

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 172 employees as of July 2023, of which 166 were permanent, full-time staff.
- The budget appropriates \$33.3 million for FY 2024 and \$30.8 million for FY 2025.
 - Internal Service Activity (ISA) Fund line item 042603, Financial Management, received an additional \$10.1 million in each fiscal year over FY 2023 actual expenditures. The increase reflects a consolidation with ISA item 042620, Shared Services Operating, which did not receive an appropriation for FY 2024 or FY 2025. The increase will pay expenses for the Central Services Agency, which was moved into OBM’s budget.
 - The budget creates a new Dedicated Purpose Fund line item for the Statewide Children’s Vision Initiative in FY 2024.

Fund Group	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
General Revenue (GRF)	\$4,278,788	\$3,999,866	\$4,502,000	\$4,592,000
Dedicated Purpose (DPF)	\$2,150,143,890	\$879,407,138	\$2,500,000	\$0
Internal Service Activity (ISA)	\$21,250,793	\$21,883,158	\$26,219,399	\$26,219,399
Fiduciary (FID)	\$25,008	\$23,352	\$30,000	\$30,000
Total	\$2,175,698,480	\$905,313,514	\$33,251,399	\$30,841,399
% change	--	-58.4%	-96.3%	-7.2%
<i>GRF % change</i>	--	-6.5%	12.6%	2.0%

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.

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 2024 funding for OBM totaling \$33.3 million, which is \$872.1 million (96.3%) less than FY 2023 actual expenditures. The decline is almost entirely attributable to reduced expenditures from the Coronavirus Relief Fund (Fund 5CV1) and the Coronavirus State Fiscal Recovery Fund (Fund 5CV3). The primary revenue source for Fund 5CV1 was one-time federal funds made available under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, whereas the American Rescue Plan Act (ARPA) was the primary revenue source for Fund 5CV3. Total FY 2025 appropriations are \$2.4 million (7.2%) less than FY 2024 amounts, primarily due to a \$2.5 million appropriation in FY 2024 to DPF item 042637, Statewide Children's Vision Initiative. The budget did not appropriate an amount to this line item for FY 2025.

The table shown in the "**Quick look**" section presents the enacted budget's appropriations by fund group. The following section highlights budget bill provisions with a significant impact on OBM's budget.

Central Services Agency

The enacted budget moved the Central Services Agency (CSA) from the Department of Administrative Services (DAS) to OBM. The transfer will likely increase OBM expenditures by about \$1 million per year, which will be paid through state-funded appropriations from the Internal Service Activity (ISA) Fund Group.

Medicaid expense report

The OBM Director, in consultation with the Ohio Department of Medicaid (ODM) Director, is required to submit to the Governor a Medicaid caseload and expenditure forecast report as part of the OBM Director's duty to provide biennial budget estimates. The budget provides a detailed list of data and analysis components that must be included in this report and requires that information be supported by data for each fiscal year of the proposed biennium budget. The report will be added as a supplemental budget document to the list of items that must be included with the Governor's budget when submitted to the General Assembly.

Fraud analysis, training, & reporting

The budget requires OBM to conduct a statewide assessment of financial fraud and financial crimes on state programs. OBM is directed to coordinate a multi-agency effort to identify and recover state funds from private sector banking institutions and digital payment networks that hold funds associated with fraudulent disbursement. This requires OBM officials

to utilize state agency fraud analytics to prevent state funds from being dispersed fraudulently. A report regarding this effort is required to be submitted to the Governor, Senate President, and the House Speaker by June 30, 2024.

The Ohio Auditor of State (AOS) is required to create training material detailing Ohio's fraud reporting system and the means of reporting fraud, waste, and abuse. DAS must administer the training material to each state employee, statewide elected official, and member of the General Assembly. OBM's Office of Internal Audit is also permitted to consult with the AOS regarding any reports the Office receives about violations of state or federal laws and regulations or misuse of public resources.

Budget Stabilization Fund

Beginning with FY 2024, the Budget Stabilization Fund (BSF) target is increased from 8.5% to 10% of GRF revenues from the preceding fiscal year. The BSF had a balance of \$3.50 billion at the conclusion of FY 2023, and the budget bill required the OBM Director to transfer \$150 million from the GRF to the BSF at the outset of FY 2024. Upon completion, the \$3.65 billion BSF balance will equal 8.6% of FY 2023 GRF revenues and be \$600.7 million below the \$4.25 billion limit applicable to its FY 2024 balance.

Analysis of FY 2024-FY 2025 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

Operating Expenses (ALI 042321)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
GRF ALI 042321, Operating Expenses					
\$3,043,100	\$2,921,705	\$4,256,551	\$3,999,866	\$4,502,000	\$4,592,000
% change	-4.0%	45.7%	-6.0%	12.6%	2.0%

This line item 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 funding 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 uncodified section of the budget bill specifies that this line item be used for the financial audit of Ohio's Auditor of State.

The Operating Expenses line item also funds 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, and its successor, ISA item 042603, Financial Management. Accordingly, the majority of item 042321 is used for wages and compensation.

Dedicated Purpose Fund Group

Statewide Children's Vision Initiative (ALI 042637)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5AT1 ALI 042637, Statewide Children's Vision Initiative					
\$0	\$0	\$0	\$0	\$2,500,000	\$0
% change	0%	0%	0%	N/A	-100%

The enacted budget transfers \$2.5 million cash from the FY 2023 ending balance into Fund 5AT1 to support the appropriation of the same amount for line item 042637 in FY 2024. This line item must be used to deliver a statewide vision care project along with an independent evaluator contract. Under this provision, the OBM Director is also required to consult with the Ohio Optometric Foundation before implementing the vision project or distributing any funds from item 042637. The budget did not appropriate additional amounts to this line item for FY 2025; however, any unexpended and unencumbered amount at the end of FY 2024 must be reappropriated for the same purpose in FY 2025.

Internal Service Activity Fund Group

ISA line item 042620, Shared Services Operating, did not receive an appropriation for the FY 2024-FY 2025 biennium. However, line item 042603, Financial Management, received an additional \$10.1 million in each fiscal year over FY 2023 actual expenditures.

Financial Management (ALI 042603)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
1050 ALI 042603, Financial Management					
\$14,911,437	\$14,758,009	\$15,456,484	\$16,154,707	\$26,219,399	\$26,219,399
% change	-1.0%	4.7%	4.5%	62.3%	0.0%
1050 ALI 042620, Shared Services Operating					
\$5,408,504	\$5,280,525	\$5,794,309	\$5,728,451	\$0	\$0
% change	-2.4%	9.7%	-1.1%	-100.0%	N/A

OBM provides financial, budgeting, and audit services to other state agencies. Line item 042603 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 2024-FY 2025 biennium are due to the “additional duties assumed by OBM from the Department of Administrative Services (DAS),” which includes the aforementioned Central Services Agency.

Item 042603 also pays for 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.

The enacted budget moved the Central Services Agency (CSA) from DAS to OBM. CSA provides routine support services to various boards and commissions, inclusive of human resources and personnel services. The transfer will likely increase OBM expenditures by about \$1 million per year. In addition, the budget amended current statute specifying that the provision of routine support services does include initiating or denying personnel or fiscal actions. As part of the CSA move, the budget transfers the cash balance from the Central Services Agency Fund (Fund 1150) to the Accounting and Budgeting Fund (Fund 1050) and abolishes Fund 1150 after the completion of the transfer.

Fiduciary Fund Group

Forgery Recovery (ALI 042604)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
5EH0 ALI 042604, Forgery Recovery					
\$12,652	\$10,508	\$25,008	\$23,352	\$30,000	\$30,000
% change	-16.9%	138.0%	-6.6%	28.5%	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)¹ 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

¹ 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 2024 - FY 2025 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2023 to FY 2024	Appropriations	FY 2024 to FY 2025
			FY 2022	FY 2023	FY 2024	% Change	FY 2025	% Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
OBM Office of Budget and Management								
GRF	042321	Operating Expenses	\$ 4,256,551	\$ 3,999,866	\$ 4,502,000	12.55%	\$ 4,592,000	2.00%
GRF	042425	Shared Services Development	\$ 22,237	\$ 0	\$ 0	N/A	\$ 0	N/A
General Revenue Fund Total			\$ 4,278,788	\$ 3,999,866	\$ 4,502,000	12.55%	\$ 4,592,000	2.00%
5AT1	042637	Statewide Children's Vision Initiative	\$ 0	\$ 0	\$ 2,500,000	N/A	\$ 0	-100.00%
5CV1	042515	Provider Relief - Adult Day Care/Senior Centers	\$ 5,322,701	\$ 0	\$ 0	N/A	\$ 0	N/A
5CV1	042517	Ohio Humanities Council	\$ 1,000,000	\$ 0	\$ 0	N/A	\$ 0	N/A
5CV1	042621	COVID Response Costs - Multiple Agencies	\$ 250,191,948	\$ 14,157,400	\$ 0	-100.00%	\$ 0	N/A
5CV3	042625	JFS Unemployment Fund	\$ 1,471,765,771	\$ 0	\$ 0	N/A	\$ 0	N/A
5CV3	042630	Statewide Hospital Support	\$ 0	\$ 71,604,764	\$ 0	-100.00%	\$ 0	N/A
5CV3	042631	Assisted Living Workforce Support	\$ 0	\$ 9,184,700	\$ 0	-100.00%	\$ 0	N/A
5CV3	042632	Hospice Care Workforce Support	\$ 0	\$ 1,553,961	\$ 0	-100.00%	\$ 0	N/A
5CV3	042635	ALS Support Grants	\$ 0	\$ 1,000,000	\$ 0	-100.00%	\$ 0	N/A
5CV3	042636	Nursing Facility Workforce Support	\$ 0	\$ 346,523,092	\$ 0	-100.00%	\$ 0	N/A
5CV4	042526	Coronavirus Local Fiscal Recovery	\$ 421,863,470	\$ 421,433,221	\$ 0	-100.00%	\$ 0	N/A
5ZF0	042426	Ashtabula County Supplement	\$ 0	\$ 13,950,000	\$ 0	-100.00%	\$ 0	N/A
Dedicated Purpose Fund Group Total			\$ 2,150,143,890	\$ 879,407,138	\$ 2,500,000	-99.72%	\$ 0	-100.00%
1050	042603	Financial Management	\$ 15,456,484	\$ 16,154,707	\$ 26,219,399	62.30%	\$ 26,219,399	0.00%
1050	042620	Shared Services Operating	\$ 5,794,309	\$ 5,728,451	\$ 0	-100.00%	\$ 0	N/A
Internal Service Activity Fund Group Total			\$ 21,250,793	\$ 21,883,158	\$ 26,219,399	19.82%	\$ 26,219,399	0.00%
5EH0	042604	Forgery Recovery	\$ 25,008	\$ 23,352	\$ 30,000	28.47%	\$ 30,000	0.00%
Fiduciary Fund Group Total			\$ 25,008	\$ 23,352	\$ 30,000	28.47%	\$ 30,000	0.00%
Office of Budget and Management Total			\$ 2,175,698,480	\$ 905,313,514	\$ 33,251,399	-96.33%	\$ 30,841,399	-7.25%