

Greenbook

LBO Analysis of Enacted Budget

Office of Budget and Management

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Office of Budget and Management

Quick look...

- The Office of Budget and Management (OBM) provides financial management and policy analysis to help ensure responsible use of state resources.
- OBM employed a total of 175 employees as of July 2021, and three additional funded positions were vacant as of that date.
- The budget appropriates \$46.4 million for FY 2022 and \$28.4 million for FY 2023.
 - OBM received federal Coronavirus Relief Fund appropriations to distribute to counties, Medicaid providers, hospitals, state agencies, and others in FY 2020 and FY 2021. The budget provides another \$19 million in FY 2022 from this funding source.
 - The budget creates a new DPF line item for the Ohio Humanities Council in FY 2022.

Fund Group	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
General Revenue (GRF)	\$4,058,623	\$3,484,653	\$4,128,353	\$4,128,353
Dedicated Purpose (DPF)	\$384,919,945	\$1,366,389,752	\$19,000,000	\$0
Internal Service Activity (ISA)	\$20,319,941	\$20,038,533	\$23,230,000	\$24,250,000
Fiduciary (FID)	\$12,652	\$10,508	\$30,000	\$30,000
Total	\$409,311,162	\$1,389,923,447	\$46,388,353	\$28,408,353
% change	--	239.6%	-96.7%	-38.8%
GRF % change	--	-14.1%	18.5%	0.0%

Overview

Agency overview

The mission of the Office of Budget and Management (OBM) is to provide policy analysis, fiscal research, and financial management services to the Governor and agencies of state government, helping to ensure the proper and responsible use of state resources. OBM provides the Governor with technical expertise to prepare and implement the next biennial budget and offers services to both their state agency customers and the general public.

OBM collaborated with the State Treasurer's Office (TOS) and the Department of Administrative Services (DAS) to create a new financial transparency website, the *Ohio Checkbook*. This website combines the local financial data from the previous *Ohio Checkbook* website and the state financial data from the *Ohio Interactive Budget* website to create a single, one-stop resource for those interested in state and local government spending. The enacted budget codified many of these existing practices by requiring OBM, TOS, and DAS to jointly establish and maintain the "Ohio State and Local Government Expenditure Database."

The Ohio Administrative Knowledge System (OAKS) administers all accounting activities in the state through its financial application. OBM utilizes this vital software program to process fiscal transactions, manage the state's payment card program, monitor transactions, and provide support for agencies that use the OAKS module as a source of information. OAKS is an important cog in the hub of state finance, and is maintained entirely through OBM's Accounting Operations and Processing Department.

The Ohio Grants Partnership was created by OBM in February 2020 to support Ohio's grant management community by allowing state enterprises to track grant awards and coordinate with each other. Shortly after its formation, the COVID-19 pandemic accelerated OBM's plans for a consolidated grants department that serves the entire enterprise. In a short period of time, the Ohio Grants Partnership has become the centralized resource for COVID-19 relief fund disbursement.

Appropriation summary

The enacted budget provides FY 2022 funding for OBM totaling \$46.4 million, which is \$1.34 billion (96.7%) less than FY 2021 actual expenditures. The decline is almost entirely attributable to reduced expenditures from the Coronavirus Relief Fund (Fund 5CV1). That fund's primary revenue source was one-time federal funds made available under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Fiscal year 2022 state-funded appropriations grow by \$3.9 million (16.4%), as compared to prior year spending. Total funding in FY 2023, \$28.4 million, is \$18.0 million (38.8%) less than total FY 2022 funding, as Fund 5CV1 appropriations decrease by \$19.0 million while state-funded appropriations grow by \$1.0 million (3.7%). The table shown in the **"Quick look"** section presents the enacted budget's appropriations by fund group.

Separately, H.B. 168 of the 134th General Assembly appropriated \$422 million in FY 2022 for DPF item 042526, Coronavirus Local Fiscal Recovery. The item spends one-time federal funds made available under the federal American Rescue Plan Act of 2021 (ARPA). OBM is responsible for disbursing funds to nonentitlement units of local government (i.e., cities, villages, and townships) in accordance with ARPA provisions and subsequent guidance issued under that act.

OBM oversight

The budget enacted codified law eliminating the OBM Director's oversight regarding internal agency fund assessments and allocations for a variety of funds administered by the Department of Commerce, Department of Agriculture, Department of Health, and the Environmental Protection Agency.

The budget made the OBM Director responsible for multiple cash and appropriation transfers as well as other analogous duties and accounting procedures. All of these budget provisions are consistent with the scope of OBM's continuing authority. Most of the cash transfers authorized are specified as to timing, amounts, and the funds involved, but H.B. 110 authorized the Director to transfer up to \$200 million during the FY 2022-FY 2023 biennium from other funds to the GRF, giving the Director discretion about the timing of those transfers and the funds from which they would be made.

Budget Stabilization Fund

The budget requires the investment earnings of the Budget Stabilization Fund (Fund 7013) to be credited to the fund. This provision diverts tens of millions of dollars from the GRF by crediting them to Fund 7013. The fund had a balance of \$2.69 billion at the end of the three previous fiscal years, FY 2019-FY 2021, and annual investment earnings ranged from \$18.3 million to \$54.5 million over that period.

Section 131.44 of the Revised Code requires that the OBM Director transfer “surplus revenue” from the year-end GRF balance to Fund 7013. The budget suspended this provision for two years, so the FY 2021 and FY 2022 ending balances will remain in the GRF, except that H.B. 110 also required transfers from the FY 2021 ending balance to specified non-GRF funds amounting to \$1.47 billion, notwithstanding codified law. Continuing law requires 0.5% of the FY 2021 GRF revenue, or \$197.7 million, to remain in the GRF, and surplus revenue over that amount be transferred to Fund 7013 until the Fund 7013 cash balance equals 8.5% of FY 2021 GRF revenue.¹ Fiscal year 2021 GRF revenues were \$39.55 billion, so the current target balance for Fund 7013 would be \$3.36 billion. Therefore, these provisions of the budget prevented nearly \$670 million from being deposited into Fund 7013 by the OBM Director in July 2021. The FY 2021 GRF unencumbered ending balance was \$4.03 billion, so after the required transfers to non-GRF funds, the residual amount, \$2.56 billion, remained in the GRF for FY 2022 expenditures and transfers out.

Fund 7013 is within the OBM budget, but it does not have an appropriation for the FY 2022-FY 2023 biennium, and the last transfer out from Fund 7013 occurred during FY 2009.

Analysis of FY 2022-FY 2023 budget

This section provides an analysis of the funding for each appropriation item in OBM’s budget. A narrative describes how each appropriation is used and any changes affecting the appropriation enacted in the budget.

General Revenue Fund Group

The budget consolidated two GRF line items beginning in FY 2022. GRF item 042321, Budget Development and Implementation, was combined with GRF item 042425, Shared Services Development. The name of item 042321 was changed to “Operating Expenses” in order to reflect the broader nature of this continuing line item. The other line item, 042425, was discontinued.

¹ Codified law requires that surplus revenue over that, if any, be deposited into the Income Tax Reduction Fund.

Operating Expenses (ALI 042321)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 042321, Operating Expenses (formerly Budget Development and Implementation)					
\$3,042,783	\$3,000,851	\$3,043,100	\$2,921,705	\$4,128,353	\$4,128,353
% change	-1.4%	1.4%	-4.0%	41.3%	0.0%
GRF ALI 042425, Shared Services Development					
\$905,688	\$770,022	\$1,015,524	\$562,947	\$0	\$0
% change	-15.0%	31.9%	-44.6%	-100.0%	N/A

Line item 042321 funds general operations for evaluating agency budget requests, preparing state operating and capital budget recommendations, and developing economic forecasts and revenue estimates. When budget preparation and forecasting needs are minimal, the program provides policy, program, and technical assistance to state agencies, as needed. This line item also funds administrative functions of the Controlling Board, debt management, OBM's assistance to municipal and school district planning commissions, and the cost of membership dues for the National Association of State Budget Officers. An uncoded section of the budget bill specifies that this line item be used for the financial audit of Ohio's Auditor of State.

Due to the consolidation of these two OBM line items, the Operating Expenses item will now fund the costs of developing projects associated with Ohio Shared Services (OSS). OSS utilizes the state's centralized budgeting and accounting systems to provide fiscal and accounting services to agencies lacking the workforce to implement these complex projects on their own. OSS saves the state of Ohio money by leveraging economies of scale in their service to smaller agencies. This GRF item primarily funds employees working on incomplete projects, which differentiates them from employees compensated by Internal Service Activity (ISA) line item 042620, Shared Services Operating. Accordingly, the majority of this line item is used for wages and compensation.

Dedicated Purpose Fund Group

Ohio Humanities Council (ALI 042517)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
SCV1 ALI 042517, Ohio Humanities Council					
\$0	\$0	\$0	\$0	\$1,000,000	\$0
% change	N/A	N/A	N/A	N/A	-100.0%

This line item must be used to support public humanities organizations and to preserve valuable cultural assets across the state. The OBM Director must consult with the Ohio Humanities Council Board of Directors before distributing the funds from this item.

COVID Response Costs – Multiple Agencies (ALI 042621)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5CV1 ALI 042621, COVID Response Costs – Multiple Agencies					
\$0	\$0	\$34,919,945	\$22,955,197	\$18,000,000	\$0
% change	N/A	N/A	-34.3%	-21.6%	-100.0%

This line item reimburses eligible coronavirus response expenses by state agencies not receiving stand-alone appropriations for that purpose. The CARES Act distributed federal money to the Coronavirus Relief Fund (Fund 5CV1). The amounts can only be used to cover expenses that: (1) are necessary expenditures incurred due to the COVID-19 public health emergency, (2) were not accounted for in the state budget most recently approved as of March 27, 2020, and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. OBM reviews submitted agency documentation of coronavirus-related expenses and approves amounts to reimburse agencies. Although the CARES Act funds were originally supposed to be used by December 30, 2020, the U.S. Congress extended the deadline by one year in the Consolidated Appropriations Act, 2021.

Internal Service Activity Fund Group

Financial Management (ALI 042603)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
1050 ALI 042603, Financial Management					
\$14,799,079	\$15,170,639	\$14,911,437	\$14,758,009	\$16,500,000	\$17,200,000
% change	2.5%	-1.7%	-1.0%	11.8%	4.2%

OBM provides financial, budgeting, and audit services to other state agencies. This line item supports the state's accounting operations, financial reporting activities, Office of Internal Audit, as well as a portion of OBM's costs for providing service to these agencies. Fund 1050 receives revenue through direct charges billed to other state agencies for internal auditing services, as well as other service charges authorized by R.C. 126.25. According to OBM, funding increases over the FY 2022-FY 2023 biennium are due to "payroll and budgeted information technology updates."

Shared Services Operating (ALI 042620)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
1050 ALI 042620, Shared Services Operating					
\$5,768,160	\$5,602,907	\$5,408,504	\$5,280,525	\$6,730,000	\$7,050,000
% change	-2.9%	-3.5%	-2.4%	27.4%	4.8%

This line item pays operating costs associated with Ohio Shared Services. OSS utilizes the state's centralized budgeting and accounting systems to provide fiscal and accounting services to agencies lacking the workforce to implement these complex projects on their own. Currently, OSS assists its client agencies with accounts payable services, travel and expense reimbursements, vendor management, accounts receivable services, and contact center services. Because OSS encompasses the largest number of employees of all programs within OBM, the majority of expenses are attributable to payroll.

Federal guidelines require projects to be fully operational before the costs can be recovered through the Statewide Cost Allocation Plan. Therefore, costs associated with development and agency integration of new services were funded in the past by GRF line item 042425, Shared Services Development, which was subsequently consolidated into GRF item 042321, Operating Expenses. This ISA line item splits OSS payroll and other operating costs with the GRF item.

Fiduciary Fund Group

Forgery Recovery (ALI 042604)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5EH0 ALI 042604, Forgery Recovery					
\$28,891	\$18,519	\$12,652	\$10,508	\$30,000	\$30,000
% change	-35.9%	-31.7%	-16.9%	185.5%	0.0%

This line item is used to reissue state warrants that were fraudulently redeemed and certified to be forgeries by the Office of the Attorney General's Bureau of Criminal Investigation (BCI)² and the Treasurer of State. Fund 5EH0 consists of revenue that OBM receives from the banks that erroneously cash forged warrants. The OBM Director must reissue a state warrant of the same amount to the rightful recipient upon receipt of funds to cover the expense.

OBM/lb

² An uncodified section of the budget bill, Section 229.20, refers to the certification of forgeries being determined by investigators of the Bureau of Criminal Identification and Investigation, but the Bureau has been renamed.

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			FY 2020	FY 2021	Appropriations FY 2022	FY 2021 to FY 2022 % Change	Appropriations FY 2023	FY 2022 to FY 2023 % Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
OBM Office of Budget and Management								
GRF	042321	Operating Expenses	\$ 3,043,100	\$ 2,921,705	\$ 4,128,353	41.30%	\$ 4,128,353	0.00%
GRF	042425	Shared Services Development	\$ 1,015,524	\$ 562,947	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 4,058,623	\$ 3,484,653	\$ 4,128,353	18.47%	\$ 4,128,353	0.00%
5CV1	042501	Coronavirus Relief-Local Government	\$ 350,000,000	\$ 175,000,000	\$ 0	-100.00%	\$ 0	N/A
5CV1	042502	Provider Relief - Skilled Nursing Facilities	\$ 0	\$ 180,195,183	\$ 0	-100.00%	\$ 0	N/A
5CV1	042503	Provider Relief - Infection Control	\$ 0	\$ 24,702,572	\$ 0	-100.00%	\$ 0	N/A
5CV1	042504	Provider Relief - Longterm Care and Behavioral Health	\$ 0	\$ 118,221,520	\$ 0	-100.00%	\$ 0	N/A
5CV1	042505	Provider Relief - Rural Hospitals	\$ 0	\$ 122,725,273	\$ 0	-100.00%	\$ 0	N/A
5CV1	042506	Provider Relief - Behavioral Health	\$ 0	\$ 44,764,165	\$ 0	-100.00%	\$ 0	N/A
5CV1	042507	COVID Safety - Public Libraries	\$ 0	\$ 16,850,000	\$ 0	-100.00%	\$ 0	N/A
5CV1	042508	COVID Safety - Veterans Posts	\$ 0	\$ 1,480,000	\$ 0	-100.00%	\$ 0	N/A
5CV1	042515	Provider Relief - Adult Day Care/Senior Centers	\$ 0	\$ 9,748,419	\$ 0	-100.00%	\$ 0	N/A
5CV1	042517	Ohio Humanities Council	\$ 0	\$ 0	\$ 1,000,000	N/A	\$ 0	-100.00%
5CV1	042621	COVID Response Costs - Multiple Agencies	\$ 34,919,945	\$ 22,955,197	\$ 18,000,000	-21.59%	\$ 0	-100.00%
5CV1	042623	Coronavirus Relief - Local Distribution	\$ 0	\$ 649,747,423	\$ 0	-100.00%	\$ 0	N/A
Dedicated Purpose Fund Group Total			\$ 384,919,945	\$ 1,366,389,752	\$ 19,000,000	-98.61%	\$ 0	-100.00%
1050	042603	Financial Management	\$ 14,911,437	\$ 14,758,009	\$ 16,500,000	11.80%	\$ 17,200,000	4.24%
1050	042620	Shared Services Operating	\$ 5,408,504	\$ 5,280,525	\$ 6,730,000	27.45%	\$ 7,050,000	4.75%
Internal Service Activity Fund Group Total			\$ 20,319,941	\$ 20,038,533	\$ 23,230,000	15.93%	\$ 24,250,000	4.39%
5EH0	042604	Forgery Recovery	\$ 12,652	\$ 10,508	\$ 30,000	185.48%	\$ 30,000	0.00%
Fiduciary Fund Group Total			\$ 12,652	\$ 10,508	\$ 30,000	185.48%	\$ 30,000	0.00%
Office of Budget and Management Total			\$ 409,311,162	\$ 1,389,923,447	\$ 46,388,353	-96.66%	\$ 28,408,353	-38.76%