

LSC Redbook

Analysis of the Executive Budget Proposal

Office of Budget and Management

Jason Phillips, Senior Budget Analyst
Legislative Service Commission

March 2011

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 Office of Budget and Management (OBM), which includes the following three sections.

1. Overview: Provides a brief description of OBM and an overview of the provisions of the executive budget that affect OBM, including major new initiatives proposed.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for OBM, including funding for each appropriation line item. The line items are organized into three categories.
3. Attachments: Includes the catalog of budget line items (COBLI) for OBM, which briefly describes each line item, accompanied by the LSC budget spreadsheet for OBM.

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	2
Funding Distribution	2
By Category of Expense	2
By Functional Category.....	3
By Program	3
FY 2012-FY 2013 Budget Issues	4
Shared Services Center.....	4
Internal Audit Program.....	5
Changes to Payroll Check-off Structures.....	5
Financing of OAKS Capital Costs.....	6
Office of Health Transformation.....	7
ANALYSIS OF EXECUTIVE PROPOSAL	8
Introduction	8
Category 1: Financial Accounting	9
State Accounting and Budgeting (042603)	9
OAKS Project Implementation (042602)	14
Forgery Recovery (042604)	14
Category 2: Budget Development and Implementation	15
Budget Development and Implementation (042321)	15
Category 3: Office of Health Transformation	19
Office of Health Transformation (042616, 042608, and 042606)	19
 ATTACHMENTS:	
Catalog of Budget Line Items	
Budget Spreadsheet By Line Item	

Office of Budget and Management

- Total budget of \$52.3 million over the biennium
- Shared Services and Internal Audit programs continue to develop and expand
- Office of Health Transformation replaces EMMA; will cease operating by end of FY 2012
- New accounting and budgeting services and OAKS payroll charge structures for FY 2011 intended to more fairly allocate costs

OVERVIEW

Agency Overview

The 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 financial management and policy analysis to help ensure the responsible use of state resources. OBM provides fiscal accounting and budgeting services to state government to ensure that Ohio's fiscal resources are used in a manner consistent with state laws and policies. The agency advises the Governor on budget concerns and helps state agencies coordinate their financial activities. OBM also provides financial information to the Governor, state agencies, the General Assembly, and other interested parties, including local government units. In recent years, OBM's functions have expanded to include the consolidation of common back-office functions through the Shared Services Center and internal control and risk assessment through the Office of Internal Audit. The Director of OBM sits on the Governor's cabinet as the Governor's Chief Financial Officer. Table 1 below summarizes OBM's staffing situation by program.

Program	FY 2010	FY 2011 estimate	FY 2012 recommended	FY 2013 recommended
Shared Services	99	106	114	116
State Accounting	46	47	48	47
Budget Development	28	31	31	31
Internal Audits	31	32	30	30
Requirements & Configuration Management Team	19	19	19	19
Financial Reporting	8	8	8	8
Debt Management	3	4	4	4
Controlling Board	3	3	4	4
Office of Health Transformation (formerly EMMA)	5	5	4	0
Financial Supervision	1	1	2	2
Total	243	256	263	261

As the table above indicates, the number of OBM employees will grow slightly over the biennium. This is due primarily to staff increases related to the Shared Services Center. Note that positions for administration, information technology, and training are allocated throughout each of the programs listed above. These positions total to 47 in FY 2010, 56 in FY 2011, and 53 per fiscal year in the FY 2012-FY 2013 biennium. In addition, OBM has 13 to 14 nonpermanent employees, most of which are interns that are budgeted by dollar amount rather than by full-time equivalent (FTE).

Appropriation Overview

The executive budget recommends \$26.4 million for OBM in FY 2012, a 6.8% increase compared to FY 2011 spending estimates of \$24.7 million. FY 2013 recommended funding is \$25.9 million, a 2.1% decrease from the FY 2012 amount. The increase for FY 2012 is mostly attributable to the Shared Services Center initiative, which is primarily funded by charges assessed to state agencies for their usage. These amounts are deposited into the State Accounting and Budgeting Fund (Fund 1050), part of the General Services Fund Group. Charges for Shared Services and other accounting and budgeting services that OBM provides are used to fund the bulk of OBM operations, making up approximately \$23.3 million, or 88-90%, of the proposed budget in each fiscal year. Table 2 below displays OBM's budget by fund group.

Table 2. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013					
Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$2,806,845	\$2,668,310	(4.9%)	\$2,378,166	(10.9%)
General Services	\$21,747,983	\$23,332,982	7.3%	\$23,315,831	(0.1%)
Federal Special Revenue	\$153,369	\$384,037	150.4%	\$145,500	(62.1%)
Agency	\$35,000	\$50,000	42.9%	\$50,000	0.0%
Total	\$24,743,197	\$26,435,329	6.8%	\$25,889,497	(2.1%)

*FY 2011 figures represent estimated expenditures.

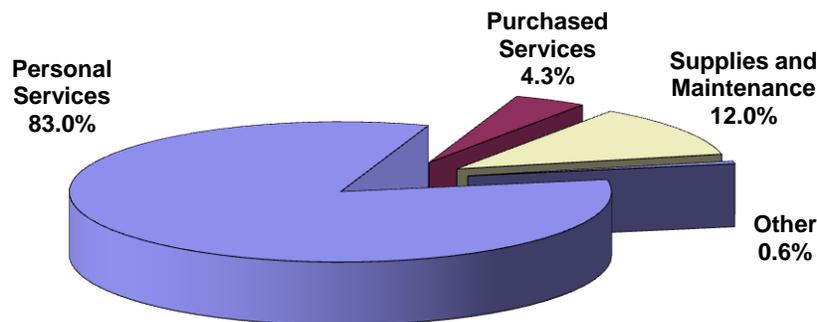
Funding Distribution

By Category of Expense

Most of OBM's expenditures over the FY 2012-FY 2013 biennium will be for payroll. Specifically, personal expenses are budgeted at \$22.0 million in FY 2012, 13.9% higher than the \$19.3 million allotted for FY 2011. Such expenses are expected to decrease by about \$510,000, or 2.3%, to \$21.5 million in FY 2013. The overall growth in payroll costs is primarily attributable to the increase in Shared Services Center staffing needs associated with the integration of additional agencies within the accounts payable function over the biennium. Other factors increasing payroll costs are the resumption

of step increases, the 32-hour pay supplement, and the 27th pay period scheduled for FY 2012. Chart 1 below shows the total biennium budget by category of expense.

**Chart 1: Biennial Executive Budget Recommendations
by Expense Category, FY 2012-FY 2013
(\$52.3 million)**



By Functional Category

Most of OBM's budgeted resources go to programs in the Financial Accounting area. This includes funding for accounting services as well as the Shared Services Center and the Office of Internal Audit, and accounts for 89.2% of the total budget. Table 3 below shows the recommended budget according to major functions handled by OBM. These categories coincide with the line item groupings found in the Analysis of Executive Proposal section within this document, though the Gubernatorial Transition category is not included in that section as no funding is needed for this purpose in the FY 2012-FY 2013 biennium.

Table 3. FY 2012-FY 2013 Budget by Functional Category (\$ in millions)					
Functional Category	FY 2011 Estimate	FY 2012 Recommended	FY 2013 Recommended	Biennium Total	Percent of Budget
Financial Accounting	\$21.8	\$23.3	\$23.4	\$46.7	89.2%
Budget Development & Implementation	\$2.4	\$2.4	\$2.4	\$4.7	9.1%
Office of Health Transformation	\$0.3	\$0.7	\$0.1	\$0.9	1.7%
Gubernatorial Transition	\$0.3	\$0.0	\$0.0	\$0.0	0.0%
Total	\$24.7	\$26.4	\$25.9	\$52.3	100%

Note: Individual amounts may not add to totals due to rounding.

By Program

Within the functional categories listed above, many individual programs are funded. Table 4 below provides the funding for each program, regardless of the particular line item used. These programs are discussed in more detail in the Analysis

of Executive Proposal section. As Table 4 shows, the Shared Services Center comprises the largest portion of OBM's biennial budget, at \$19.1 million or 36.5%, followed by Accounting Operations and Processing, Internal Audit, Budget Development and Implementation, Financial Reporting, and a number of other smaller programs.

Line Item Category	FY 2011 Estimate	FY 2012 Recommended	FY 2013 Recommended	Biennium Total	Percent of Budget
Shared Services	\$8.4	\$9.4	\$9.7	\$19.1	36.5%
Accounting Operations and Processing	\$6.9	\$7.0	\$6.8	\$13.8	26.4%
Internal Audit	\$3.8	\$3.7	\$3.6	\$7.3	14.0%
Budget Development and Implementation	\$2.8	\$2.9	\$2.9	\$5.8	11.2%
Financial Reporting	\$1.5	\$1.7	\$1.7	\$3.4	6.5%
Debt Management	\$0.4	\$0.5	\$0.5	\$1.0	1.9%
Office of Health Transformation	\$0.3	\$0.7	\$0.1	\$0.9	1.7%
Controlling Board	\$0.2	\$0.4	\$0.4	\$0.8	1.5%
Financial Planning and Supervision Commissions	\$0.1	\$0.1	\$0.1	\$0.3	0.5%
Gubernatorial Transition	\$0.3	\$0.0	\$0.0	\$0.0	0.0%
Total	\$24.7	\$26.4	\$25.9	52.3	100%

Note: Individual amounts may not add to totals due to rounding.

FY 2012-FY 2013 Budget Issues

Shared Services Center

In FY 2009, OBM began the implementation of the Shared Services Center (SSC), an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning system. SSC leverages OAKS to perform a host of common fiscal services, the objective of which is to save the state money by using economies of scale to generate cost savings and to allow agencies to focus on their core missions. SSC currently assists agencies with accounts payable services, travel and expense reimbursements, vendor 1099 forms, vendor invoice status, and vendor payment inquiries.

SSC's primary goal for the upcoming biennium will be to integrate 17 additional large agencies with SSC's accounts payable services. This would bring the total number of agencies receiving these services to 25 by the end of the biennium. As additional agencies are integrated, the number of accounts payable transactions handled by SSC is expected to grow dramatically. The increase in transactional volume will require the hiring of up to eight additional customer service associates to perform the transactions and staff SSC's call center. In addition to agency integration objectives, SSC will also

look into further enhancing its call center and optical character recognition (OCR) capabilities. OCR technology is expected to lead to further automation of invoice and ISTV processing, a development that could reduce staffing requirements in the long run.

Overall, the executive proposes a total budget for SSC of \$9.4 million in FY 2012 and \$9.7 million in FY 2013, up from the \$8.4 million allocated for FY 2011. The Shared Services Center is funded by a combination of direct charges to agencies based on a per voucher cost, a portion of the accounting and budgeting services payroll check-off, and GRF transfers into the OAKS Project Implementation Fund (Fund 5N40).

Internal Audit Program

The Internal Audit and Evaluation Program, mandated by H.B. 166 of the 127th General Assembly, evaluates the control and governance processes of state government, the outcome of which is efficient and accountable utilization of state resources through the establishment of comprehensive internal audit methodologies and the evaluation of management processes. Major objectives for the FY 2010-FY 2011 biennium were to focus on the production of risk assessment audits for programs receiving funding through the American Recovery and Reinvestment Act of 2009 (ARRA), to ensure that all 21 of the agencies under the program's oversight received audit services, and to evaluate IT security at a number of agencies.

FY 2012-FY 2013 activities will be focused on IT system and security controls, process reviews, and process efficiency consultations. These activities will be based on a coordinated audit plan with the Auditor of State and the individual agency internal control offices. Audit plans are ultimately approved by the independent State Audit Committee. The executive budget allocates \$3.7 million in FY 2012 and \$3.6 million in FY 2013 for internal audit program functions, down slightly from the \$3.8 million allocated for FY 2011. The program will be funded mainly by a portion of the payroll check-off as well as direct charges to the agencies involved.

Changes to Payroll Check-off Structures

To fund the cost of accounting and budgeting services OBM provides to state agencies, a charge, commonly referred to as a check-off, is assessed to agency payrolls. The revenue from this payroll check-off is deposited into the Accounting and Budgeting Fund (Fund 1050). Prior to FY 2011, the charge was based on a flat percentage of each employee's gross pay. For FY 2011 and onward, a new multi-rate structure has been developed that sets the payroll rate for each agency according to that agency's operations spending, which includes payroll and fringe benefit, purchased services, supplies and maintenance, and equipment costs. Predicating the charges on total operations expenditures provides a cost allocation consistent with the accounting and budgeting workload generated by each agency. To illustrate, the rates for FY 2011 vary

from a low of 0.207% to a high of 0.947%. The payroll check-off is expected to generate about \$11.6 million during FY 2011, though the amount of revenue generated through the first three quarters of this fiscal year is below estimate by about \$330,000, or 3.7%. This is due to lower than anticipated payroll costs across state government, which is likely the result of conservative hiring strategies on the part of state agencies.

OAKS operating costs are now also recovered through a separate, multi-rate payroll charge that varies by agency according to operating budget size. Similar to the new accounting and budgeting services rate structure, the new method of OAKS cost recovery provides a cost allocation more consistent with agency burdens on OAKS. Up until FY 2011, OAKS operating costs were recovered from each agency using two payroll check-offs. A portion of the DAS Human Resources fee per paycheck went toward funding the Human Resources functions of OAKS, while a portion of the accounting and budgeting payroll rate, which, as noted above, was based only on payroll, funded the OAKS Financials module. The revenue from OAKS Financials cost recovery was initially deposited into the Accounting and Budgeting Fund (Fund 1050) and subsequently transferred to the OAKS Support Organization Fund (Fund 5EB0), which is used by the Department of Administrative Services (DAS) to pay OAKS operations costs. Now, there is a separate OAKS enterprise payroll charge paid by state agencies, the proceeds of which are deposited directly into Fund 5EB0.

Financing of OAKS Capital Costs

In addition to revising the methods by which accounting and budgeting and OAKS costs are recovered, OBM and DAS have also developed a new method of financing the costs of future OAKS capital improvements. To reduce the need to issue additional debt, OBM will include OAKS debt service costs in its annual Statewide Cost Allocation Plan (SWCAP) billings to state agencies. For the purposes of the SWCAP, OBM and DAS annually calculate the cost of indirect services (e.g., centralized services such as budget development) funded by the GRF and allocate these costs to all non-GRF funds that benefit from those services. These cost allocations must be approved by the federal government since the SWCAP is also used to fairly allocate such costs to federally funded programs for reimbursement. Because OAKS is now fully operational and all agencies and funds benefit from OAKS, the GRF debt service on the certificates of participation issued to finance its development can be included in the annual SWCAP calculation. According to OBM, the federal government has approved of the concept, but is currently working with the state to determine the details of the specific allocation formula applied to the debt service amounts.

To collect amounts identified for recovery through the SWCAP, OBM bills the agencies through an intrastate transfer voucher and deposits the payments into the GRF. Including OAKS debt service in the SWCAP formula effectively increases the amount of the billings sent to agencies with non-GRF funds, providing a new cash flow

for future OAKS improvements without having to issue new debt. Once the charges associated with OAKS debt service are transferred into the GRF, they will then be diverted to the OAKS Support Organization Fund (Fund 5EB0) to pay for OAKS upgrades through a new line item in the Department of Administrative Services budget (line item 100656, OAKS Updates and Developments). Due to the two-year lag on SWCAP billings, this new funding mechanism will generate OAKS capital improvement funding through FY 2026, even though OAKS debt service payments are scheduled only through FY 2024.

Office of Health Transformation

Created by executive order in January 2011, the Office of Health Transformation (OHT) replaced the Executive Medicaid Management Agency, also known as EMMA. Whereas EMMA's ongoing mission was to coordinate Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid-funded services, OHT was created to strategically redesign Medicaid policies across all of the state's federal Medicaid recipient agencies. Specifically, OHT is tasked with advancing Medicaid modernization and cost-containment initiatives, initiating and guiding insurance market exchange planning, engaging private sector partners to set expectations for overall health system performance, and recommending a permanent health and human services organization structure and overseeing transition to that structure. OHT's functions are scheduled to be complete by the end of FY 2012.

OHT is funded out of OBM's budget, as was EMMA. The executive budget recommends \$748,074 for OHT in FY 2012 using a combination of GRF, state non-GRF, and federal funds. While OHT is expected to cease operating by the end of FY 2012, the executive budget provides \$145,500 in federal funding in FY 2013 in case funds are needed to wrap up OHT operations. According to OBM, any remaining cash balance after OHT has completed its work will be transferred to the GRF.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation item in OBM's budget. In this analysis, OBM's line items are grouped into three major categories. For each category a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. The three categories used in this analysis are as follows:

1. Financing Accounting;
2. Budget Development and Implementation; and
3. Office of Health Transformation.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Fund			ALI and Name		Category
General Revenue Fund Group					
GRF	042321	Budget Development and Implementation			2: Budget Development and Implementation
GRF	042416	Office of Health Transformation			3: Office of Health Transformation
General Services Fund Group					
1050	042603	State Accounting and Budgeting			1: Financial Accounting
5N40	042602	OAKS Project Implementation			1: Financial Accounting
5Z80	042608	Office of Health Transformation Administration			3: Office of Health Transformation
Federal Special Revenue Fund Group					
3CM0	042606	Office of Health Transformation – Federal			3: Office of Health Transformation
Agency Fund Group					
5EH0	042604	Forgery Recovery			1: Financial Accounting

Category 1: Financial Accounting

This category of appropriations funds various financial accounting and reporting functions, including the Shared Services Center. Also funded are the internal control and risk assessment functions performed by the Office of Internal Audit.

Governor's Recommended Funding for Financial Accounting				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
1050	042603	State Accounting and Budgeting	\$21,917,230	\$22,006,331
5N40	042602	OAKS Project Implementation	\$1,358,000	\$1,309,500
General Services Fund Group Subtotal			\$23,275,230	\$23,315,831
Agency Fund Group				
5EH0	042604	Forgery Recovery	\$50,000	\$50,000
Agency Fund Group Subtotal			\$50,000	\$50,000
Total Funding: Financial Accounting			\$23,325,230	\$23,365,831

State Accounting and Budgeting (042603)

Moneys in this line item pay for the cost of accounting and budgeting services provided to state agencies by OBM. Specifically, the Shared Services Center, Accounting Operations and Processing, Internal Control and Audit Oversight, Financial Reporting, and Budget Development and Implementation are all funded out of this line item. These programs will be funded by a payroll check-off deposited into the Accounting and Budgeting Fund (Fund 1050), though the Shared Services Center and Internal Control and Audit Oversight programs also receive funding through direct charges paid by user agencies. The Shared Services Center and Budget Development and Implementation programs also receive funding from other line items. For the total funding provided to these programs and the percentage they comprise of OBM's budget, please see Table 4 in the **Overview** section.

In total, the executive recommends \$21.9 million in FY 2012, a 5.5% increase compared to FY 2011 estimated spending of \$20.8 million. FY 2013 recommendations are slightly increased to \$22.0 million. The increase between FY 2011 program allocations and the FY 2012-FY 2013 recommendations is due primarily to the ongoing implementation of the Shared Services initiative and a shift in funding for budget development and implementation services from the GRF to this line item. The table below summarizes the funding of the programs receiving support from this line item. Following the table is a brief discussion of each program.

Program	FY 2011 Estimate	FY 2012 Recommended	FY 2013 Recommended
Shared Services	\$7.4	\$8.0	\$8.4
Accounting Operations and Processing	\$6.8	\$6.9	\$6.7
Internal Control and Audit Oversight	\$3.8	\$3.7	\$3.6
Financial Reporting	\$1.5	\$1.7	\$1.6
Budget Development and Implementation	\$1.2	\$1.6	\$1.6
Total	\$20.8	\$21.9	\$22.0

Note: Individual amounts may not add to totals due to rounding

Shared Services

This program funds the operations of the Shared Services Center (SSC). Begun in FY 2009, SSC is an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning system. The goal of SSC is to leverage OAKS to consolidate and centralize agency fiscal functions to eliminate duplicative agency fiscal processes and to reduce statewide costs given the economies of scale that centralization of these functions produces. By centralizing common back-office functions, resources can be better focused on the core missions of each agency. SSC currently assists agencies with accounts payable services, such as invoice management, voucher maintenance and receipt, and document retention, as well as travel and expense reimbursements, vendor 1099 forms, vendor invoice status, and vendor payment inquiries.

SSC's primary goal for the upcoming biennium will be to integrate up to 17 large agencies with the Center's accounts payable services. This will bring the total number of agencies using accounts payable services to 25 by the end of FY 2013. As additional agencies are integrated, the number of accounts payable transactions handled by SSC is expected to grow dramatically, from an estimated 112,000 or so transactions in FY 2011 to more than 250,000 transactions in FY 2013. SSC is expected to achieve full transactional volume during FY 2014, as some of the agencies will be integrated during the course of FY 2013.

The increase in transactional volume will require the hiring of up to eight additional customer service associates that perform transactions and staff SSC's call center. Under current plans, SSC's customer service associate staff would increase from 52 currently to 54 by the end of FY 2012 and to 60 by the end of FY 2013. No additional administrative or management staff for SSC will be added as transactional volume increases. In addition to agency integration objectives, SSC will also look into further enhancing its call center and optical character recognition (OCR) capabilities.

From line item 042603, the executive budget allocates \$8.0 million in FY 2012 and \$8.4 million in FY 2013 for SSC. These amounts fund all of SSC's payroll and fringe

benefits, supplies and maintenance, and equipment costs, and a small portion of its purchased services costs. Most of SSC's total purchased services budget will pay for the development of new SSC projects, and thus, will be borne by the OAKS Project Implementation Fund (Fund 5N40) due to federal guidelines that require projects to be fully operational before the costs can be recovered through the Statewide Cost Allocation Plan (SWCAP).

Overall, the executive proposes a total budget for SSC of \$9.4 million in FY 2012 and \$9.7 million in FY 2013, up from the \$8.4 million allocated for FY 2011. SSC is funded by a combination of direct charges to agencies based on a per voucher cost, a portion of the payroll check-off, and GRF transfers into the OAKS Project Implementation Fund (Fund 5N40). Table 6 below illustrates the funding allocated for SSC for FY 2011 and the executive budget recommendations for FY 2012 and FY 2013. As the table shows, SSC will operate at a net loss during the upcoming biennium, though the cash subsidy from Fund 1050 is expected to diminish each year as more agencies integrate into SSC and thus, more transactions are processed. The subsidy is projected to end in FY 2014, when SSC will achieve full transactional volume.

Table 6. Shared Services Funding Sources, FY 2011-FY 2013 (in millions)			
Source	FY 2011	FY 2012	FY 2013
Direct Charges	\$2.3	\$4.2	\$5.5
Payroll Check-off	\$2.5	\$2.5	\$2.4
OAKS Project Implementation Fund (Fund 5N40)	\$1.1	\$1.4	\$1.3
Operating Revenue Subtotal	\$5.9	\$8.0	\$9.2
Potential Fund 1050 Subsidy Required	\$2.5	\$1.4	\$0.5
Total Funding Sources	\$8.4	\$9.4	\$9.7

Note: Individual amounts may not add to totals due to rounding.

Accounting Operations and Processing

The Accounting Operations and Processing (AOP) program oversees the financial module of the Ohio Administrative Knowledge System (OAKS). As part of this responsibility, the program monitors and controls both the spending and revenue collection activities of state agencies through expenditure control, review, and release; payment issuance; completion of a monthly reconciliation between the state's accounting system and the Treasurer of State, and the SWCAP. The SWCAP distributes GRF indirect costs, such as those for central services, across all non-GRF funds that benefit from those services. These cost allocations must be filed annually with and approved by the federal government, since the SWCAP is also used to fairly allocate such costs to federally funded programs for reimbursement.

The program's requirements and configuration management (RACM) team is responsible for maintaining the various components of the OAKS Financials module. The RACM team's responsibilities also include the Electronic Commerce Program, which manages the state payment card, financial electronic data interchange (EDI), and electronic revenue. The state payment card program provides state agencies with credit cards with enhanced controls and tracking for the purchases of small dollar goods and services. The electronic revenue program facilitates the receipt and processing of electronic payments from the state's constituents.

Overall, the executive budget allocates \$6.9 million from the State Accounting and Budgeting appropriation in FY 2012 and \$6.7 million in FY 2013, levels similar to FY 2011 funding for Accounting Operations and Processing.

Internal Control and Audit Oversight

The Internal Control and Audit Oversight Program, also referred to as the Internal Audit Program, evaluates the control and governance processes of state government, the outcome of which is efficient and accountable utilization of state resources through the establishment of comprehensive internal audit methodologies and the evaluation of management processes. The program was mandated by H.B. 166 of the 127th General Assembly. Implementation of the program began in FY 2009.

One of the major priorities in the current biennium was to focus on the production of risk assessment audits for programs receiving funding through the American Recovery and Reinvestment Act of 2009 (ARRA). To this end, the internal audit program completed 15 such audits in FY 2010 covering \$4.5 billion of the \$9.2 billion in ARRA funds awarded to Ohio. Most of the ARRA funds not covered by an internal audit fell under agencies that are not subject to the internal audit program's oversight. FY 2011 priorities for the Internal Audit Program involve ensuring all 21 of the agencies under the program's oversight receive audit services and expansion of the use of a database vulnerability tool to evaluate the IT security of nine additional agencies (six agencies had been evaluated using the vulnerability tool in FY 2010). FY 2012-FY 2013 activities will be focused on IT system and security controls, process reviews, and process efficiency consultation. These activities will be based on a coordinated audit plan with the Auditor of State and the individual agency internal control offices. Audit plans are ultimately approved by the independent State Audit Committee.

The program will be funded mainly by a portion of the payroll check-off as well as direct charges to the agencies involved. Table 7 below illustrates the funding allocated for the Internal Audit Program for FY 2011 and the executive budget recommendations for FY 2012 and FY 2013. As the table shows, the Internal Audit Program will operate at a net loss during the upcoming biennium. According to OBM,

the program has not hit full stride in terms of the number of billable hours being performed. As review processes are refined, output is expected to increase with the expectation that the program will break even by FY 2014.

Source	FY 2011	FY 2012	FY 2013
Payroll Check-off	\$1.6	\$1.7	\$1.7
Direct Charges	\$1.1	\$1.1	\$1.3
Operating Revenue Subtotal	\$2.7	\$2.9	\$2.9
Potential Fund 1050 Subsidy Required	\$1.1	\$0.8	\$0.7
Total Funding Sources	\$3.8	\$3.7	\$3.6

Note: Individual amounts may not add to total due to rounding.

The executive budget recommends \$3.7 million in FY 2012 and \$3.6 million in FY 2013 to fund this program. These amounts are slightly lower than the FY 2011 allocation of \$3.8 million due to a small reduction in the number of administrative positions allocated to the Internal Audit Program for the upcoming biennium and lower amounts budgeted for supplies and maintenance for FY 2012. While no core program positions are being reduced, the overall staffing levels attributable to the program decline from 33 in FY 2011 to 31 in FY 2012 and FY 2013 due to two fewer administrative positions allocated to the program.

Financial Reporting

The Financial Reporting Program compiles and publishes the Ohio Comprehensive Annual Financial Report (CAFR), the state's official annual financial report, which is prepared in conformity with Generally Accepted Accounting Principles as required under section 126.21 of the Revised Code. The CAFR officially documents the state's financial activity and financial position for Ohio citizens, taxpayers, elected officials, bond investors, the federal government, and other constituencies. The Financial Reporting Program also provides several other financial reporting services, such as publication of the Ohio Budgetary Financial Report, reconciliation of the annual year-end closing of the state's accounting system, and compliance with certain federal cash management and award reporting requirements.

The executive budget allocates around \$1.7 million per fiscal year for this program through line item 042603, State Accounting and Budgeting, supporting eight permanent FTEs. This amount is 13.1% higher than the FY 2011 allocation of \$1.5 million, due mostly to increases in payroll-related costs brought about by the 32-hour pay supplement and the 27th pay period in FY 2012 as well as the discontinuation of cost savings days. A small portion of this program, comprising the

costs associated with the audit of Auditor of State, is also funded through GRF line item 042321, Budget Development and Implementation.

Budget Development and Implementation

This program funds OBM's operations related to the management of the financial resources of state agencies, chiefly through the preparation of operating and capital budgets. The program is split-funded between the GRF and the accounting and budgeting services payroll charge. To help offset reduced GRF funding, more of the funding for this program has been shifted to Fund 1050 for FY 2012-FY 2013. To illustrate, the executive budget allocates \$1.6 million in each fiscal year out of Fund 1050 for this program, approximately \$385,000, or 31%, more than the FY 2011 allocation of \$1.2 million. The program is discussed in greater detail in the Budget Development and Implementation functional category.

OAKS Project Implementation (042602)

This line item funds the continued development and implementation of the Shared Services Center. In the FY 2012-FY 2013 biennium, the line item will be used to fund the development of enhanced call center and optical character recognition (OCR) capabilities. OCR technology is expected to lead to further automation of invoice and ISTV processing, a development that could reduce staffing requirements in the long run. As noted previously, federal guidelines require projects to be fully operational before the costs can be recovered through the SWCAP. This means that the cost of these projects cannot be paid for out of the Accounting and Budgeting Fund (Fund 1050). As a result, OBM uses the OAKS Project Implementation Fund (Fund 5N40), which is supported by transfers from the GRF, to fund project development costs.

The executive recommendation funds this line item at \$1.4 million in FY 2012 and \$1.3 million in FY 2013, representing a 40% increase over the FY 2011 estimate of \$970,000. FY 2012-FY 2013 appropriations are supported by transfers of \$1.1 million in each fiscal year from the GRF as well as a drawdown of cash from Fund 5N40.

Forgery Recovery (042604)

This line item is used to reissue state warrants that were fraudulently redeemed. The Forgery Recovery Fund (Fund 5EH0) consists of revenue that OBM receives from the banks that erroneously cash forged warrants. OBM then issues a replacement warrant, which is mailed to the rightful recipient. The executive recommendation provides \$50,000 in each fiscal year for this purpose.

Category 2: Budget Development and Implementation

The group of functions within this category is geared toward promoting the effective and efficient use of state resources and facilitating the operations of state agencies consistent with the priorities of the Governor and the General Assembly and in accordance with state law. The GRF line item providing funding for these activities is listed in the table below.

Governor's Recommended Funding for Budget Development and Implementation				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	042321	Budget Development and Implementation	\$2,362,025	\$2,378,166

Budget Development and Implementation (042321)

This line item funds the management of the financial resources of state agencies through the development and implementation of operating and capital budgets, the management of state debt, and the coordination of the activities of the Controlling Board. A small portion also funds Financial Planning Supervision Commissions and the audit of the Auditor of State. The executive recommendation provides approximately \$2.4 million for this line item in each fiscal year, a slight increase from the FY 2011 estimate of \$2.3 million. As the funding summary below shows, the Governor's proposal allocates most of the funding for this line item to the Budget Development and Implementation Program. Details concerning these programs are provided below.

Program	FY 2011 Estimate	FY 2012 Recommended	FY 2013 Recommended
Budget Development and Implementation	\$1.6	\$1.3	\$1.3
Debt Management	\$0.4	\$0.5	\$0.5
Controlling Board	\$0.2	\$0.4	\$0.4
Financial Planning and Supervision Commissions	\$0.1	\$0.1	\$0.1
Financial Reporting	\$0.0	<\$0.1	<\$0.1
Total	\$2.3	\$2.4	\$2.4

Budget Development and Implementation

This program evaluates agency budget requests and prepares the state operating and capital budget recommendations for submission to the General Assembly every two years in accordance with sections 126.02 and 126.03 of the Revised Code. The program also develops the biennial economic forecasts and revenue estimates that are

integral to the budgeting process. Updates of these forecasts and estimates are prepared periodically during a biennium, and a monthly report is issued to the Governor that analyzes current economic trends, year-to-date state revenues and spending, and the GRF balance.

After the budget has been enacted, OBM's budget analysts oversee the preparation of agency allotment plans and monitor agency spending during the fiscal year to ensure it is done in accordance with state law and does not exceed appropriations. The program also provides policy, program, and technical assistance as needed to state agencies, including assistance on emerging management issues both within individual agencies and extending across multiple agencies.

This line item will now also fund the annual dues associated with Ohio's membership in the National Association of State Budget Officers (NASBO). Currently, a separate GRF line item, 042410, National Association Dues, accounts for these costs. According to OBM, using the agency's primary GRF line item to fund these expenses provides flexibility in meeting OBM's NASBO membership requirements. In recent fiscal years, these costs have hovered around \$30,000 per year.

The executive recommendation provides GRF funding of about \$1.3 million in each fiscal year, a decline of 16.7% from the FY 2011 GRF allocation of \$1.6 million. This decline corresponds to a shift in funding away from the GRF and toward funding through the accounting and budgeting services payroll charge. According to OBM, the GRF must be relied upon to fund at least some of the cost of budgeting services provided to state agencies because a portion of these expenses is not permitted to be recovered due to federal guidelines governing the SWCAP. The amounts recommended represent the minimum amount that must be funded by the GRF in accordance with SWCAP requirements.

The other share of funding for the Budget Development and Implementation program comes from the accounting and budgeting services payroll charge, appropriated through GSF Fund 1050 line item 042603, State Accounting and Budgeting (see page 14). Overall, between the GRF and Fund 1050, the program has recommended appropriations totaling \$2.9 million in each fiscal year. These amounts are slightly higher than the \$2.8 million allocated for FY 2011, primarily due to increases in payroll-related costs for the 31 FTEs allocated to this program.

Debt Management

This program coordinates the bond sales of all state bond issuers, reviews certain bond documents to ensure they are complete and accurate, keeps track of all debt service payments, projects future state debt service needs, and informs bond rating agencies of the state's debt and overall financial situation. This program also provides administrative support to the Ohio Public Facilities Commission, one of the state

agencies authorized to issue debt. The executive recommendation provides \$490,157 in FY 2012 and \$481,779 in FY 2013, amounts that enable a fourth FTE position to be filled. While this position was included in the original FY 2011 budget, it was never filled due to election considerations. Thus, the FY 2011 spending estimate of \$416,526 for this program reflects the lapse of spending due to the vacancy.

Controlling Board

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 meets approximately every two weeks to consider and vote on requests for action that are submitted to the Board by state agencies, boards, and/or commissions. OBM staff act as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight.

Although GRF and other state funds are appropriated to the Board, it disburses none of these funds. Instead, the Board approves the transfer of these amounts to other state agencies as specified in temporary law. This involves state funds available to assist state agencies and local governments with disaster recovery and other emergency situations, as well as statewide ballot advertising expenses.

The executive proposal allocates \$390,920 in FY 2012 and \$385,055 in FY 2013 for Controlling Board expenses. These amounts are substantially higher than the \$243,000 or so allocated for FY 2011. During FY 2010-FY 2011, two OBM legislative liaison positions were split-funded between the GRF and the accounting and budgeting services payroll charges deposited into the State Accounting and Budgeting Fund (Fund 1050). However, it was determined that federal guidelines governing the SWCAP do not allow for the recovery of costs associated with legislative activities. Thus, the reason for the large increase in funding for this program is that the FY 2012-FY 2013 budget funds these positions entirely through the GRF.

Financial Planning and Supervision Commissions

A Financial Planning and Supervision Commission is established upon the occurrence or declaration of a fiscal emergency in any municipality or school district. The Commission oversees the finances of the municipality or school district and develops plans so that these entities may overcome financial difficulties. The Director of OBM or a designee of the Director serves as a member of each Financial Planning and Supervision Commission. As of the end of calendar year (CY) 2010, there were 24 active municipal commissions and 10 active school district commissions. According to OBM, this is the highest total at any one time since the program began in 1979. Accordingly, the executive proposal provides an increase in funding for this program. FY 2012 funding of \$128,754 in FY 2012 represents an increase of approximately \$29,000 from the FY 2011 allocation of approximately \$100,000. The amount allocated for FY 2013

declines slightly to \$126,258. These amounts will support two FTEs, up from one FTE during the FY 2010-FY 2011 biennium.

Financial Reporting

A small portion of this line item, roughly \$50,000 per fiscal year, will pay the costs associated with the audit of Auditor of State.

Category 3: Office of Health Transformation

Governor's Recommended Funding for the Office of Health Transformation				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	042416	Office of Health Transformation	\$306,285	\$0
General Revenue Fund Subtotal			\$306,285	\$0
General Services Fund Group				
5Z80	042608	Office of Health Transformation Administration	\$57,752	\$0
General Services Fund Group Subtotal			\$57,752	\$0
Federal Special Revenue Fund Group				
3CM0	042606	Office of Health Transformation – Federal	\$384,037	\$145,500
Federal Special Revenue Fund Group Subtotal			\$384,037	\$145,500
Total Funding: Office of Health Transformation			\$748,074	\$145,500

Office of Health Transformation (042616, 042608, and 042606)

These line items support the Office of Health Transformation (OHT), created by Executive Order 2011-02K in January 2011. OHT replaced the Executive Medicaid Management Agency, also known as EMMA. Whereas EMMA's ongoing mission was to coordinate Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid-funded services, OHT was created to strategically redesign Medicaid policies across all of the state's federal Medicaid recipient agencies. Specifically, OHT is tasked with advancing Medicaid modernization and cost-containment initiatives, initiating and guiding insurance market exchange planning, engaging private sector partners to set expectations for overall health system performance, and recommending a permanent health and human services organization structure and overseeing transition to that structure. These activities will be accomplished with four new staff members, in comparison to the five staff members employed under EMMA. OHT's functions are scheduled to be complete by the end of FY 2012.

The executive proposes to fund OHT using a combination of GRF funds, federal funds, and a small amount of state-source, non-GRF funds. OHT receives federal funds as a sub-recipient of Ohio Department of Job and Family Services (ODJFS) Medicaid administration funds. OBM sends invoices to ODJFS indicating the amounts actually spent by the program and subsequently receives reimbursement. State non-GRF funds of \$57,752 from Fund 5Z80 are comprised of revenue received several years ago via EMMA charges to the seven Medicaid agencies. These billings, which will be used in

FY 2012 to meet the state's federal matching requirements, were abandoned once federal funding was secured.

Overall, the executive recommendation provides \$748,074 for OHT in FY 2012. While OHT is expected to cease operating by the end of FY 2012, the executive budget provides \$145,500 in federal funding in FY 2013 in case appropriations are needed to wrap up OHT operations. According to OBM, any remaining cash balance after OHT has completed its work will be transferred to the GRF.

OBM.docx / rs

Office of Budget and Management

General Revenue Fund

GRF 042321 Budget Development and Implementation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$2,140,198	\$1,931,502	\$1,832,925	\$2,325,806	\$2,362,025	\$2,378,166
	-9.8%	-5.1%	26.9%	1.6%	0.7%

Source: General Revenue Fund

Legal Basis: ORC 126, 127.12, 127.13, 118.05, and 3316.05 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Moneys in this line item pay for personnel, maintenance, and equipment costs for the Budget Development and Implementation program within OBM, which evaluates agency budget requests and prepares the state operating and capital budget recommendations for submission to the General Assembly every two years. The program also develops the economic forecasts and revenue estimates that are integral to the budgeting process. After the budget is enacted, the program oversees the preparation of agency allotment plans, monitors agency spending during the fiscal year, and provides policy, program, and technical assistance as needed to state agencies. This line item also pays for the administrative oversight of the state Controlling Board, debt management, and OBM's involvement in municipal and school district financial planning commissions. Beginning with the FY 2012-FY 2013 biennium, the executive budget proposes to fund the cost of the National Association of State Budget Officer (NASBO) dues and the audit of the Auditor of State from this line item.

GRF 042409 Commission Closures

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$9,091	\$0	\$0	\$0	\$0	\$0
	-100%	N/A	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: As needed line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This appropriation is used to pay for any outstanding or unanticipated costs of agencies, boards, or commissions that are discontinued.

Office of Budget and Management

GRF 042410 National Association Dues

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$28,700	\$29,561	\$30,448	\$31,361	\$0	\$0
	3.0%	3.0%	3.0%	-100%	N/A

Source: General Revenue Fund

Legal Basis: Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: Moneys in this line item pay Ohio's annual membership dues for the National Association of State Budget Officers (NASBO). The executive budget proposal for FY 2012-FY 2013 discontinues this line item and transfers its functions to GRF appropriation item 042321, Budget Development and Implementation.

GRF 042412 Audit of Auditor of State

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$47,128	\$41,625	\$41,625	\$46,309	\$0	\$0
	-11.7%	0.0%	11.3%	-100%	N/A

Source: General Revenue Fund

Legal Basis: ORC 117.14; Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This appropriation is used to pay for an annual audit of the State Auditor's office. The executive budget proposal for FY 2012-FY 2013 discontinues this line item and transfers its functions to GRF appropriation item 042321, Budget Development and Implementation.

GRF 042413 Payment Issuance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$477,452	\$355,505	\$0	\$0	\$0	\$0
	-25.5%	-100%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: Moneys in this line item were used to pay for personnel, maintenance, and equipment costs for the issuance of warrants and EFTs to state employees, vendors, tax refund recipients, and entitlement program recipients. These functions are now funded through GSF Fund 1050 appropriation item 042603, State Accounting and Budgeting, as a result of a request by the federal government in a recent Statewide Cost Allocation Plan (SWCAP) audit.

Office of Budget and Management

GRF 042416 Office of Health Transformation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$539,718	\$292,924	\$153,369	\$306,285	\$0
	N/A	-45.7%	-47.6%	99.7%	-100%

Source: General Revenue Fund

Legal Basis: Section 229.10 of Am. Sub. H.B. 1 of the 127th G.A. (originally established in Section 401.10 of Am. Sub. H.B. 699 of the 126th G.A.)

Purpose: Moneys in this line item fund the administrative expenses associated with the Office of Health Transformation (OHT), which replaced the Executive Medicaid Management Administration (EMMA). While EMMA was responsible for the coordination of Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid funded services, OHT is tasked with advancing Medicaid modernization and cost-containment initiatives, initiating and guiding insurance market exchange planning, engaging private sector partners to set expectations for overall health system performance, and recommending a permanent health and human services organization structure and oversee transition to that structure. Once these functions have been accomplished, OHT will cease operations, likely by the end of FY 2012. Federal funding for OHT is found in FED Fund 3CM0 appropriation item 042606, Office of Health Transformation - Federal.

GRF 042435 Gubernatorial Transition

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$250,000	\$0	\$0
	N/A	N/A	N/A	-100%	N/A

Source: General Revenue Fund

Legal Basis: Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established in ORC 107.30 to be used as needed)

Purpose: This line item funds the salaries, supplies, and other reasonable expenses of the governor-elect during the transition between an incumbent governor and a new gubernatorial administration.

Office of Budget and Management

General Services Fund Group

1050 042603 State Accounting and Budgeting

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$20,836,561	\$20,997,284	\$26,107,446	\$20,777,983	\$21,917,230	\$22,006,331
	0.8%	24.3%	-20.4%	5.5%	0.4%

Source: General Services Fund Group: A variable payroll charge ranging from 0.207% to 0.947% of gross pay per employee in FY 2011 to state agencies (the percentage varies by agency based on operating expenses), direct charges to agencies for internal auditing and Shared Services Center usage, state payment card rebates, and other miscellaneous income

Legal Basis: ORC 126.25; Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: Moneys in this line item pay for the cost of the state's accounting operations, and a portion of the costs associated with the Shared Services Center and the Office of Internal Audit. Also supported are a portion of the costs for budgeting services provided to state agencies by OBM as well as financial reporting. Am. Sub. H.B. 1 of the 128th G.A. requires this appropriation to pay all costs associated with single audit schedules or financial statements prepared in conformance with generally accepted accounting principles.

Office of Budget and Management

5N40 042602 OAKS Project Implementation

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,259,953	\$2,949,031	\$1,150,379	\$970,000	\$1,358,000	\$1,309,500
	134.1%	-61.0%	-15.7%	40.0%	-3.6%

Source: General Services Fund Group: GRF transfers to SSR Fund 5N40 in FY 2010 and 2011

Legal Basis: Sections 229.10 and 512.30 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Controlling Board on December 18, 2000)

Purpose: Moneys are used to pay the costs of projects associated with the development of the Shared Services Center, an outgrowth of the Ohio Administrative Knowledge System (OAKS). The goal of Shared Services Center is to consolidate and centralize agency fiscal functions to eliminate duplicative agency fiscal processes and to reduce statewide costs given the economies of scale that centralization of these functions produces. For the upcoming biennium, this line item will be focused on the development of enhanced call center and optical character recognition (OCR) capabilities. While Am. Sub. H.B. 1 of the 128th G.A. authorizes transfers of up to \$2.1 million each fiscal year from the GRF to Fund 5N40 for this purpose in the FY 2010-FY 2011 biennium, the transfers have actually been \$1.3 million and \$1.1 million, respectively, in order to save GRF resources. For the FY 2012-FY 2013 biennium, the executive proposes transfers of \$1.1 million per year from the GRF to support this line item.

5Z80 042608 Office of Health Transformation Administration

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$153,254	\$5,897	\$0	\$0	\$57,752	\$0
	-96.2%	-100%	N/A	N/A	-100%

Source: General Services Fund Group: Charges to seven user agencies receiving Medicaid funding

Legal Basis: Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Controlling Board on December 17, 2007)

Purpose: This line item will be used to supplement GRF funding in appropriation item 042416, Office of Health Transformation, both of which will provide the state match required to obtain federal funding for the administrative expenses associated with the Office of Health Transformation, which replaced the Executive Medicaid Management Administration (EMMA). Funds in this line item are comprised of revenue received several years ago via EMMA charges to the seven Medicaid agencies. These billings were abandoned once federal funding was secured.

Office of Budget and Management

Federal Special Revenue Fund Group

3CM0 042606 Office of Health Transformation - Federal

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$188,228	\$153,369	\$384,037	\$145,500
	N/A	N/A	-18.5%	150.4%	-62.1%

Source: Federal Special Revenue Fund Group: Federal Medicaid reimbursement for administration under Title XIX (Medical Administration) of the Social Security Act

Legal Basis: Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: Moneys in this line item fund the administrative expenses associated with the Office of Health Transformation (OHT), which replaced the Executive Medicaid Management Administration (EMMA). While EMMA was responsible for the coordination of Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid funded services, OHT is tasked with advancing Medicaid modernization and cost-containment initiatives, initiating and guiding insurance market exchange planning, engaging private sector partners to set expectations for overall health system performance, and recommending a permanent health and human services organization structure and overseeing transition to that structure. Once these functions have been accomplished, OHT will cease operations, likely by the end of FY 2012. State funding for OHT is found in GRF appropriation item 042416, Office of Health Transformation.

Agency Fund Group

5EH0 042604 Forgery Recovery

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$14,624	\$37,952	\$21,485	\$35,000	\$50,000	\$50,000
	159.5%	-43.4%	62.9%	42.9%	0.0%

Source: Agency Fund Group: Monies collected by the Attorney General's Office from the resolution of cases of fraud involving state warrants

Legal Basis: ORC 126.40; Section 229.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: Moneys in this line item are used to reissue warrants that have been fraudulently redeemed and certified as forgeries by the rightful recipient, as determined by the Office of the Attorney General's Bureau of Criminal Identification and Investigation (BCII) and the Treasurer of State. Upon receipt of funds to cover the reissuance of the warrant, the Director of OBM must reissue a state warrant of the same amount.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
OBM Office of Budget and Management								
GRF	042321	Budget Development and Implementation	\$ 1,832,925	\$ 2,325,806	\$ 2,362,025	1.56%	\$ 2,378,166	0.68%
GRF	042410	National Association Dues	\$ 30,448	\$ 31,361	\$ 0	-100.00%	\$ 0	N/A
GRF	042412	Audit of Auditor of State	\$ 41,625	\$ 46,309	\$ 0	-100.00%	\$ 0	N/A
GRF	042416	Office of Health Transformation	\$ 292,924	\$ 153,369	\$ 306,285	99.70%	\$ 0	-100.00%
GRF	042435	Gubernatorial Transition	\$ 0	\$ 250,000	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 2,197,922	\$ 2,806,845	\$ 2,668,310	-4.94%	\$ 2,378,166	-10.87%
1050	042603	State Accounting and Budgeting	\$ 26,107,446	\$ 20,777,983	\$ 21,917,230	5.48%	\$ 22,006,331	0.41%
5N40	042602	OAKS Project Implementation	\$ 1,150,379	\$ 970,000	\$ 1,358,000	40.00%	\$ 1,309,500	-3.57%
5Z80	042608	Office of Health Transformation Administration	\$ 0	\$ 0	\$ 57,752	N/A	\$ 0	-100.00%
General Services Fund Group Total			\$ 27,257,825	\$ 21,747,983	\$ 23,332,982	7.29%	\$ 23,315,831	-0.07%
3CM0	042606	Office of Health Transformation - Federal	\$ 188,228	\$ 153,369	\$ 384,037	150.40%	\$ 145,500	-62.11%
Federal Special Revenue Fund Group Total			\$ 188,228	\$ 153,369	\$ 384,037	150.40%	\$ 145,500	-62.11%
5EH0	042604	Forgery Recovery	\$ 21,485	\$ 35,000	\$ 50,000	42.86%	\$ 50,000	0.00%
Agency Fund Group Total			\$ 21,485	\$ 35,000	\$ 50,000	42.86%	\$ 50,000	0.00%
Office of Budget and Management Total			\$ 29,665,460	\$ 24,743,197	\$ 26,435,329	6.84%	\$ 25,889,497	-2.06%