

LSC Redbook

Analysis of the Executive Budget Proposal

Joint Committee on Agency Rule Review

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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 Joint Committee on Agency Rule Review (JCARR), which includes the following three sections.

1. Overview: Provides a brief description of JCARR's existing functions and staffing, and an overview of the executive recommended budget for the FY 2014-FY 2015 biennium.
2. Analysis of Executive Proposal: Provides an analysis of JCARR's executive recommended budget, which consists solely of GRF funding.
3. Attachments: Includes the Catalog of Budget Line Items (COBLI), which describes the funding source and purpose of JCARR's lone line item, and the LSC budget spreadsheet, which summarizes the line item's recent expenditure and appropriations history.

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview	1
Duties and Responsibilities	1
Legislative Committee Members	1
Appropriation Overview	2
Expense Account Summary	2
ANALYSIS OF EXECUTIVE PROPOSAL	4
Operating Expenses (GRF line item 029321)	4
Rule Statistics.....	4

ATTACHMENTS:

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

Joint Committee on Agency Rule Review

- GRF-funded entity
- 4.8% funding increase from FY 2013 estimated expenditures
- Over 8,600 rule actions taken in FY 2012

OVERVIEW

Agency Overview

Duties and Responsibilities

Created in 1977, the Joint Committee on Agency Rule Review (JCARR) is responsible for the oversight of proposed new, amended, and rescinded rules from certain state agencies, boards, and commissions. Those rule-making agencies are required to fully review and submit to JCARR each of their rules at least once every five years. As part of that five-year rule review process, state agencies are required to review each of their rules and determine whether to continue them without change, amend them, or rescind them.

The primary purpose of JCARR's oversight is to ensure that administrative rules: (1) do not exceed the scope of the rule-making agency's statutory authority, (2) do not conflict with the rules of that agency or another rule-making agency, (3) do not conflict with the intent of the legislature, (4) are accompanied by a complete and accurate rule summary and fiscal analysis, and (5) meet the required standards for incorporation if the rule maker incorporated text by reference. Additionally, if a rule has an adverse impact on business, JCARR is responsible for determining whether the rule maker demonstrated, through a series of additional requirements, that the regulatory intent of the rule justifies its adverse impact.

JCARR does not approve rules; it only reviews rules and has the authority to recommend invalidation to the General Assembly. If any of the previously stated criteria are not met, JCARR may recommend that the General Assembly adopt a concurrent resolution invalidating the rule. In order for a rule to be invalidated, the concurrent resolution must pass both houses of the General Assembly. If a rule is invalidated by the General Assembly, the agency, board, or commission may not file that rule again for the remainder of that General Assembly.

Legislative Committee Members

JCARR is a ten-member joint legislative committee. The Speaker of the House of Representatives and the President of the Senate each appoint five members from their respective chambers to serve on the joint committee, with not more than three being

from the same political party. In odd-numbered years, the chairperson is a House member of the joint committee appointed by the Speaker of the House; in even-numbered years, the chairperson is a Senate member of the joint committee appointed by the President of the Senate. The budget bill specifies that the Chief Administrative Officer for the House and the Clerk of the Senate will determine, by mutual agreement, which of them will act as JCARR's fiscal agent.

Generally, JCARR meets and holds public hearings not less than once every three weeks throughout the year. Members are paid a per diem of \$150 for committee work on days when there is not a voting session for their house. In addition, members are reimbursed for necessary committee-related travel expenses.

JCARR has a staff of five full-time employees (FTEs), including an executive director, a deputy director, two rule analysts, and an administrative assistant.

Appropriation Overview¹

JCARR's estimated total FY 2013 expenditures are compared with the executive recommendations for FYs 2014 and 2015 in Table 1 immediately below. Most notable are two items. First, the recommended amounts represent an increase from estimated total FY 2013 expenditures of \$435,168. Second, all of JCARR's operating expenses are paid for with money appropriated from the General Revenue Fund (GRF).

Table 1. Executive Budget Recommendations, FY 2014-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$435,168	\$455,858	4.8%	\$456,376	0.1%
TOTAL	\$435,168	\$455,858	4.8%	\$456,376	0.1%

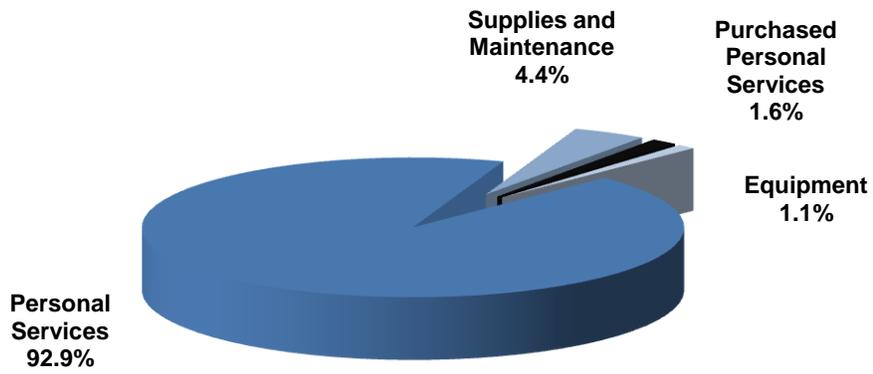
*FY 2013 figures represent estimated expenditures.

Expense Account Summary

Chart 1 below shows JCARR's total recommended appropriations (FY 2014 and FY 2015) by object of expense. All of these appropriated moneys will be allocated for operating expenses, most notably personal services (92.9%), which are payroll-related costs, including salaries, benefits, administrative charges, retirement, purchased time, and training.

¹ Pursuant to R.C. 107.03, the Governor is not permitted to make any alterations in the biennial budget requests submitted to the Office of Budget and Management by the legislative branch of the state. Thus, herein, as JCARR is an entity of the legislative branch of the state, the executive budget/recommendations reflect the appropriations as requested by JCARR.

Chart 1: Biennial Budget Recommendations by Object of Expense, FY 2014-FY 2015



ANALYSIS OF EXECUTIVE PROPOSAL

JCARR's operations are funded by a single line item that draws its appropriation from the GRF. Table 2 immediately below shows the recommended funding level for this line item in FY 2014 and FY 2015. It is followed by a description of how those recommended amounts will be allocated and some highlights of JCARR's rule review activity.

Table 2. Executive Recommended Funding for FY 2014-FY 2015				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	029321	Operating Expenses	\$455,858	\$456,376

Operating Expenses (GRF line item 029321)

Through GRF line item 029321, Operating Expenses, JCARR pays all of its operating expenses. The executive proposal recommends funding in the amount of \$455,858 for FY 2014, an amount that is \$20,690, or 4.8%, more than FY 2013 estimated expenditures of \$435,168. For FY 2015, the executive proposal recommends funding in the amount of \$456,376, an amount that is \$518, or 0.1%, more than the recommended funding for FY 2014. The recommended amounts will permit JCARR to maintain existing service and staffing levels.

The executive budget also contains a temporary law provision requiring the Director of Budget and Management, at the direction of the Executive Director of JCARR, to transfer all, or a portion, of the GRF line item's unexpended, unencumbered appropriation balance in FY 2013 to FY 2014, and similarly, from FY 2014 to FY 2015. Current law contains a similar provision relative to the transfer of the line item's unexpended, unencumbered appropriation balance from FY 2011 to FY 2012, and from FY 2012 to FY 2013.

Rule Statistics

The three state agencies with the largest number of rules are the Department of Job and Family Services (1,848), the Environmental Protection Agency (1,784), and the Department of Health (1,226). However, when examining its workload, JCARR distinguishes between a rule and a rule action. A rule refers to what is codified in the Administrative Code, while a rule action refers to actions taken during the rule review process. A rule may have more than one action associated with it.

Of the 8,697 rule actions taken by JCARR in FY 2012, close to 50% involved the following five state agencies.

- Department of Job and Family Services (15%)
- Environmental Protection Agency (14%)
- Department of Health (10%)
- State Racing Commission (4%)
- Ohio Casino Control Commission (4%)

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General Revenue Fund

GRF 029321 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$356,172	\$268,894	\$347,097	\$435,168	\$455,858	\$456,376
	-24.5%	29.1%	25.4%	4.8%	0.1%

Source: General Revenue Fund

Legal Basis: Section 311.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is used to pay for JCARR's operating expenses, including staff salaries, meeting and travel reimbursements for members, supplies and maintenance, and equipment. Related temporary law: (1) requires the Director of Budget and Management, at the direction of JCARR's Executive Director, to transfer all, or a portion, of the line item's unexpended, unencumbered appropriation from FY 2011 to FY 2012, and similarly, from FY 2012 to FY 2013, and (2) reappropriates the transferred amounts to the same line item. The FY 2014-FY 2015 executive budget contained in H.B. 59 of the 130th G.A. proposes a similar temporary law provision allowing the transfer and reappropriation of certified amounts from FY 2013 to FY 2014 and from FY 2014 to FY 2015.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
JCR Joint Committee on Agency Rule Review								
GRF	029321	Operating Expenses	\$ 347,097	\$ 435,168	\$ 455,858	4.75%	\$ 456,376	0.11%
General Revenue Fund Total			\$ 347,097	\$ 435,168	\$ 455,858	4.75%	\$ 456,376	0.11%
Joint Committee on Agency Rule Review Total			\$ 347,097	\$ 435,168	\$ 455,858	4.75%	\$ 456,376	0.11%