
DEPARTMENT OF ADMINISTRATIVE SERVICES

State agency efficiency review

- Requires designees from the Department of Administrative Services (DAS) and the Office of Budget and Management (OBM) jointly to review functions and programs of state agencies with the purpose of identifying areas for consolidation.
- Not later than January 1, 2020, requires the designees to identify agency functions and programs to be consolidated.
- Allows the DAS Director to transfer employees, equipment, and assets of a consolidated program.
- Allows the OBM Director to cancel and re-establish encumbrances and make other necessary budget changes to reflect the consolidated programs.

Office of Information Technology funds

- Creates the Enterprise Applications Fund within the state treasury.
- Adds certain fees and rates charged by DAS to the list of operating appropriation items for which the Information Technology Chief Information Officer must compute the amount of revenue attributable to amortization.
- Allows the OBM Director, on request from the DAS Director, to transfer cash from the MARCS Administration Fund, the Enterprise Applications Fund, or the Professions Licensing System Fund to the Major Information Technology Purchases Fund.

Coordinated vendor debarment

- Requires state agencies to exclude from participation in state contracts, any vendors who have been debarred under any sections of the Revised Code.
- Provides for a general prohibition against vendor participation in any state contract for the duration of the debarment.
- Defines “participate” and “state contract” for purposes of the general provision.
- Specifies that eligibility for participation in state contracts is restored only when the vendor is not otherwise debarred from state contracts.

Surplus property

- Clarifies that when the DAS Director transfers, sells, or leases certain excess or surplus state vehicles, the Director may choose whether to deposit the proceeds either in the Investment Recovery Fund or in the Fleet Management Fund.
- Allows the DAS Director to transfer those proceeds from the Investment Recovery Fund to the Fleet Management Fund.
- Codifies a provision of law that allows DAS to use the Investment Recovery Fund to pay the operating expenses of the Federal Surplus Property Program in addition to the State Surplus Property Program.

Supplementary pay to physician department heads

- Allows the DAS Director to approve supplementary pay to any administrative department head appointed by the Governor, rather than only to the Director of Health, if the department head is a licensed physician.
- Eliminates the cap on the supplement amount the DAS Director may approve.

Death Benefit Fund recipient participation in state health plan

- Requires a Death Benefit Fund recipient to notify the Ohio Police and Fire Pension Fund Board of Trustees, rather than DAS, of the election to participate in a health benefit offered to state employees.
- Requires the Board to withhold the premium or cost of a health benefit that would be paid by a state employee from the recipient's death benefit payments and requires the Board, rather than DAS, to pay the premium or cost that would be paid by a state employer for a state employee who elects that coverage.
- Requires the Board to pay DAS the total costs of the benefit, including any administrative costs.
- Prohibits the Board from withholding from or charging to a recipient the amount of the administrative costs.
- Specifies that receiving a health benefit does not make the recipient a state employee, and that a recipient who is a state employee is not eligible for a health benefit through the fund.

Vision benefits for state employees

- Specifically includes vision benefits in the types of benefits DAS contracts for or otherwise provides to state employees.

Qualified opportunity zone land conveyance

- Authorizes DAS to transfer, lease, or otherwise dispose of all state owned real estate located in a federally designated "qualified opportunity zone," without the need for specific legislation, and to report transactions to the General Assembly.

Invoices for state purchases

- Removes alternate options for inclusion in a state purchasing invoice; requires, instead that all items listed be on the invoice.

State agency efficiency review

(Section 701.10)

The bill requires designees from the Department of Administrative Services (DAS) and the Office of Budget and Management (OBM) to jointly review functions and programs of state agencies to determine if any overlap or duplicative functions exist. The designees must collaborate with affected agencies in the course of their review and must determine the cost-

effectiveness of the programming in terms of administrative and operational costs, including facilities, personnel, technology, supplies, contracts, and services.

By January 1, 2020, the DAS and OBM Directors jointly must determine, in consultation with the affected agencies, the functions that may be consolidated within and across state departments. The bill places a specific emphasis on facilities utilization, laboratory testing facility consolidation, and field or regional office operation consolidation, but the determination also may include other functions, programs, and services that would reduce costs and improve services and would be suitable for operation within OBM's Shared Services Center.

If the consolidation of functions results in consolidation within the Shared Services Center or otherwise impacts an employee not subject to Ohio's Prevailing Wage Law,¹ the DAS Director may assign, reassign, classify, reclassify, transfer, reduce, promote, or demote any transferred employee. Employment records and actions, including personnel actions, disciplinary actions, performance improvement plans, and performance evaluations transfer with the employee. The employees are subject to the policies, procedures, and work rules of the agency to which they are transferred. The bill also gives the DAS Director authority to transfer equipment and assets relating to a program or function that is being consolidated to the department that is newly responsible for the functions after a consolidation.

Finally, after a consolidation occurs the OBM Director may make necessary budget changes, including cancelling and reestablishing encumbrances.

Office of Information Technology funds

(R.C. 125.18)

The bill creates the Enterprise Applications Fund within the state treasury. Additionally, the bill adds the following to the list of operating appropriation items for which the Information Technology Chief Information Officer must compute the amount of revenue attributable to amortization:

--MARCS administration, including the user fees charged by the Department of Administrative Services (DAS) and deposited into the Marcs Administration Fund;

--Enterprise applications, including the rates charged by DAS to benefiting agencies for the operation and management of information technology applications and deposited in the Enterprise Applications Fund;

--Professions licensing system, including the rates charged by DAS for the cost of ongoing maintenance of the professions licensing system and deposited into the Professions Licensing System Fund.

Under continuing law, the Chief Information Officer also must compute the amount of revenue attributable to the amortization of all equipment purchases and capitalized systems from information technology service delivery and major technology purchases operating appropriation items and major computer purchases capital appropriation items that are

¹ R.C. Chapter 4117.

recovered as part of the information technology service rates charged by DAS and deposited into the Information Technology Fund.

Additionally, the bill allows the OBM Director, on request from the DAS Director, to transfer cash from the MARCS Administration Fund, the Enterprise Applications Fund, or the Professions Licensing System Fund to the Major Information Technology Purchases Fund.

Coordinated vendor debarment

(R.C. 9.242, 125.25, 153.02, 5513.06, and 5525.03)

Specific sections of state law authorize the DAS Director, the Executive Director of the Ohio Facilities Construction Commission, and the Director of Transportation to debar vendors who have engaged in specified wrongdoing in the state contracting process. When each of those directors reasonably believes that grounds exist for debarment, they provide the vendor notice and an opportunity for a hearing, determine the length of debarment, and maintain a list of currently debarred vendors. When the debarment period ends, under each specific list, the vendor must be eligible to be awarded contracts by state agencies. The bill provides, in each section, that the vendor may be eligible if the vendor is not otherwise debarred under any list that applies to state contracts.

The bill also provides for a general provision in state law that prohibits any vendor who has been debarred on any list of debarred vendors from participating in state contracts including those specific sections and any other section of the Revised Code. The bill defines “participate” and “state contract” for purposes of the general provision. “Participate” means to respond to any solicitation or procurement issued by a state agency or be the recipient of an award of a state contract, or to provide any goods or services to any state agency. “State agency” means “every organized body, office, or agency established by the laws of [Ohio] for the exercise of any function of state government” but does not include JobsOhio.

Surplus property

(R.C. 125.14 and 125.832)

Surplus state vehicles

The bill clarifies that when the DAS Director transfers, sells, or leases excess or surplus state vehicles that were originally purchased with GRF funds as part of the State Surplus Property Program, the DAS Director may choose whether to deposit the proceeds either in the Investment Recovery Fund or in the Fleet Management Fund. And, under the bill, if the DAS Director deposits those proceeds in the Investment Recovery Fund, the DAS Director later may transfer them to the Fleet Management Fund.

Under continuing law, the proceeds generated by the State Surplus Property Program generally are deposited in the Investment Recovery Fund, except for certain supplies that were not purchased with GRF funds. The DAS Director uses the Investment Recovery Fund to pay the operating expenses of the State Surplus Property Program. The Fleet Management Fund

generally consists of fees DAS charges to other agencies for the use of the state's fleet of motor vehicles, and the DAS Director uses the Fund to administer the Fleet Management Program.²

Investment Recovery Fund

(R.C. 125.14)

The bill also codifies (makes permanent) a provision of law that allows DAS to use the Investment Recovery Fund to pay the operating expenses of the Federal Surplus Property Program in addition to the State Surplus Property Program. Currently, DAS may do so under a provision of the previous main operating budget act that expires June 30, 2019.³

Under the continuing Federal Surplus Property Program, DAS assists other state agencies, political subdivisions, and certain private entities in acquiring surplus property from the federal government. DAS deposits the fees it charges for that service in the Investment Recovery Fund.⁴

Supplementary pay to physician department heads

(R.C. 124.181)

The bill allows the DAS Director to approve supplementary pay for any administrative department head appointed by the Governor if the department head is a licensed physician. It also eliminates the cap on the supplement amount the DAS Director may approve. Under current law, the DAS Director may approve supplementary pay only for the Director of Health if the Director of Health is a licensed physician. Currently, the supplementary pay to the Director of Health cannot be more than 20% of the Director's base rate of pay.

Death Benefit Fund recipient participation in state health plan

(R.C. 124.824; Section 361.10)

The Ohio Public Safety Officers Death Benefit Fund pays benefits to the surviving spouse, children, or, in limited cases, surviving parent, of a law enforcement officer or firefighter killed in the line of duty.⁵ Under continuing law, a Death Benefit Fund recipient who is a spouse or child may elect to participate in any medical, dental, or vision benefit (a "health benefit") that DAS contracts for or otherwise provides to state employees. The bill specifies that a recipient receiving a health benefit through the fund is not a state employee. Also, under the bill, if a recipient is eligible to receive these health benefits as a state employee, the recipient cannot receive them through the fund. Continuing law also excludes a recipient eligible to enroll in the federal Medicare program from receiving these benefits through the fund.

To receive health benefits through the fund, a recipient must file a notice with the Ohio Police and Fire Pension Fund Board of Trustees (which administers the fund), rather than with DAS as under current law, of the recipient's election to participate in the benefits. The bill

² R.C. 125.83, not in the bill.

³ Sections 207.40 and 809.10 of H.B. 49 of the 132nd General Assembly, not in the bill.

⁴ R.C. 125.84 and 125.87, not in the bill.

⁵ R.C. 742.63, not in the bill.

requires the Board to withhold the percentage of the premium or cost of the benefits that would be paid by a state employee from the recipient's death benefit payments, rather than requiring the recipient to pay the premium or cost directly to DAS as under current law. Under the bill, the Board must pay DAS the total cost of the benefits – including the percentage of the premium or cost that would be paid by a state employer for a state employee who elects that coverage, as under continuing law – and any administrative costs. Administrative costs cannot exceed 2% of the total costs of the benefits and cannot be withheld or charged to a recipient by the Board. A similar provision regarding the administration of health benefits for Death Benefit Fund recipients appears in the appropriation language for the Death Benefit Fund, which has an immediate effective date, thus appearing to give that provision an immediate effective date.⁶

Under continuing law, the Board must provide DAS with any information DAS requires to provide the benefits. The bill adds that the Board must provide that information to a designated third-party administrator or to both the third-party administrator and DAS.

Vision benefits for state employees

(R.C. 124.82)

The bill specifically includes vision benefits in the types of benefits for which DAS may contract. Continuing law requires DAS to contract for the issuance of a policy or contract of health, medical, hospital, dental, or surgical benefits, or any combination of those benefits, covering state employees. DAS, under continuing law, also may offer these benefits directly.

Qualified opportunity zone land conveyance

(R.C. 123.01)

The bill authorizes DAS to transfer, lease, or otherwise dispose of all the right, title, and interest of the state in real estate located in a federally designated “qualified opportunity zone,”⁷ without the need for specific legislation. Under current law, land conveyance legislation, identifying the real estate to be conveyed, generally is used to provide DAS with clear authorization to convey specific real estate, as most agencies do not have the authority to convey real estate under the agency's jurisdiction.

Annually, DAS, not later than January 31, must submit a report to the General Assembly if there were transactions made under this provision during the previous calendar year. The report must provide detail about each transaction.

Invoices for state purchases

(R.C. 125.01)

The bill changes the current definition of “invoice” in the state purchasing law to require all of the items specified to be described in the itemized listing showing delivery of the supplies or service contracted for in the order: date of purchase or rendering of the service; an itemization of things done, material supplied, or labor furnished; and the sum due under the contract. The current definition of “invoice” provides for an option of including, in the itemized

⁶ Section 812.20.

⁷ See 26 United States Code (U.S.C.) 1400Z-1.

listing showing delivery of the supplies or performance of the service described in the order, either the date of purchasing or rendering of the service *or* an itemization of the things done, material supplied, or labor furnished, and the sum due under the contract. Among other things an “order” (contract) must include an authorization to pay for the contemplated expenditure, signed by the person instructed and authorized to pay upon receipt of a proper invoice. A proper invoice must include all of the items listed above.