40	025602	Miscellaneous Sales	\$37,849	\$37,849
<b>General Services Fund Group Subtotal</b>			<b>\$1,471,513</b>	<b>\$1,471,513</b>
<b>Total Funding: House of Representatives</b>			<b>\$22,046,061</b>	<b>\$22,046,061</b>

### Operating Expenses (GRF line item 025321)

Under the executive recommended budget, the appropriations this GRF line item in FY 2010 and FY 2011 is identical to the adjusted FY 2009 appropriation of \$20.6 million. With what essentially amounts to flat GRF funding, it would appear that the House will be able to maintain current service levels, including covering the payroll costs and obligations associated with 99 House members, 165 full-time staff, and 40 part-time pages.

It also appears that the \$20.6 million appropriation in each of FY 2010 and FY 2011 will be allocated annually for operating expenses roughly as follows: payroll costs (\$19.0 million), personal services contracts (\$150,000), and maintenance and supplies (\$1.4 million).

The executive budget also contains a temporary law provision requiring the Director of Budget and Management, at the direction of the Clerk of the House, to transfer all, or a portion, of the House's unexpended, unencumbered GRF appropriation from FY 2009 to FY 2010, and similarly, from FY 2010 to FY 2011. Current law contains a similar provision relative to the transfer of the line item's unexpended, unencumbered balance of appropriations from FY 2007 to FY 2008, and from FY 2008 to FY 2009.

#### **House Reimbursement (GSF line item 025601)**

This GSF line item is funded through miscellaneous reimbursements, such as refunds from the Department of Administrative Services for overpayment of medical insurance premiums for Representatives; amounts received for the salvage and recycling of equipment, materials, and supplies; and payments from members and staff for incidental use of equipment or facilities. These moneys are statutorily restricted to pay for operating expenses of the House.

For the next biennium, the executive budget recommends an appropriation of \$1,433,664 in each of FY 2010 and FY 2011, which is the same as the adjusted FY 2009 appropriation, and should be sufficient to maintain existing service levels. It appears that those appropriated amounts in FY 2010 and FY 2011 will be allocated annually for operating expenses more or less as follows: personal services contracts (\$200,000), maintenance and supplies (\$300,000), equipment purchases (\$928,664), and goods and services for resale (\$5,000).

#### **Miscellaneous Sales (GSF line item 025602)**

This GSF line item is funded by moneys collected by the Office of the Chief Administrative Officer of the House for the sale of flags, insignia, seals, frames for resolutions, and similar items. The moneys are statutorily restricted to pay for the costs of procuring these items for resale. Thus, the executive recommended appropriation of \$37,849 in FY 2010 and FY 2011 will be allocated more or less for the purchase of goods and services for resale. All costs associated with the procurement of these items in excess of the money available through this GSF revenue stream are statutorily required to be paid out of the regular appropriation to the House.

*General Revenue Fund*

**GRF 025321 Operating Expenses**

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$18,937,078	\$17,907,137	\$18,685,625	\$20,574,548	<b>\$20,574,548</b>	<b>\$20,574,548</b>
	-5.4%	4.3%	10.1%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 301.10 of Am. Sub. H.B. 119 of the 127th G.A.

**Purpose:** Funds expended from the line item are used exclusively to pay operating expenses of the House, primarily compensation paid to the members of the House and legislative staff. Section 301.10 of Am. Sub. H.B. 119 of the 127th G.A. contains a temporary law provision requiring the Director of Budget and Management, at the direction of the Chief Administrative Officer of the House, to transfer all, or a portion, of the House's unexpended, unencumbered GRF appropriation from FY 2007 to FY 2008, and similarly, from FY 2008 to FY 2009. The executive budget proposes to retain this temporary law provision relative to the handling of the House's FY 2009 and 2010 unexpended, unencumbered GRF appropriations.

*General Services Fund Group*

**1030 025601 House Reimbursement**

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$161,480	\$412,701	\$324,377	\$1,433,664	<b>\$1,433,664</b>	<b>\$1,433,664</b>
	155.6%	-21.4%	342.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GSF: (1) Refunds from the Department of Administrative Services for overpayment of medical insurance premiums for state representatives, (2) amounts received for salvage and recycling of equipment, materials, and supplies, and (3) payments from members and employees for incidental use of equipment or facilities

**Legal Basis:** ORC 101.272(A); Section 301.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 336 of the 118th G.A.)

**Purpose:** Moneys deposited to the credit of the fund are statutorily restricted to pay operating expenses of the House of Representatives.

**4A40 025602 Miscellaneous Sales**

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$16,386	\$19,731	\$21,453	\$37,849	\$37,849	\$37,849
	20.4%	8.7%	76.4%	0.0%	0.0%

**Source:** GSF: All moneys collected by the Office of the Chief Administrative Officer of the House of Representatives for the sale of flags, insignia, seals, frames for resolutions, and similar items

**Legal Basis:** ORC 101.69; Section 301.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

**Purpose:** Moneys deposited to the credit of the fund are statutorily restricted to pay for the costs of procuring items for resale, such as flags, insignia, seals, and frames for resolutions. Any costs of procuring such items in excess of the money available in the fund is required to be paid out of the regular appropriation to the House of Representatives.

## LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2008</i>	<i>2009</i>	<i>As Introduced 2010</i>	<i>% Change 2009 to 2010</i>	<i>As Introduced 2011</i>	<i>% Change 2010 to 2011</i>
<b><i>REP House of Representatives</i></b>								
GRF	025321	Operating Expenses	\$ 18,685,625	\$ 20,574,548	\$ 20,574,548	0.0%	\$ 20,574,548	0.0%
<b>General Revenue Fund Total</b>			<b>\$ 18,685,625</b>	<b>\$ 20,574,548</b>	<b>\$ 20,574,548</b>	<b>0.0%</b>	<b>\$ 20,574,548</b>	<b>0.0%</b>
1030	025601	House Reimbursement	\$ 324,377	\$ 1,433,664	\$ 1,433,664	0.0%	\$ 1,433,664	0.0%
4A40	025602	Miscellaneous Sales	\$ 21,453	\$ 37,849	\$ 37,849	0.0%	\$ 37,849	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 345,831</b>	<b>\$ 1,471,513</b>	<b>\$ 1,471,513</b>	<b>0.0%</b>	<b>\$ 1,471,513</b>	<b>0.0%</b>
<b><i>Total All Budget Fund Groups</i></b>			<b>\$ 19,031,456</b>	<b>\$ 22,046,061</b>	<b>\$ 22,046,061</b>	<b>0.0%</b>	<b>\$ 22,046,061</b>	<b>0.0%</b>