

LSC Greenbook

Analysis of the Enacted Budget

Office of Budget and Management

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ATTACHMENT:

Budget Spreadsheet By Line Item

Office of Budget and Management

- Total budget of \$52.9 million over the biennium
- Shared Services and Internal Audit programs continue to develop and expand
- \$748,074 in FY 2012 funding for Office of Health Transformation's Medicaid Modernization strategy

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 the Shared Services Center 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.

Appropriation Overview

The budget appropriates \$27.0 million for OBM in FY 2012, a 14.1% increase when compared to FY 2011 spending of \$23.7 million. FY 2013 funding is \$25.9 million, a 3.9% decrease from the FY 2012 amount. The increase for FY 2012 is mostly attributable to the Shared Services Center initiative, which is primarily funded by charges assessed to state agencies for their usage. These amounts are deposited into the State Accounting and Budgeting Fund (Fund 1050), part of the General Services Fund Group. Charges for Shared Services and other accounting and budgeting services that OBM provides are used to fund the bulk of OBM operations, making up approximately \$23.3 million, or 86% to 90%, of the budget in each fiscal year. Table 1 below displays OBM's budget by fund group.

Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$2,717,485	\$3,218,310	18.4%	\$2,428,166	(24.6%)
General Services	\$20,690,514	\$23,332,982	12.8%	\$23,315,831	(0.1%)
Federal Special Revenue	\$231,649	\$384,037	65.8%	\$145,500	(62.1%)
Agency	\$22,182	\$50,000	125.4%	\$50,000	0.0%
Total	\$23,661,830	\$26,985,329	14.1%	\$25,939,497	(3.9%)

*FY 2011 figures represent actual expenditures.

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 the Shared Services Center and the Office of Internal Audit, and accounts for 88.2% of the total budget. Table 2 below shows the budget according to major functions handled by OBM. These categories coincide with the line item groupings found in the **Analysis of Enacted Budget** section within this document.

Functional Category	FY 2011 Actual	FY 2012	FY 2013	Biennium Total	% of Budget
Financial Accounting	\$20.7	\$23.3	\$23.4	\$46.7	88.2%
Budget Development and Implementation	\$2.2	\$2.9	\$2.4	\$5.3	10.1%
Office of Health Transformation	\$0.5	\$0.7	\$0.1	\$0.9	1.7%
Gubernatorial Transition	\$0.2	\$0.0	\$0.0	\$0.0	0.0%
Total	\$23.7	\$27.0	\$25.9	\$52.9	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 3 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 Enacted Budget** section. As Table 3 shows, the Shared Services Center comprises the largest portion of OBM's biennial budget, at \$19.1 million or 36.1%, followed by Accounting Operations and Processing, Internal Audit, Budget Development and Implementation, Financial Reporting, and a number of other smaller programs.

Table 3. FY 2012-FY 2013 Budget by Program (\$ in millions)					
Line Item Category	FY 2011 Actual	FY 2012	FY 2013	Biennium Total	% of Budget
Shared Services	\$8.0	\$9.4	\$9.7	\$19.1	36.1%
Accounting Operations and Processing	\$7.0	\$7.0	\$6.8	\$13.8	26.1%
Internal Audit	\$3.2	\$3.7	\$3.6	\$7.3	13.8%
Budget Development and Implementation	\$2.7	\$3.5	\$3.0	\$6.4	12.2%
Financial Reporting	\$1.3	\$1.7	\$1.7	\$3.4	6.4%
Debt Management	\$0.3	\$0.5	\$0.5	\$1.0	1.8%
Office of Health Transformation	\$0.5	\$0.7	\$0.1	\$0.9	1.7%
Controlling Board	\$0.3	\$0.4	\$0.4	\$0.8	1.5%
Financial Planning and Supervision Commissions	\$0.1	\$0.1	\$0.1	\$0.3	0.5%
Gubernatorial Transition	\$0.3	\$0.0	\$0.0	\$0.0	0.0%
Total	\$23.7	\$27.0	\$25.9	52.9	100%

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

FY 2012-FY 2013 Budget Issues

Shared Services Center

In FY 2009, OBM began the implementation of the Shared Services Center (SSC), an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning system. SSC 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. SSC currently assists agencies with accounts payable services, travel and expense reimbursements, vendor 1099 forms, vendor invoice status, and vendor payment inquiries.

SSC's primary goal for the upcoming biennium will be to integrate 17 additional large agencies with SSC's accounts payable services. This would bring the total number of agencies receiving these services to 25 by the end of the biennium. As additional agencies are integrated, the number of accounts payable transactions handled by SSC is expected to grow dramatically. The increase in transactional volume will require the hiring of up to eight additional customer service associates to perform the transactions and staff SSC's call center. In addition to agency integration objectives, SSC will also look into further enhancing its call center and optical character recognition (OCR) capabilities. Overall, the budget allocates \$9.4 million in FY 2012 and \$9.7 million in FY 2013 for SSC, up from the \$8.0 million spent during FY 2011. The Shared Services Center is 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).

Internal Audit Program

The Internal Control and Audit Oversight Program, mandated by H.B. 166 of the 127th General Assembly, 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. FY 2012-FY 2013 activities will be focused on IT system and security controls, process reviews, and process efficiency consultations. These activities will be based on a coordinated audit plan with the Auditor of State and the individual agency internal control offices. Audit plans are ultimately approved by the independent State Audit Committee.

The budget allocates \$3.7 million in FY 2012 and \$3.6 million in FY 2013 for internal audit program functions, up from the \$3.2 million spent during FY 2011. The program will be funded mainly by a portion of the payroll check-off as well as direct charges to the agencies involved. In addition, the budget makes some changes to the statutes governing the Internal Control and Audit Oversight Program. In general, the main operating appropriations bill subjects the Board of Regents to internal auditing by this program and makes some changes to the membership requirements and terms of office of the State Audit Committee.

Office of Health Transformation

Created by executive order in January 2011, the Office of Health Transformation (OHT) replaced the Executive Medicaid Management Agency, also known as EMMA. Whereas EMMA's ongoing mission was to coordinate Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid-funded services, OHT was created to strategically redesign Medicaid policies across all of the state's federal Medicaid recipient agencies. Specifically, OHT is 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. OHT's functions are scheduled to be complete by the end of FY 2012.

OHT is funded out of OBM's budget, as was EMMA. The budget appropriates \$748,074 for OHT in FY 2012 using a combination of GRF, state non-GRF, and federal funds. While OHT is expected to cease operating by the end of FY 2012, the budget provides \$145,500 in federal funding in FY 2013 in case funds are needed to wrap up OHT operations. According to OBM, any remaining cash balance after OHT has completed its work will be transferred to the GRF.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the 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 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. 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.

Categorization of OBM's Appropriation Line Items for Analysis of Enacted Budget		
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 042423	Liquor Enterprise Transaction	2: Budget Development and Implementation
General Services Fund Group		
1050 042603	State Accounting and Budgeting	1: Financial Accounting
5N40 042602	OAKS Project Implementation	1: Financial Accounting
5Z80 042608	Office of Health Transformation Administration	3: Office of Health Transformation
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, including the Shared Services Center. Also funded are the internal control and risk assessment functions performed by the Office of Internal Audit.

Appropriations for Financial Accounting				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
1050	042603	State Accounting and Budgeting	\$21,917,230	\$22,006,331
5N40	042602	OAKS Project Implementation	\$1,358,000	\$1,309,500
General Services Fund Group Subtotal			\$23,275,230	\$23,315,831
Agency Fund Group				
5EH0	042604	Forgery Recovery	\$50,000	\$50,000
Agency Fund Group Subtotal			\$50,000	\$50,000
Total Funding: Financial Accounting			\$23,325,230	\$23,365,831

State Accounting and Budgeting (042603)

Moneys in this line item pay for the cost of accounting and budgeting services provided to state agencies by OBM. Specifically, the Shared Services Center, Accounting Operations and Processing, Internal Control and Audit Oversight, Financial Reporting, and Budget Development and Implementation are all funded out of this line item. These programs will be funded by a payroll check-off deposited into the Accounting and Budgeting Fund (Fund 1050), though the Shared Services Center and Internal Control and Audit Oversight programs also receive funding through direct charges paid by user agencies. The Shared Services Center and Budget Development and Implementation programs also receive 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 budget appropriates \$21.9 million in FY 2012, an 11.6% increase compared to FY 2011 spending of \$19.6 million. The FY 2013 appropriation is slightly increased to \$22.0 million. The increase between FY 2011 spending and the FY 2012-FY 2013 appropriations is due primarily to the ongoing implementation of the Shared Services initiative and a shift in funding for budget development and implementation services from the GRF to this line item. 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.

Program	FY 2011 Actual	FY 2012 Allocation	FY 2013 Allocation
Shared Services	\$6.9	\$8.0	\$8.4
Accounting Operations and Processing	\$7.0	\$6.9	\$6.7
Internal Control and Audit Oversight	\$3.2	\$3.7	\$3.6
Financial Reporting	\$1.3	\$1.7	\$1.6
Budget Development and Implementation	\$1.2	\$1.6	\$1.6
Total	\$19.6	\$21.9	\$22.0

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

Shared Services

This program funds the operations of the Shared Services Center (SSC). Begun in FY 2009, SSC is an outgrowth of the Ohio Administrative Knowledge System (OAKS), the state's enterprise resource planning system. The goal of SSC is to leverage OAKS to consolidate and centralize agency fiscal functions to eliminate duplicative agency fiscal processes and to reduce statewide costs given the economies of scale that centralization of these functions produces. By centralizing common back-office functions, resources can be better focused on the core missions of each agency. SSC currently assists agencies with accounts payable services, such as invoice management, voucher maintenance and receipt, and document retention, as well as travel and expense reimbursements, vendor 1099 forms, vendor invoice status, and vendor payment inquiries.

SSC's primary goal for the FY 2012-FY 2013 biennium will be to integrate up to 17 large agencies with the Center's accounts payable services. This will bring the total number of agencies using accounts payable services to 25 by the end of FY 2013. As additional agencies are integrated, the number of accounts payable transactions handled by SSC is expected to grow dramatically, from an estimated 112,000 or so transactions in FY 2011 to more than 250,000 transactions in FY 2013. SSC is expected to achieve full transactional volume during FY 2014, as some of the agencies will be integrated during the course of FY 2013.

The increase in transactional volume will require the hiring of up to eight additional customer service associates that perform transactions and staff SSC's call center. Under current plans, SSC's customer service associate staff would increase from 52 currently to 54 by the end of FY 2012 and to 60 by the end of FY 2013. No additional administrative or management staff for SSC will be added as transactional volume increases. In addition to agency integration objectives, SSC will also look into further enhancing its call center and optical character recognition (OCR) capabilities. OCR technology is expected to lead to further automation of invoice and intrastate transfer

voucher (ISTV) processing, a development that could reduce staffing requirements in the long run.

From line item 042603, the budget allocates \$8.0 million in FY 2012 and \$8.4 million in FY 2013 for SSC. These amounts fund all of SSC's payroll and fringe benefits, supplies and maintenance, and equipment costs, and a small portion of its purchased services costs. Most of SSC's total purchased services budget will pay for the development of new SSC projects, and thus, will be borne by the OAKS Project Implementation Fund (Fund 5N40) 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 budget provides a total of \$9.4 million in FY 2012 and \$9.7 million in FY 2013 for SSC, up from the \$8.0 million spent during FY 2011. SSC is funded by a combination of direct charges to agencies based on a per voucher cost, a portion of the payroll check-off, and GRF transfers into the OAKS Project Implementation Fund (Fund 5N40). Though SSC will operate at a net loss during the upcoming biennium, the cash subsidy from Fund 1050 is expected to diminish each year as more agencies integrate into SSC and thus, more transactions are processed. The subsidy is projected to end in FY 2014, when SSC will achieve full transactional volume.

Accounting Operations and Processing

The Accounting Operations and Processing (AOP) program oversees the financial module of 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 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. The RACM team's responsibilities also include the Electronic Commerce Program, which manages 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. The electronic revenue program facilitates the receipt and processing of electronic payments from the state's constituents.

Overall, the budget allocates \$6.9 million from the State Accounting and Budgeting appropriation in FY 2012 and \$6.7 million in FY 2013, levels similar to FY 2011 spending of \$7.0 million for Accounting Operations and Processing.

Internal Control and Audit Oversight

The Internal Control and Audit Oversight Program, also referred to as 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. Implementation of the program began in FY 2009. FY 2012-FY 2013 activities will be focused on IT system and security controls, process reviews, and process efficiency consultation. These activities will be based on a coordinated audit plan with the Auditor of State and the individual agency internal control offices. Audit plans are ultimately approved by the independent State Audit Committee.

The program will be funded mainly by a portion of the payroll check-off as well as direct charges to the agencies involved. It will operate at a net loss during the FY 2012-FY 2013 biennium. According to OBM, this is so because the program has not hit full stride in terms of the number of billable hours being performed. As review processes are refined, output is expected to increase with the expectation that the program will break even by FY 2014.

The budget allocates \$3.7 million in FY 2012 and \$3.6 million in FY 2013 to fund this program. FY 2011 spending for the program was \$3.2 million. In addition to providing the funds for this program's operation, the budget makes some changes to the statutes governing the Internal Control and Audit Oversight Program. More specifically, the main operating appropriations bill (1) subjects the Board of Regents to this program's oversight, (2) requires all members of the State Audit Committee to be external to the management structure of state government, (3) requires all member terms to begin on July 1st and end three years later on June 30th, (4) alters the terms of currently serving committee members, and (5) allows a member to serve subsequent to the expiration of the member's term until a successor is appointed or until a period of 90 days elapses, whichever occurs first.

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 budget allocates around \$1.7 million per fiscal year for this program through line item 042603, State Accounting and Budgeting, supporting eight permanent FTEs. FY 2011 spending for this program was \$1.3 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. To help offset reduced GRF funding, more of the funding for this program has been shifted to Fund 1050 for FY 2012-FY 2013. To illustrate, the budget allocates \$1.6 million in each fiscal year out of Fund 1050 for this program, approximately \$415,000, or 35%, more than FY 2011 spending of \$1.2 million. The program is discussed in greater detail in the Budget Development and Implementation functional category.

OAKS Project Implementation (042602)

The budget funds this line item at \$1.4 million in FY 2012 and \$1.3 million in FY 2013, representing a 30% increase over FY 2011 spending of \$1.0 million. FY 2012-FY 2013 appropriations are supported by transfers of \$1.1 million in each fiscal year from the GRF as well as a drawdown of cash from Fund 5N40. This line item funds the continued development and implementation of the Shared Services Center. In the FY 2012-FY 2013 biennium, the line item will be used to fund the development of enhanced call center and optical character recognition (OCR) capabilities. OCR technology is expected to lead to further automation of invoice and ISTV processing, a development that could reduce staffing requirements in the long run. As noted previously, federal guidelines require projects to be fully operational before the costs can be recovered through the SWCAP. This means that the cost of these projects cannot be paid for out of the Accounting and Budgeting Fund (Fund 1050). As a result, OBM uses the OAKS Project Implementation Fund (Fund 5N40), which is supported by transfers from the GRF, to fund project development 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 budget appropriates \$50,000 in each fiscal year for this purpose.

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. This category also includes the costs associated with professional services related to the transaction transferring the state's liquor enterprise to JobsOhio and any expenses resulting from the closing of certain agencies that may be necessary. The GRF line items providing funding for these activities are listed in the table below.

Appropriations for Budget Development and Implementation				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	042321	Budget Development and Implementation	\$2,362,025	\$2,378,166
GRF	042409	Commission Closures	\$50,000	\$50,000
GRF	042423	Liquor Enterprise Transaction	\$500,000	\$0
General Revenue Fund Subtotal			\$2,912,025	\$2,428,166

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. A small portion also funds Financial Planning Supervision Commissions and the audit of the Auditor of State. The budget provides approximately \$2.4 million for this line item in each fiscal year, an 8.4% increase when compared to FY 2011 spending of \$2.2 million. As the funding summary below shows, the budget allocates most of the funding for this line item to the Budget Development and Implementation Program. Details concerning these programs are provided below.

Program	FY 2011 Actual	FY 2012 Allocation	FY 2013 Allocation
Budget Development and Implementation	\$1.5	\$1.3	\$1.3
Debt Management	\$0.3	\$0.5	\$0.5
Controlling Board	\$0.3	\$0.4	\$0.4
Financial Planning and Supervision Commissions	\$0.1	\$0.1	\$0.1
Financial Reporting	\$0.0	<\$0.1	<\$0.1
Total	\$2.2	\$2.4	\$2.4

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.

This line item will now also fund the annual dues associated with Ohio's membership in the National Association of State Budget Officers (NASBO). A separate GRF line item, 042410, National Association Dues, used to account for these costs. According to OBM, using the agency's primary GRF line item to fund these expenses provides flexibility in meeting OBM's NASBO membership requirements. In recent fiscal years, these costs have hovered around \$30,000 per year.

The budget provides this program with GRF funding of about \$1.3 million in each fiscal year. FY 2011 spending from the GRF allocation for this program amounted to \$1.5 million. The reduced allocation for FY 2012-FY 2013 corresponds to a shift in funding away from the GRF and toward funding through the accounting and budgeting services payroll charge. 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 provided 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, State Accounting and Budgeting (see page 10). Overall, between the GRF and Fund 1050, the program has appropriations totaling \$2.9 million in each fiscal year. Approximately \$2.7 million was spent on this program in FY 2011.

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. The budget provides \$490,157 in FY 2012 and \$481,779 in FY 2013, amounts that enable a fourth FTE position to be filled. While this position was included in the original FY 2011 budget, it was never filled due to election considerations. Thus, FY 2011 spending of \$319,563 for this program reflects the lapse of spending due to the vacancy, as well as lower than budgeted purchased services and equipment 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/or commissions. OBM staff act as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight.

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 budget allocates \$390,920 in FY 2012 and \$385,055 in FY 2013 for Controlling Board expenses. These amounts are substantially higher than the \$256,364 spent during FY 2011. During FY 2010-FY 2011, two OBM legislative liaison positions were split-funded between the GRF and the accounting and budgeting services payroll charges deposited into the State Accounting and Budgeting Fund (Fund 1050). However, it was determined that federal guidelines governing the SWCAP do not allow for the recovery

of costs associated with legislative activities. Thus, the reason for the large increase in funding for this program is that the FY 2012-FY 2013 budget funds these positions entirely through the GRF.

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. As of the end of calendar year (CY) 2010, there were 24 active municipal commissions and ten active school district commissions. According to OBM, this is the highest total at any one time since the program began in 1979. Accordingly, the budget provides an increase in funding for this program. FY 2012 funding of \$128,754 in FY 2012 represents an increase of approximately \$27,300 from FY 2011 spending of \$101,405. The amount allocated for FY 2013 declines slightly to \$126,258. These amounts will support two FTEs, up from one FTE during the FY 2010-FY 2011 biennium.

Financial Reporting

A small portion of this line item, roughly \$50,000 per fiscal year, will pay the costs associated with the audit of the Auditor of State.

Commission Closures (042409)

Moneys in this line item will pay the cost of any obligations 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. This line item may also be used to pay final payroll expenses occurring after closure in the event that appropriations or cash in the budgets of the closing agencies are insufficient to cover these remaining costs. The budget appropriates \$50,000 in each fiscal year for these purposes. In addition, the budget permits the Director of Budget and Management to request Controlling Board approval for funds to be transferred to appropriation item 042409, Commission Closures, from appropriation item 911614, CB Emergency Purposes, for anticipated expenses associated with agency closures.

Liquor Enterprise Transaction (042423)

Moneys in this line item will pay for the services of commercial appraisers, underwriters, investment bankers, and financial advisers needed to begin negotiation of the agreement transferring the state's liquor enterprise to JobsOhio, which is authorized in the bill. The bill appropriates \$500,000 in FY 2012 for this purpose. The bill specifies

that any amounts expended from this line item must be reimbursed from the proceeds of the transaction.

Category 3: Office of Health Transformation

Appropriations for the Office of Health Transformation				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	042416	Office of Health Transformation	\$306,285	\$0
General Revenue Fund Subtotal			\$306,285	\$0
General Services Fund Group				
5Z80	042608	Office of Health Transformation Administration	\$57,752	\$0
General Services Fund Group Subtotal			\$57,752	\$0
Federal Special Revenue Fund Group				
3CM0	042606	Office of Health Transformation – Federal	\$384,037	\$145,500
Federal Special Revenue Fund Group Subtotal			\$384,037	\$145,500
Total Funding: Office of Health Transformation			\$748,074	\$145,500

Office of Health Transformation (042616, 042608, 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, also known as EMMA. Whereas EMMA's ongoing mission was to coordinate Medicaid policy and Medicaid-related operations across the agencies that administer Medicaid-funded services, OHT was created to strategically redesign Medicaid policies across all of the state's federal Medicaid recipient agencies. Specifically, OHT is 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. These activities will be accomplished with four new staff members, in comparison to the five staff members employed under EMMA. OHT's functions are scheduled to be complete by the end of FY 2012.

The budget funds OHT using a combination of GRF funds, federal funds, and a small amount of state-source, non-GRF 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. State non-GRF funds of \$57,752 from Fund 5Z80 are comprised of revenue received several years ago via EMMA charges to the seven Medicaid agencies. These billings, which will be used in

FY 2012 to meet the state's federal matching requirements, were abandoned once federal funding was secured.

Overall, the budget appropriates \$748,074 for OHT in FY 2012. While OHT is expected to cease operating by the end of FY 2012, the budget provides \$145,500 in federal funding in FY 2013 in case appropriations are needed to wrap up OHT operations. According to OBM, any remaining cash balance after OHT has completed its work will be transferred to the GRF.

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FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency					Appropriations	FY 2011 to FY 2012	Appropriations	FY 2012 to FY 2013
			FY 2010	FY 2011	FY 2012	% Change	FY 2013	% Change
Report For Main Operating Appropriations Bill			Version: Enacted					
OBM Office of Budget and Management								
GRF	042321	Budget Development and Implementation	\$ 1,832,925	\$ 2,179,160	\$ 2,362,025	8.39%	\$ 2,378,166	0.68%
GRF	042409	Commission Closures	\$ 0	\$ 0	\$ 50,000	N/A	\$ 50,000	0.00%
GRF	042410	National Association Dues	\$ 30,448	\$ 31,361	\$ 0	-100.00%	\$ 0	N/A
GRF	042412	Audit of Auditor of State	\$ 41,625	\$ 38,992	\$ 0	-100.00%	\$ 0	N/A
GRF	042416	Office of Health Transformation	\$ 292,924	\$ 252,558	\$ 306,285	21.27%	\$ 0	-100.00%
GRF	042423	Liquor Enterprise Transaction	\$ 0	\$ 0	\$ 500,000	N/A	\$ 0	-100.00%
GRF	042435	Gubernatorial Transition	\$ 0	\$ 215,414	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 2,197,922	\$ 2,717,485	\$ 3,218,310	18.43%	\$ 2,428,166	-24.55%
1050	042603	State Accounting and Budgeting	\$ 26,107,446	\$ 19,645,571	\$ 21,917,230	11.56%	\$ 22,006,331	0.41%
5N40	042602	OAKS Project Implementation	\$ 1,150,379	\$ 1,044,944	\$ 1,358,000	29.96%	\$ 1,309,500	-3.57%
5Z80	042608	Office of Health Transformation Administration	\$ 0	\$ 0	\$ 57,752	N/A	\$ 0	-100.00%
General Services Fund Group Total			\$ 27,257,825	\$ 20,690,514	\$ 23,332,982	12.77%	\$ 23,315,831	-0.07%
3CM0	042606	Office of Health Transformation - Federal	\$ 188,228	\$ 231,649	\$ 384,037	65.78%	\$ 145,500	-62.11%
Federal Special Revenue Fund Group Total			\$ 188,228	\$ 231,649	\$ 384,037	65.78%	\$ 145,500	-62.11%
5EH0	042604	Forgery Recovery	\$ 21,485	\$ 22,182	\$ 50,000	125.41%	\$ 50,000	0.00%
Agency Fund Group Total			\$ 21,485	\$ 22,182	\$ 50,000	125.41%	\$ 50,000	0.00%
Office of Budget and Management Total			\$ 29,665,460	\$ 23,661,830	\$ 26,985,329	14.05%	\$ 25,939,497	-3.88%