

LSC Redbook

Analysis of the Executive Budget Proposal

Office of Budget and Management

Jason Phillips, Senior Budget Analyst
Legislative Service Commission

February 2013

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 2014-FY 2015 Budget Issues	4
Ohio Shared Services.....	4
Internal Audit Program expansion.....	5
Office of Health Transformation.....	6
ANALYSIS OF EXECUTIVE PROPOSAL	7
Introduction	7
Category 1: Financial Accounting	8
Financial Management (042603)	8
Shared Services Operating (042620).....	11
Shared Services Development (042425)	14
Forgery Recovery (042604)	14
Category 2: Budget Development and Implementation	15
Budget Development and Implementation (042321)	15
Commission Closures (042409)	18
Category 3: Office of Health Transformation	19
Office of Health Transformation (042616 and 042606)	19

ATTACHMENTS:

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

Office of Budget and Management

- Total budget of \$56.6 million over the biennium
- Ohio Shared Services to implement three new service lines
- Proposed expansion of Office of Internal Audit jurisdiction

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 Ohio Shared Services 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 2012	FY 2013 Estimate	FY 2014 Recommended	FY 2015 Recommended
Ohio Shared Services	83	86	104	105
State Accounting	40	43	42	42
Internal Audit	29	30	30	30
Budget Development	30	30	29	29
Requirements & Configuration Management Team	17	17	17	17
Financial Reporting	8	8	8	8
Office of Health Transformation	5	5	6	6
Debt Management	4	4	4	4
Controlling Board	3	3	3	3
Financial Supervision	1	1	2	2
Total	221	227	245	245

As the table above indicates, the number of OBM employees is expected to grow in the upcoming biennium. This is due primarily to staff increases related to Ohio Shared Services. Note that positions for administration, information technology, and training are allocated throughout each of the programs listed above. These positions total to 43 in FY 2012, 45 in FY 2013, and 46 in each year of the FY 2014-FY 2015 biennium. In addition, OBM has ten nonpermanent employees, most of whom are interns that are budgeted by dollar amount rather than by full-time equivalency (FTE).

Appropriation Overview

The executive budget recommends \$28.1 million for OBM in FY 2014, a 3.5% increase compared to FY 2013 spending estimates of \$27.2 million. FY 2015 recommended funding is \$28.5 million, a 1.2% increase from the FY 2014 amount. Charges for Ohio Shared Services and other accounting and budgeting services that OBM provides are deposited into the State Accounting and Budgeting Fund (Fund 1050), part of the General Services Fund Group, and are used to fund the bulk of OBM operations. This fund group makes up about 81.8% of the proposed budget over the biennium. The next largest source of funding for OBM comes from the GRF, which represents 16.5% of the proposed biennium budget. Note that though GRF funding appears as if it is increasing substantially compared to FY 2013, this is due mostly to a change in the way funds for the development of new Ohio Shared Services service lines are accounted for. Currently, the funds are transferred from the GRF to the OAKS Project Implementation Fund (Fund 5N40). The executive budget proposes to fund these costs directly from the GRF. Table 2 below displays OBM's budget by fund group.

Table 2. Executive Budget Recommendations by Fund Group, FY 2014-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$3,402,418	\$4,741,675	39.4%	\$4,601,054	-3.0%
General Services	\$23,290,918	\$22,897,793	-1.7%	\$23,375,916	2.1%
Federal Special Revenue	\$438,723	\$438,723	0.0%	\$438,723	0.0%
Agency	\$49,000	\$40,000	-18.4%	\$40,000	0.0%
Total	\$27,181,059	\$28,118,191	3.5%	\$28,455,693	1.2%

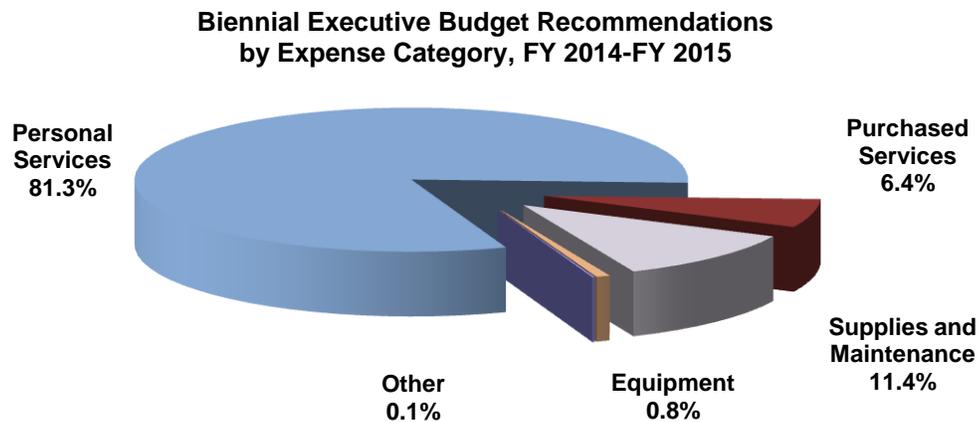
*FY 2013 figures represent estimated expenditures.

Funding Distribution

By Category of Expense

Most of OBM's expenditures over the FY 2014-FY 2015 biennium will be for payroll. Specifically, personal services expenses are budgeted at \$22.7 million in FY 2014, 4.6% higher than the \$21.7 million allotted for FY 2013. Such expenses are expected to increase by another 2.6%, to \$23.3 million in FY 2015. The overall growth in

payroll costs is primarily attributable to Ohio Shared Services and the Accounting Operations and Processing programs. The chart below shows the total biennium budget by category of expense.



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 Ohio Shared Services and the Office of Internal Audit, and accounts for 86.4% 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.

Table 3. FY 2014-FY 2015 Budget by Functional Category (\$ in millions)				
Functional Category	FY 2013 Estimate	FY 2014 Recommended	FY 2015 Recommended	Percent of Budget
Financial Accounting	\$23.3	\$24.2	\$24.7	86.4%
Budget Development & Implementation	\$2.9	\$3.0	\$2.9	10.4%
Office of Health Transformation	\$0.9	\$0.9	\$0.9	3.3%
Total	\$27.2	\$28.1	\$28.5	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, Ohio Shared Services comprises the largest portion of OBM's biennial budget, at \$20.3 million or 35.8%, followed by Accounting Operations and Processing, Budget Development and Implementation,

Internal Audit, Financial Reporting, the Office of Health Transformation, and several other smaller programs. Funding for central costs, such as OBM administration, information technology staff, and the Fiscal Training Academy, is allocated throughout the Budget Development and Implementation, Accounting Operations and Processing, Internal Audit, and Shared Services programs pursuant to formula calculations.

Table 4. FY 2014-FY 2015 Budget by Program (\$ in millions)				
Program	FY 2013 Estimate	FY 2014 Recommended	FY 2015 Recommended	Percent of Budget
Ohio Shared Services	\$9.8	\$10.1	\$10.2	35.8%
Accounting Operations and Processing	\$6.7	\$7.1	\$7.4	25.6%
Budget Development and Implementation	\$4.1	\$4.2	\$4.0	14.4%
Internal Audit	\$3.5	\$3.6	\$3.7	13.0%
Financial Reporting	\$1.2	\$1.2	\$1.2	4.3%
Office of Health Transformation	\$0.9	\$0.9	\$0.9	3.3%
Debt Management	\$0.4	\$0.4	\$0.5	1.6%
Controlling Board	\$0.3	\$0.3	\$0.3	1.1%
Financial Planning and Supervision Commissions	\$0.1	\$0.2	\$0.2	0.9%
Total	\$27.2	\$28.1	\$28.5	100%

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

FY 2014-FY 2015 Budget Issues

Ohio Shared Services

In FY 2009, OBM began the implementation of Ohio Shared Services (OSS), an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning system. OSS 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. OSS currently assists agencies with five basic service lines: accounts payable processing, travel and expense reimbursements, vendor management, document imaging and retention, and contact center assistance.

In the upcoming biennium, one of OSS's major initiatives is to implement three new service lines. The new service lines funded by the executive budget involve pre-collections activities, accounts receivable processing, and a Marketplace e-Catalog procurement solution. OSS's other major initiative will be to integrate additional agencies with OSS's accounts payable services and thus, increase transactional volume to achieve greater economies of scale. To incentivize agencies to use OSS accounts payable services, OSS has implemented a tiered pricing system whereby participating

agencies that reach certain percentages of "in-scope" vouchers processed by OSS receive progressively larger discounts on their per-voucher cost. Ultimately, OBM expects the number of agencies receiving accounts payable services from OSS to increase from 16 currently to 26 by the end of FY 2014.

Overall, the executive proposes a total budget for OSS of \$10.1 million in FY 2014 and \$10.2 million in FY 2015, up from the \$9.8 million allocated for FY 2013. OSS is currently 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), the last of which provides the funding for new service line development. The executive budget proposal eliminates the annual transfers into Fund 5N40 and instead funds service line development directly from GRF appropriation item 042425, Shared Services Development. The executive budget also proposes to separate the operating costs for OSS into its own line item to improve the visibility of the program. Currently, these costs are accounted for in GSF Fund 1050 line item 042603, renamed Financial Management in the executive proposal, which also provides the funding for a number of other accounting and budgeting programs.

Internal Audit Program Expansion

The Internal Audit Program evaluates the control and governance processes of state government. OIA services include operational audits, reviews of program and process design and effectiveness, and information system reviews. OIA also provides consultation on new projects or processes. The executive budget proposes to add four agencies to the jurisdiction of the Office of Internal Audit: the Rehabilitation Services Commission (proposed to be renamed the Opportunities for Ohioans with Disabilities Agency), the Public Utilities Commission of Ohio, the Office of the Adjutant General, and the State Lottery Commission. The executive budget also permits OIA to conduct an internal audit of other state government entities upon request. Entities requesting internal audits must be charged an amount sufficient to cover the audit's cost. The budget also makes several changes to State Audit Committee member qualifications and removes the Committee's duty to review and comment on the process used by OBM to prepare its annual budgetary financial report.

The executive budget allocates \$3.6 million in FY 2014 and \$3.7 million in FY 2015 for internal audit program functions, up slightly from the \$3.5 million allocated for FY 2013. While the overall number of OIA positions will remain the same, OBM will accommodate the additional workload by adding a staff auditor and eliminating a vacant administrative assistant position. Ultimately, the overall workload for OIA is driven by its annual audit plan, which is developed based on an assessment of risks to each organization and consultations with individual agency internal control staff and the Auditor of State. As a result, the proposed increase in OIA's jurisdiction does not

automatically require a significant increase in staff. The program is funded by a portion of the payroll check-off and direct charges to the agencies involved.

Office of Health Transformation

Created by executive order in January 2011, the Office of Health Transformation (OHT) replaced the Executive Medicaid Management Agency. OHT is funded out of OBM's budget using a combination of GRF and federal funds. OHT was initially 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. When OHT was created, the initial plan was to wrap up operations by the end of FY 2012. However, H.B. 487 of the 129th General Assembly, one of the Mid-Biennium Review bills, provided OHT appropriations through FY 2013 and the executive budget continues to fund OHT throughout the FY 2014-FY 2015 biennium. According to OBM, OHT's mission has been extended due to the complexities associated with managing the Medicaid Program, the enactment and implementation of the federal Affordable Care Act, and the proposed creation of the new Medicaid agency, all of which have required continued strategic planning. The executive proposes a total of \$923,209 in FY 2014 and \$937,294 in FY 2015 to continue OHT operations.

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. Financial 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	042409	Commission Closures		2: Budget Development and Implementation
GRF	042416	Office of Health Transformation		3: Office of Health Transformation
GRF	042425	Shared Services Development		1: Financial Accounting
General Services Fund Group				
1050	042603	Financial Management		1: Financial Accounting
1050	042620	Shared Services Operating		1: Financial Accounting
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, Ohio Shared Services operations and service line development, and 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 2014	FY 2015
General Revenue Fund				
GRF	042425	Shared Services Development	\$1,250,000	\$1,250,000
General Revenue Fund Subtotal			\$1,250,000	\$1,250,000
General Services Fund Group				
1050	042603	Financial Management	\$14,060,275	\$14,451,086
1050	042620	Shared Services Operating	\$8,837,518	\$8,924,830
General Services Fund Group Subtotal			\$22,897,793	\$23,375,916
Agency Fund Group				
5EH0	042604	Forgery Recovery	\$40,000	\$40,000
Agency Fund Group Subtotal			\$40,000	\$40,000
Total Funding: Financial Accounting			\$24,187,793	\$24,665,916

Financial Management (042603)

Moneys in this line item pay for the cost of accounting and budgeting services provided to state agencies by OBM. Specifically, the Accounting Operations and Processing, Internal Audit, Financial Reporting, and Budget Development and Implementation programs are all funded out of this line item. Also funded are a portion of agency central costs associated with administration, information technology, and the Fiscal Training Academy. These programs are funded by a payroll check-off deposited into the Accounting and Budgeting Fund (Fund 1050), though the Internal Audit Program also receives funding through direct charges paid by user agencies. The Budget Development and Implementation Program also receives 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 \$14.1 million in FY 2014, a 36.1% decrease compared to FY 2013 estimated spending of \$22.0 million. FY 2015 recommendations are increased 2.8% to \$14.5 million. The large decrease between FY 2013 estimated spending and the FY 2014-FY 2015 recommendations is due primarily to the separation of Ohio Shared Services' operating expenses into its own line item. According to OBM, this has been proposed to improve the visibility of the program. 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.

Table 5. Fund 1050, 042603, Financial Management Summary (in millions)			
Program	FY 2013 Estimate	FY 2014 Recommended	FY 2015 Recommended
Accounting Operations and Processing	\$6.7	\$7.1	\$7.3
Internal Audit	\$3.5	\$3.6	\$3.7
Budget Development and Implementation	\$2.1	\$2.2	\$2.2
Financial Reporting	\$1.2	\$1.2	\$1.2
Ohio Shared Services	\$8.5	\$0.0	\$0.0
Total	\$22.0	\$14.1	\$14.5

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 Statewide Cost Allocation Plan (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 as well as the state's e-Commerce Program, which includes 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.

Overall, the executive budget allocates \$7.1 million from the Financial Management appropriation in FY 2014, a 5.9% increase from FY 2013 estimated spending of \$6.7 million, and \$7.3 million in FY 2015, representing a 3.4% increase from the FY 2014 level. Growth in this program's budget is due primarily to vacancies in the RACM team (the FY 2013 estimate takes into account the lapses in payroll-related costs created by the vacancies whereas the figures for FY 2014 and FY 2015 assume full employment) and growth in the formula-driven allocation of administration costs to the program.

Internal Audit

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, which created the Office of Internal Auditing (OIA) within OBM and the independent State Audit Committee. Implementation of the program began in FY 2009. OIA services include operational audits, reviews of program and process design and effectiveness, and information system reviews. OIA also provides consultation on new projects or processes. OIA activities are based on an annual audit plan coordinated with the Auditor of State and the individual agency internal control offices. Audit plans are also reviewed by the State Audit Committee. Currently, 22 cabinet agencies fall under OIA's oversight.

The program is funded equally by a portion of the payroll check-off charged to the 22 agencies under OIA jurisdiction and direct charges for staff time to the agencies involved in OIA audits. Table 6 below illustrates the revenue sources and funding allocated for OIA for FY 2013 and the executive budget recommendations for FY 2014 and FY 2015. As the table shows, the Internal Audit Program will begin to break even in FY 2013. As the program has matured over the past five years, the program operated with annual net losses, which were covered through a drawdown of cash in the Accounting and Budgeting Fund (Fund 1050). According to OBM, review processes were refined during this time, allowing output to increase such that the program will hit full stride in terms of the number of billable hours being performed in FY 2013 and onward.

Table 6. Internal Audit Funding Sources, FY 2013-FY 2015 (in millions)			
Source	FY 2013	FY 2014	FY 2015
Direct Charges	\$1.6	\$1.8	\$1.8
Payroll Check-off	\$2.0	\$1.8	\$1.9
Operating Revenue Subtotal	\$3.5	\$3.6	\$3.7
OIA Program Allocation	\$3.5	\$3.6	\$3.7
Fund 1050 Subsidy Required	\$0.0	\$0.0	\$0.0

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

As indicated in the table above, the executive budget recommends \$3.6 million in FY 2014 and \$3.7 million in FY 2015 to fund this program. These amounts are slightly higher than the FY 2013 allocation of \$3.5 million. These funding allocations allow OIA to handle the increased workload associated with the executive budget proposal to add four more cabinet agencies to the office's jurisdiction: the Rehabilitation Services Commission (proposed to be renamed to the Opportunities for Ohioans with

Disabilities Agency), the Public Utilities Commission of Ohio, the Office of the Adjutant General, and the State Lottery Commission. OIA is able to accommodate the additional work through the addition of a staff auditor and the elimination of a vacant administrative assistant position. As noted above, OIA workload is driven by its annual audit plan, which is developed based on an assessment of risks to each organization and consultations with individual agency internal control staff and the Auditor of State. As a result, the proposed increase in OIA's jurisdiction does not automatically require a significant increase in staff.

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 \$1.2 million per fiscal year for this program through line item 042603, Financial Management, supporting eight permanent FTEs. These amounts are slightly higher than the FY 2013 allocation of \$1.15 million. A small portion of this program, comprising the costs associated with the audit of the 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 due to federal SWCAP requirements that prohibit the recovery of costs for legislative activities through the payroll charge. The program is discussed in greater detail in the Budget Development and Implementation functional category.

Shared Services Operating (042620)

This line item funds the operations of Ohio Shared Services (OSS) and a portion of agency central costs associated with administration, information technology, and the Fiscal Training Academy. Begun in FY 2009, OSS is an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning

system. OSS 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. OSS currently assists agencies with accounts payable services, such as invoice management and voucher processing and maintenance, document imaging and retention, travel and expense reimbursements, and vendor maintenance services, including vendor documentation and 1099 forms, invoice tracking, and vendor payment inquiries. In addition, OSS manages a contact center that provides support to its customers and assistance to OAKS users through the OAKS first-tier help desk.

One of OSS's major initiatives for the upcoming biennium will be to implement three new service lines funded in the executive budget. The three new service lines involve accounts receivable processing, a Marketplace e-Catalog procurement solution, and pre-collections activities. The accounts receivable service line will perform processing and billing activities for participating state agencies while the Marketplace e-Catalog will provide a single portal for agency procurement staff to purchase goods and services online from multiple state vendors. Invoicing of purchases through the system will be integrated into the state's accounting system, providing a more streamlined approach in the procure-to-pay process. It is also expected to increase the transactional volume of OSS without the need for additional staff. The Public Utilities Commission of Ohio will pilot the accounts receivable and pre-collections service lines. Under the pre-collections service line, participating agencies will turn over delinquent receivables to OSS when they become past due, typically after a bill goes unpaid for a month or so. OSS will then have 45 days to collect the overdue receivable. If OSS cannot collect, the delinquent receivables will be certified by OSS to the Office of the Attorney General (AGO) through a single portal. The AGO will then commence its collections activities as normal. Currently, individual agencies must certify delinquent receivables to AGO that are 45 days past due. Agency behavior with respect to collection and certification of past due bills varies. Thus, the new service line is expected to result in faster collections and an increase in certifications to AGO. As is the standard practice in the collections industry, a fee, based on a small percentage of the amount collected, will be deducted from the collected payment as compensation for OSS's efforts. OSS will use a vendor to coordinate the activities of subcontracted collections agencies (some subcontractors will compete with each other for work while other subcontractors will be chosen for specific cases that align with the subcontractors' specialties). The vendor will share in the proceeds of the collections fee. The portion of the fee retained by OSS will be deposited into Fund 1050 to support OSS operations. The pre-collections service line is expected to go live in FY 2013 while the other two new service lines will go live in early FY 2014.

OSS's other major initiative will be to integrate the remaining large agencies into the accounts payable service line. Currently, OSS provides accounts payable services to 16 agencies. It had been OSS's goal to have 25 agencies integrated into the service line by the end of FY 2013. According to OBM, integration was slower than expected in the current biennium due to a number of factors, including overly aggressive expectations and the ability of agencies and OSS staff to move through the necessary steps to bring on an agency. In the second quarter of FY 2013, OSS introduced a tiered pricing system to encourage agencies to use OSS accounts payable services in the hopes of increasing the volume of vouchers processed by OSS, and thus, the economies of scale that can be achieved. Under this system, agencies that reach certain percentages of "in-scope" vouchers processed by OSS will receive certain discounts on their per-voucher cost. As the percentage of in-scope vouchers processed by OSS increases, the tiered pricing system increases the discount provided. Ultimately, OBM expects OSS to provide accounts payable services to 26 agencies by the end of FY 2014.

OSS operating costs are funded by a combination of direct charges to agencies based on a per-voucher cost for accounts payable and travel and expense reimbursement transactions and a portion of the payroll check-off, which supports the cost for vendor maintenance and contact center assistance. Table 7 below illustrates the funding allocated for OSS for FY 2013 and the executive budget recommendations for FY 2014 and FY 2015. As the table shows, OSS will operate at a net loss in FY 2013, though the cash subsidy from Fund 1050 is expected to cease in FY 2014 as additional agencies are integrated into OSS and thus, more transactions are processed.

Source	FY 2013	FY 2014	FY 2015
Direct Charges	\$4.7	\$6.7	\$6.9
Payroll Check-off	\$3.0	\$2.2	\$2.1
Fund 5N40/GRF	\$1.3	\$1.3	\$1.3
Operating Revenue Subtotal	\$9.0	\$10.1	\$10.2
Budgeted Operating and Development Costs	\$9.8	\$10.1	\$10.2
Fund 1050 Subsidy Required	\$0.8	\$0.0	\$0.0

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

The executive budget allocates \$8.8 million in FY 2014 for OSS operating costs, an increase of 4.4% over the FY 2013 allocation of operating costs for the OSS within Fund 1050 line item 042603, Financial Management, and \$8.9 million in FY 2015, an increase of 1.0% from the FY 2014 level. Costs associated with OSS's development of new service lines, amounting to \$1.25 million per year in FY 2014 and FY 2015, are borne by GRF line item 042425, Shared Services Development, 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 OSS of \$10.1 million in FY 2014 and \$10.2 million in FY 2015, up from the \$9.8 million allocated for FY 2013.

Shared Services Development (042425)

This GRF line item will fund the continued development and implementation of service lines offered by OSS. Currently, these costs are disbursed through the OAKS Project Implementation Fund (Fund 5N40), which is supported by transfers from the GRF. However, the executive recommendation proposes to fund service line development directly from funds appropriated from the GRF. In the FY 2014-FY 2015 biennium, the line item will be used primarily to fund the planning, design, and implementation of the three new OSS service lines discussed above. More specifically, most of the line item is used to pay the payroll-related costs of project managers and agency integration staff. As noted previously, federal guidelines require projects to be fully operational before the costs can be recovered through the SWCAP. This means that these costs cannot be paid for out of the Accounting and Budgeting Fund (Fund 1050). As a result, OBM uses the GRF for this purpose.

The executive recommendation funds this line item at \$1.25 million in each year of the biennium, representing slightly less funding than the FY 2013 estimate of \$1.3 million for the non-GRF line item (042602, OAKS Project Implementation) currently supporting these costs.

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 budget provides \$40,000 in each fiscal year for this purpose and appropriates any additional amounts that may be needed to reissue warrants backed by the receipt of funds.

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 items providing funding for these activities are listed in the table below.

Governor's Recommended Funding for Budget Development and Implementation				
Fund		ALI and Name	FY 2014	FY 2015
General Revenue Fund				
GRF	042321	Budget Development and Implementation	\$2,703,189	\$2,697,483
GRF	042409	Commission Closures	\$304,000	\$155,000
General Revenue Fund Subtotal			\$3,007,189	\$2,852,483
Total Funding: Budget Development and Implementation			\$3,007,189	\$2,852,483

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. Also funded are a portion of agency central costs associated with administration, information technology, and the Fiscal Training Academy. A small portion also funds Financial Planning Supervision Commissions and the audit of the Auditor of State. The executive recommendation provides approximately \$2.7 million for this line item in FY 2014, a 14.9% increase from the FY 2013 estimate of \$2.4 million, and essentially flat funding in FY 2015. As the funding summary below shows, most of the increase in funding for this line item is due to the Budget Development and Implementation Program. Also increased is the budget for Financial Planning and Supervision Commissions. Details concerning these programs are provided below.

Program	FY 2013 Estimate	FY 2014 Recommended	FY 2015 Recommended
Budget Development and Implementation	\$1.5	\$1.7	\$1.6
Debt Management	\$0.4	\$0.4	\$0.5
Controlling Board	\$0.3	\$0.3	\$0.3
Financial Planning and Supervision Commissions	\$0.1	\$0.2	\$0.2
Financial Reporting	<\$0.1	<\$0.1	<\$0.1
Total	\$2.4	\$2.7	\$2.7

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.

The executive recommendation provides GRF funding of about \$1.7 million in FY 2014, an increase of 14.3% from the FY 2013 GRF allocation of \$1.5 million. The FY 2015 allocation is \$1.4 million, 3.0% less than the FY 2014 amount. 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, Financial Management (see page 11). Overall, between the GRF and Fund 1050, the program has recommended appropriations of \$3.9 million in FY 2014, an increase of 7.4% over the FY 2013 allocation of \$3.6 million, and \$3.8 million in FY 2015, which represents a 1.3% decrease from FY 2014.¹ The increased level of funding for the FY 2014-FY 2015 biennium is due primarily to the resumption of annual membership dues payments for the National Governor's Association (these costs were formerly paid out of the Governor's budget during the prior administration) and costs related to the implementation of a new Budget and Planning Module in OAKS.

¹ Note that these figures exclude the one-time GRF appropriation of \$500,000 in FY 2013 to cover expenses associated with the liquor enterprise transaction and the amounts appropriated in GRF line item 042409, Commission Closures, both of which are accounted for in the Budget Development and Implementation 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, and the Buckeye Tobacco Settlement Financing Authority, the entity created in 2007 to issue bonds backed by (or "securitize") Tobacco Master Settlement Agreement payments. Of late, this program has also assisted with the management and structuring of the liquor enterprise transaction, which transfers the state's spirituous liquor merchandising operations and sales rights to JobsOhio in exchange for a large upfront payment supported by the issuance of revenue bonds. The executive recommendation provides \$447,098 in FY 2014 and \$463,448 in FY 2015, amounts that represent increases of 2.5% and 3.7%, respectively, most of which reflects increases in payroll-related costs.

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 commissions. OBM staff act as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight. The Controlling Board Program also funds OBM's legislative liaison functions. 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 \$307,394 in FY 2014 and \$316,568 in FY 2015 for Controlling Board Program expenses. Each year's funding represents about a 3% increase from the year prior, mostly due to payroll-related expenses.

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. Currently, there are 25 active municipal commissions and six

active school district commissions. The executive proposal provides a substantial increase in funding for this program. FY 2014 funding of \$241,946 nearly doubles the FY 2013 allocation of \$121,680. The amount allocated for FY 2015 increases slightly to \$247,920. The additional funding will allow for one additional position to be added for this program if the number of fiscal emergencies declared makes it so that the current one FTE can no longer effectively manage the work associated with this program.

Financial Reporting

A small portion of this line item, roughly \$40,000 per fiscal year, will pay the costs associated with the audit of the Auditor of State.

Commission Closures (042409)

This GRF line item is used to pay for any outstanding or unanticipated costs of agencies, boards, or commissions that are discontinued. In the FY 2012-FY 2013 biennium, the line item was used to pay costs associated with the closure of the Commission on Dispute Resolution and Conflict Management, the School Employees Health Care Board, the Legal Rights Service, and the Workers' Compensation Council. These expenses amounted to about \$30,000 in FY 2012 with about \$50,000 expected to be spent for this purpose in FY 2013. For the upcoming biennium, the line item is proposed to be used to cover costs associated with the closure of the eTech Ohio Commission, the Medical Transportation Board, and the Cultural Facilities Commission, each of which are being folded into other agencies. The Governor's proposal budgets \$304,000 in FY 2014 and \$155,000 in FY 2015 for these purposes. Of the total amount recommended over the biennium, \$387,000 is budgeted for unemployment compensation costs, \$36,000 for final audits, and \$36,000 for miscellaneous closing costs and bills.

Category 3: Office of Health Transformation

Governor's Recommended Funding for the Office of Health Transformation				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	042416	Office of Health Transformation	\$484,486	\$498,571
General Revenue Fund Subtotal			\$484,486	\$498,571
Federal Special Revenue Fund Group				
3CM0	042606	Office of Health Transformation – Federal	\$438,723	\$438,723
Federal Special Revenue Fund Group Subtotal			\$438,723	\$438,723
Total Funding: Office of Health Transformation			\$923,209	\$937,294

Office of Health Transformation (042616 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. With a current staff of five, OHT coordinates the state agencies that administer federal health care programs and initiatives. OHT's initiatives are centered on modernizing Medicaid, streamlining health and human services, and improving overall health system performance. OHT is funded with a combination of GRF funds and federal 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.

Overall, the executive recommendation provides \$923,209 for OHT in FY 2014, a 1.6% decrease from FY 2013 estimated spending of \$937,975. FY 2015 recommended appropriations amount to \$937,294, a 1.5% increase from FY 2014. Though overall funding is either less than or essentially flat with the FY 2013 level, the executive proposal enables OHT to add a full-time position in FY 2014 to expand the coordination and management of reform implementation. The additional payroll related expenditures from the new position are offset by a drop in budgeted costs in other spending categories, primarily supplies and maintenance.

Office of Budget and Management

General Revenue Fund

GRF 042321 Budget Development and Implementation

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,832,925	\$2,179,160	\$2,012,297	\$2,353,166	\$2,703,189	\$2,697,483
	18.9%	-7.7%	16.9%	14.9%	-0.2%

Source: General Revenue Fund

Legal Basis: ORC 126, 127, 117.14, 118.05, and 3316.05; Section 229.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Sub. H.B. 215 of the 122nd G.A.)

Purpose: Moneys in this line item pay for the Budget Development and Implementation Program, which evaluates agency budget requests, prepares the state operating and capital budget recommendations for submission to the General Assembly every two years, and develops economic forecasts and revenue estimates. After the budget is enacted, the program oversees the preparation of agency allotment plans, monitors agency spending, and provides policy, program, and technical assistance to state agencies as needed. This line item also pays for the administrative oversight of the Controlling Board, debt management, OBM's involvement in municipal and school district financial planning commissions, the cost of the National Association of State Budget Officer (NASBO) dues, and the audit of the Auditor of State.

GRF 042409 Commission Closures

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$30,213	\$50,000	\$304,000	\$155,000
	N/A	N/A	65.5%	508.0%	-49.0%

Source: General Revenue Fund

Legal Basis: Section 229.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item is used to pay for any outstanding or unanticipated costs of agencies, boards, or commissions that are discontinued. In FY 2012 and FY 2013, Am. Sub. H.B. 153 permits this line item to be used to pay costs, including final payroll expenses if necessary, associated with the closure of the Commission on Dispute Resolution and Conflict Management, the School Employees Health Care Board, the Legal Rights Service, and the Workers' Compensation Council. The Director of OBM may request Controlling Board approval for funds to be transferred to this line item from GSF Fund 5KM0 appropriation item 911614, CB Emergency Purposes, for anticipated expenses associated with agency closures.

Office of Budget and Management

GRF 042410 National Association Dues

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$30,448	\$31,361	\$0	\$0	\$0	\$0
	3.0%	-100%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: Moneys in this line item paid Ohio's annual membership dues for the National Association of State Budget Officers (NASBO). The dues are now paid from GRF appropriation item 042321, Budget Development and Implementation.

GRF 042412 Audit of Auditor of State

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$41,625	\$38,992	\$0	\$0	\$0	\$0
	-6.3%	-100%	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This appropriation was used to pay for an annual audit of the Auditor of State's office. These costs are now paid from GRF appropriation item 042321, Budget Development and Implementation.

GRF 042416 Office of Health Transformation

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$292,924	\$252,558	\$259,858	\$499,252	\$484,486	\$498,571
	-13.8%	2.9%	92.1%	-3.0%	2.9%

Source: General Revenue Fund

Legal Basis: Section 229.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 699 of the 126th G.A.)

Purpose: Moneys in this line item fund the administrative expenses of the Office of Health Transformation (OHT). OHT's initiatives center around modernizing Medicaid, streamlining health and human services, and improving overall health system performance. Federal funding for OHT is found in FED Fund 3CM0 appropriation item 042606, Office of Health Transformation - Federal.

Office of Budget and Management

GRF 042423 Liquor Enterprise Transaction

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$500,000	\$0	\$0
	N/A	N/A	N/A	-100%	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item

Purpose: This line was used to retain or contract for the services of commercial appraisers, underwriters, investment bankers, and financial advisers that are necessary to commence negotiation of the agreement transferring the state's liquor enterprise to JobsOhio to provide a revenue source for that organization's economic development efforts. Any amounts expended from this line item must be reimbursed from the proceeds of the transaction.

GRF 042425 Shared Services Development

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$1,250,000	\$1,250,000
	N/A	N/A	N/A	N/A	0.0%

Source: General Revenue Fund

Legal Basis: As proposed in H.B. 59 of the 130th G.A.

Purpose: This line item will be used to pay the costs of projects associated with the development of Ohio Shared Services (OSS). OSS leverages the state's accounting system 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. Currently, these costs are paid from GSF Fund 5N40 appropriation item 042602, OAKS Project Implementation, which is supported by transfers from the GRF.

GRF 042435 Gubernatorial Transition

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$215,414	\$9,647	\$0	\$0	\$0
	N/A	-95.5%	-100%	N/A	N/A

Source: General Revenue Fund

Legal Basis: As needed line item; ORC 107.30 (originally established by Sub. H.B. 215 of the 122nd G.A.)

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 Financial Management

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$26,107,446	\$19,645,571	\$18,384,363	\$21,994,918	\$14,060,275	\$14,451,086
	-24.8%	-6.4%	19.6%	-36.1%	2.8%

Source: General Services Fund Group: A variable payroll charge ranging from 0.224% to 0.998% of gross pay per employee in FY 2013 to state agencies (the percentage varies by agency based on operating expenses), direct charges to agencies for internal auditing and Ohio Shared Services usage, state payment card rebates, and other miscellaneous income

Legal Basis: ORC 126.25; Section 229.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by the Controlling Board in June 1971)

Purpose: Moneys in this line item pay for the cost of the state's accounting operations, the Office of Internal Audit, financial reporting activities, as well as a majority of the costs associated with budgeting services provided to state agencies by OBM. The FY 2012-FY 2013 budget requires this appropriation to pay all costs associated with single audit schedules or financial statements prepared in conformance with generally accepted accounting principles. Currently, this line item also funds the operating costs of Ohio Shared Services (OSS). Beginning in FY 2014, the executive budget provides OSS operating support through GSF Fund 1050 appropriation item 042620, Shared Services Operating.

1050 042620 Shared Services Operating

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$0	\$8,837,518	\$8,924,830
	N/A	N/A	N/A	N/A	1.0%

Source: General Services Fund Group: A variable payroll charge to state agencies (the percentage varies by agency based on operating expenses), direct charges to agencies for Ohio Shared Services usage, state payment card rebates, and other miscellaneous income

Legal Basis: As proposed in H.B. 59 of the 130th G.A.

Purpose: This line item pays the operating costs associated with Ohio Shared Services (OSS). OSS leverages the state's accounting system 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. Currently, OSS assists its client agencies with accounts payable services, travel and expense reimbursements, vendor management, enterprise content management, and contact center assistance. Prior to FY 2014, these expenditures came from line item 042603.

Office of Budget and Management

5N40 042602 OAKS Project Implementation

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,150,379	\$1,044,944	\$922,419	\$1,296,000	\$0	\$0
	-9.2%	-11.7%	40.5%	-100%	N/A

Source: General Services Fund Group: GRF transfers to Fund 5N40

Legal Basis: Discontinued line item (originally established by the Controlling Board on December 18, 2000)

Purpose: This line item was used to pay the costs of projects associated with the development of Ohio Shared Services (OSS). OSS leverages the state's accounting system 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. For the FY 2012-FY 2013 biennium, this line item is primarily used to integrate agencies into OSS and implement new service lines. Under Am. Sub. H.B. 153 of the 129th G.A., \$1.1 million has been transferred in both FY 2012 and FY 2013 from the GRF to Fund 5N40 for those purposes. Beginning in FY 2014, the executive proposes to fund these costs directly from GRF item 042425, Shared Services Development. As a result, the executive also proposes to transfer any remaining cash in Fund 5N40 to the GRF and then abolish the fund.

5Z80 042608 Office of Health Transformation Administration

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$57,278	\$0	\$0	\$0
	N/A	N/A	-100%	N/A	N/A

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

Legal Basis: Discontinued line item (originally established by Controlling Board on December 17, 2007)

Purpose: This line item was used to supplement GRF funding in appropriation item 042416, Office of Health Transformation, to provide the state match required to obtain federal funding for the administrative expenses of the Office of Health Transformation (OHT). Funds in this line item were comprised of revenue received several years ago via Executive Medicaid Management Administration (the entity OHT replaced) charges to the seven Medicaid agencies. These billings were abandoned once federal funding was secured. In FY 2014, the executive proposes to transfer the small amount of cash remaining in Fund 5Z80 to the GRF and then abolish the fund.

Office of Budget and Management

Federal Special Revenue Fund Group

3CM0 042606 Office of Health Transformation - Federal

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$188,228	\$231,649	\$263,145	\$438,723	\$438,723	\$438,723
	23.1%	13.6%	66.7%	0.0%	0.0%

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. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: Moneys in this line item provide the federal share of funding for the administrative expenses of the Office of Health Transformation (OHT). OHT's initiatives are centered around modernizing Medicaid, streamlining health and human services, and improving overall health system performance. State funding for OHT is found in GRF appropriation item 042416, Office of Health Transformation.

Agency Fund Group

5EH0 042604 Forgery Recovery

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$21,485	\$22,182	\$12,445	\$49,000	\$40,000	\$40,000
	3.2%	-43.9%	293.7%	-18.4%	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. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 119 of the 127th 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 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					
OBM Office of Budget and Management								
GRF	042321	Budget Development and Implementation	\$ 2,012,297	\$ 2,353,166	\$ 2,703,189	14.87%	\$ 2,697,483	-0.21%
GRF	042409	Commission Closures	\$ 30,213	\$ 50,000	\$ 304,000	508.00%	\$ 155,000	-49.01%
GRF	042416	Office of Health Transformation	\$ 259,858	\$ 499,252	\$ 484,486	-2.96%	\$ 498,571	2.91%
GRF	042423	Liquor Enterprise Transaction	\$ 0	\$ 500,000	\$ 0	-100.00%	\$ 0	N/A
GRF	042425	Shared Services Development	\$ 0	\$ 0	\$ 1,250,000	N/A	\$ 1,250,000	0.00%
GRF	042435	Gubernatorial Transition	\$ 9,647	\$ 0	\$ 0	N/A	\$ 0	N/A
General Revenue Fund Total			\$ 2,312,014	\$ 3,402,418	\$ 4,741,675	39.36%	\$ 4,601,054	-2.97%
1050	042603	Financial Management	\$ 18,384,363	\$ 21,994,918	\$ 14,060,275	-36.07%	\$ 14,451,086	2.78%
1050	042620	Shared Services Operating	\$ 0	\$ 0	\$ 8,837,518	N/A	\$ 8,924,830	0.99%
5N40	042602	OAKS Project Implementation	\$ 922,419	\$ 1,296,000	\$ 0	-100.00%	\$ 0	N/A
5Z80	042608	Office of Health Transformation Administration	\$ 57,278	\$ 0	\$ 0	N/A	\$ 0	N/A
General Services Fund Group Total			\$ 19,364,060	\$ 23,290,918	\$ 22,897,793	-1.69%	\$ 23,375,916	2.09%
3CM0	042606	Office of Health Transformation - Federal	\$ 263,145	\$ 438,723	\$ 438,723	0.00%	\$ 438,723	0.00%
Federal Special Revenue Fund Group Total			\$ 263,145	\$ 438,723	\$ 438,723	0.00%	\$ 438,723	0.00%
5EH0	042604	Forgery Recovery	\$ 12,445	\$ 49,000	\$ 40,000	-18.37%	\$ 40,000	0.00%
Agency Fund Group Total			\$ 12,445	\$ 49,000	\$ 40,000	-18.37%	\$ 40,000	0.00%
Office of Budget and Management Total			\$ 21,951,664	\$ 27,181,059	\$ 28,118,191	3.45%	\$ 28,455,693	1.20%