

# **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 2016-FY 2017 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 single line item, and the LSC budget spreadsheet, which summarizes the line item's recent expenditure and appropriations history.

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## **ATTACHMENTS:**

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

# Joint Committee on Agency Rule Review

- GRF-funded entity
- 8.1% and 3.9% annual funding increases over the biennium
- Over 9,200 rule actions taken in FY 2014

## 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1977, the Joint Committee on Agency Rule Review (JCARR) is responsible for the oversight of proposed new, amended, and rescinded rules from certain state agencies, boards, and commissions.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 and Staff

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.

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 four full-time employees, including an executive director, a deputy director, a rule analyst, and a rule processor.

### Appropriation Overview

R.C. 107.03(B) states that "no alterations shall be made in the [budget] requests for the legislative and judicial branches of the state filed with the director of budget and management . . ." Therefore, the Governor has made no alterations to the budget request submitted by JCARR.

As seen in the following table, JCARR's entire budget is appropriated from the General Revenue Fund (GRF). The recommended funding is an increase of \$36,763 (8.1%) in FY 2016 and \$19,114 (3.9%) in FY 2017.

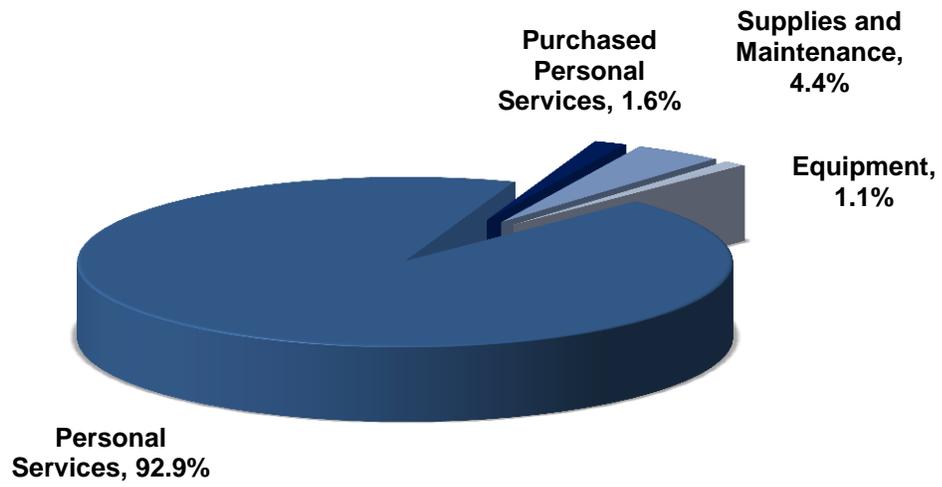
**Table 1. Executive Budget Recommendations, FY 2016-FY 2017**

Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
General Revenue	\$456,376	\$493,139	8.1%	\$512,253	3.9%
<b>TOTAL</b>	<b>\$456,376</b>	<b>\$493,139</b>	<b>8.1%</b>	<b>\$512,253</b>	<b>3.9%</b>

\*FY 2015 figures represent estimated expenditures.

Chart 1 shows JCARR's total recommended appropriations for FY 2016 and FY 2017 by object of expense. JCARR's appropriation is primarily for personal services (92.9%), which are payroll-related costs, including salaries, benefits, administrative charges, retirement, purchased time, and training. The remaining portion of the appropriation is for supplies and maintenance (4.4%), purchased personal services (1.6%), and equipment (1.1%).

**Chart 1: Biennial Budget Recommendations by Object of Expense  
FY 2016-FY 2017**



## ANALYSIS OF EXECUTIVE PROPOSAL

JCARR's operations are funded by a single line item that draws its appropriation from the GRF. The table below shows the recommended funding for this line item.

Recommended Funding for FY 2016-FY 2017				
Fund	ALI and Name		FY 2016	FY 2017
<b>General Revenue Fund</b>				
GRF	029321	Operating Expenses	\$493,139	\$512,253

JCARR uses GRF line item 029321, Operating Expenses, to pay all of its operating expenses. The executive proposal recommends funding in the amount of \$493,139 for FY 2016, an amount that is \$36,763, or 8.1%, more than FY 2015 estimated expenditures of \$456,376. For FY 2017, the executive proposal recommends funding in the amount of \$512,253, an amount that is \$19,114, or 3.9%, more than the recommended funding for FY 2016. The recommended amounts will allow JCARR to maintain existing service and staffing levels and bring salary levels in line with other state agencies.

The executive budget 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 line item's unexpended, unencumbered appropriation balance in FY 2015 to FY 2016, and similarly, from FY 2016 to FY 2017. Current law contains a similar provision relative to the transfer of the line item's unexpended, unencumbered appropriation balance from FY 2013 to FY 2014, and from FY 2014 to FY 2015.

### Rule Statistics

The three state agencies with the largest number of rules are the Environmental Protection Agency (1,823), the Department of Job and Family Services (1,549), and the Department of Health (1,270). However, when examining 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. As such, a rule may have more than one action associated with it, and rule actions are a better gauge of JCARR's actual workload. Of the 9,232 rule actions taken by JCARR in FY 2014, the largest number of rule actions related to the Department of Job and Family Services (1,376), the Department of Health (802), and the State Board of Cosmetology (421).

## Joint Committee on Agency Rule Review

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### General Revenue Fund

#### GRF 029321 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$347,097	\$357,660	\$394,788	\$456,376	<b>\$493,139</b>	<b>\$512,253</b>
	3.0%	10.4%	15.6%	<b>8.1%</b>	<b>3.9%</b>

**Source:** General Revenue Fund

**Legal Basis:** Section 303.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** This line item is used to pay for the Joint Committee on Agency Rule Review's (JCARR) operating expenses.

## FY 2016 - FY 2017 Introduced Appropriation Amounts

## All Fund Groups

### Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	FY 2017	% Change	
					% Change		% Change	
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>JCR Joint Committee on Agency Rule Review</b>								
GRF	029321	Operating Expenses	\$ 394,788	\$ 456,376	\$ 493,139	8.06%	\$ 512,253	3.88%
<b>General Revenue Fund Total</b>			<b>\$ 394,788</b>	<b>\$ 456,376</b>	<b>\$ 493,139</b>	<b>8.06%</b>	<b>\$ 512,253</b>	<b>3.88%</b>
<b>Joint Committee on Agency Rule Review Total</b>			<b>\$ 394,788</b>	<b>\$ 456,376</b>	<b>\$ 493,139</b>	<b>8.06%</b>	<b>\$ 512,253</b>	<b>3.88%</b>