

Greenbook

LBO Analysis of Enacted Budget

Office of Budget and Management

Russ Keller, Senior Economist
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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 183 employees as of August 2019, and more than 30 additional funded positions were vacant as of that date.
- The budget appropriates \$28.5 million for FY 2020 and \$28.0 million for FY 2021.
 - The budget eliminated the Office of Health Transformation, reducing agency expenditures by \$0.5 million per year, of which half is from GRF sources.
 - OBM levies charges on state agencies for a variety of transactions, and two such assessments, for Internal Audit and Travel & Expense Reimbursement, are expected to increase in the upcoming biennium to recover projected costs.

Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
General Revenue (GRF)	\$4,239,673	\$4,239,708	\$4,613,824	\$4,439,089
Internal Service Activity (ISA)	\$20,567,239	\$20,773,545	\$23,850,967	\$23,538,954
Federal	\$248,312	\$128,200	\$0	\$0
Fiduciary	\$28,891	\$18,519	\$30,000	\$30,000
Total	\$25,084,115	\$25,159,972	\$28,494,791	\$28,008,043
% change	--	0.3%	13.3%	-1.7%
<i>GRF % change</i>	--	<i>0.0%</i>	<i>8.8%</i>	<i>-3.8%</i>

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 serves Ohio's citizens directly through *Ohio's Interactive Budget* website. The site provides a detailed view of the state's revenue sources, as well as how money is allocated via the state budget. Recent improvements to the system include the addition of fund balances, as well as improved transaction descriptions.

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.

Appropriation overview

H.B. 166 appropriates a total of \$28.5 million in FY 2020 and \$28.0 million in FY 2021 in the OBM budget. The FY 2020 appropriation total is about \$3.3 million (13.3%) greater than actual FY 2019 expenditures. The FY 2021 appropriation total is about \$0.5 million (1.7%) less than the FY 2020 total.

Of the total amount appropriated for the biennium, \$56.5 million, about \$9.1 million (16.0%) was appropriated from the GRF, in two line items. GRF line item 042321, Budget Development and Implementation, received an increase in funding of \$0.3 million (10.9%) from FY 2019 to FY 2020, while the other GRF line item, 042425, Shared Services Development, received an increase of \$0.5 million (66.9%). These increases were partially offset by the discontinuation of two line items that accounted for about \$0.5 million in GRF expenditures during FY 2019. The GRF funding total declines by \$0.2 million (3.8%) from FY 2020 to FY 2021.

The largest portion of the OBM budget, 83.9%, is appropriated from an ISA group fund, the Accounting and Budgeting Fund (Fund 1050). The FY 2020 appropriations from Fund 1050, in two line items, total \$3.1 million more than actual FY 2019 expenditures, an increase of 14.8%. The FY 2021 appropriation total declines by \$0.3 million (1.3%) from the FY 2020 total.

State agency efficiency review

H.B. 166 requires designees from OBM and the Department of Administrative Services (DAS) jointly to review agency functions and programs with the purpose of identifying areas for consolidation. The enacted budget requires the designees in consultation with the affected agencies to identify, by January 1, 2020, agency functions and programs to be consolidated. The budget allows the Director of DAS to transfer employees, equipment, and assets of a consolidated program. Finally, the bill allows the Director of OBM to make budget changes, including canceling and re-establishing encumbrances, to reflect the consolidated programs.

Transfers to the General Revenue Fund

H.B. 166 authorizes the Director of Budget and Management to transfer up to \$100 million during the FY 2020-FY 2021 biennium from non-GRF funds that are not constitutionally restricted to the GRF. The budget act also authorizes the Director to transfer interest earnings from other state funds to the GRF, except if the fund's source of revenue is restricted or protected by the Ohio Constitution, by federal tax law, or by the federal Cash Management Improvement Act of 1990. The budget act also authorizes or requires several transfers to and from the GRF in specified amounts involving specified funds.

Documents received by the Office of Internal Audit

The enacted budget specifies that records or documents received by the Office of Internal Audit for the purpose of conducting internal audits of state agencies that are otherwise exempt from disclosure under state or federal law are not public records. The budget act clarifies that an internal audit report or work paper that meets the definition of an

infrastructure record, as defined under continuing law by R.C. 149.433, is exempt from disclosure as a public record.

Analysis of enacted 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.

Budget Development and Implementation (ALI 042321)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 042321, Budget Development and Implementation					
\$2,550,274	\$2,816,140	\$3,042,783	\$3,000,851	\$3,328,574	\$3,389,364
% change	10.4%	8.0%	-1.4%	10.9%	1.8%

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 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 uncodified section of the budget act specifies that this line item be used for the financial audit of Ohio's Auditor of State. Accordingly, the majority of this line item is used for wages and compensation.

The FY 2020 appropriation amount is \$0.3 million (10.9%) more than actual FY 2019 expenditures. The FY 2021 appropriation is about \$61,000 (1.8%) more than the FY 2020 appropriation.

Shared Services Development (ALI 042425)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 042425, Shared Services Development					
\$1,012,189	\$1,187,796	\$905,688	\$770,022	\$1,285,250	\$1,049,725
% change	17.3%	-23.8%	-15.0%	66.9%	-18.3%

This line item 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 line item primarily funds employees working on

incomplete projects, which differentiates them from employees compensated by ISA line item 042620, Shared Services Operating.

The FY 2020 appropriation is \$0.5 million (66.9%) more than actual FY 2019 expenditures. The FY 2021 appropriation is \$0.2 million (18.3%) less than the FY 2020 appropriation.

Financial Management (ALI 042603)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
1050 ALI 042603, Financial Management					
\$12,575,120	\$13,643,284	\$14,799,079	\$15,170,639	\$17,106,380	\$16,995,903
% change	8.5%	8.5%	2.5%	12.8%	-0.6%

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. An uncodified provision of H.B. 166 requires that this line item be used to pay all centralized audit costs associated with either Single Audit Schedules or financial statements prepared in conformance with generally accepted accounting principles for the state. 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.

Shared Services Operating (ALI 042620)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
1050 ALI 042620, Shared Services Operating					
\$6,585,449	\$5,901,318	\$5,768,160	\$5,602,907	\$6,744,587	\$6,543,051
% change	-10.4%	-2.3%	-2.9%	20.4%	-3.0%

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 pre-collections activities. 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, thus costs associated with development and agency integration of new services are funded by GRF line item 042425, Shared Services Development.

OSS may get additional functions, programs, and services in the future if these prospective activities are transferred to OBM from other state agencies. As noted above, Section 701.10 of H.B. 166 requires OBM and DAS to jointly review agency functions and programs with the purpose of identifying areas for consolidation. This evaluation will occur no later than January 1, 2020, and the provision authorizes OBM to make necessary budget changes to reflect the consolidated programs.

Forgery Recovery (ALI 042604)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5EH0 ALI 042604, Forgery Recovery					
\$8,870	\$37,634	\$28,891	\$18,519	\$30,000	\$30,000
% change	324.3%	-23.2%	-35.9%	62.0%	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. A provision of uncodified law in H.B. 166 appropriates any additional amounts needed to reissue warrants backed by receipt of funds.

OBM/zg

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 2020 - FY 2021 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2019 to FY 2020	Appropriations	FY 2020 to FY 2021
			FY 2018	FY 2019	FY 2020	% Change	FY 2021	% Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
OBM Office of Budget and Management								
GRF	042321	Budget Development and Implementation	\$ 3,042,783	\$ 3,000,851	\$ 3,328,574	10.92%	\$ 3,389,364	1.83%
GRF	042416	Office of Health Transformation	\$ 291,202	\$ 228,209	\$ 0	-100.00%	\$ 0	N/A
GRF	042425	Shared Services Development	\$ 905,688	\$ 770,022	\$ 1,285,250	66.91%	\$ 1,049,725	-18.33%
GRF	042435	Gubernatorial Transition	\$ 0	\$ 240,628	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 4,239,673	\$ 4,239,708	\$ 4,613,824	8.82%	\$ 4,439,089	-3.79%
1050	042603	Financial Management	\$ 14,799,079	\$ 15,170,639	\$ 17,106,380	12.76%	\$ 16,995,903	-0.65%
1050	042620	Shared Services Operating	\$ 5,768,160	\$ 5,602,907	\$ 6,744,587	20.38%	\$ 6,543,051	-2.99%
Internal Service Activity Fund Group Total			\$ 20,567,239	\$ 20,773,545	\$ 23,850,967	14.81%	\$ 23,538,954	-1.31%
5EH0	042604	Forgery Recovery	\$ 28,891	\$ 18,519	\$ 30,000	62.00%	\$ 30,000	0.00%
Fiduciary Fund Group Total			\$ 28,891	\$ 18,519	\$ 30,000	62.00%	\$ 30,000	0.00%
3CM0	042606	Office of Health Transformation - Federal	\$ 248,312	\$ 128,200	\$ 0	-100.00%	\$ 0	N/A
Federal Fund Group Total			\$ 248,312	\$ 128,200	\$ 0	-100.00%	\$ 0	N/A
Office of Budget and Management Total			\$ 25,084,115	\$ 25,159,972	\$ 28,494,791	13.25%	\$ 28,008,043	-1.71%