

Redbook

LBO Analysis of Executive Budget Proposal

Office of Budget and Management

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Attachment:

Appropriation Spreadsheet

LBO Redbook

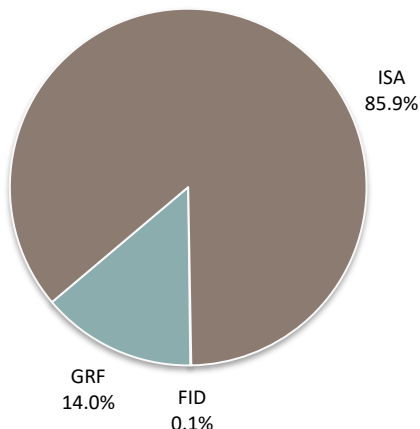
Office of Budget and Management

Quick look...

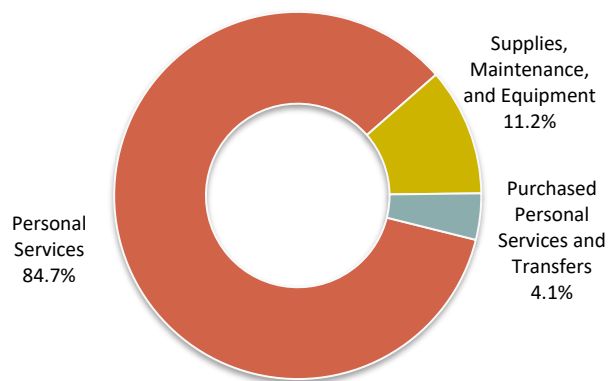
- The Office of Budget and Management (OBM) provides financial management and policy analysis to help ensure responsible use of state resources.
- OBM employed a total of 171 employees as of January 2025, of which 167 were permanent, full-time staff.
- The executive budget recommends \$32.2 million in FY 2026 and \$33.7 million in FY 2027.
 - OBM distributed \$738 million in American Rescue Plan Act State and Local Fiscal Recovery funds in FY 2023 and FY 2024. The executive proposal does not include new money from any of these funding sources in OBM’s budget.
 - The executive budget recommends continued funding to streamline grant processes across state agencies, designed to reduce administrative burdens.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
General Revenue (GRF)	\$4,350,860	\$4,592,000	\$4,400,000	\$4,842,000
Dedicated Purpose (DPF)	\$101,433,903	\$736,303,544	\$0	\$0
Internal Service Activity (ISA)	\$21,999,778	\$26,219,399	\$27,744,976	\$28,843,309
Fiduciary (FID)	\$261,428	\$265,000	\$30,000	\$30,000
Total	\$128,045,969	\$767,379,943	\$32,174,976	\$33,715,309
% change	--	499.3%	-95.8%	4.8%
<i>GRF % change</i>	--	5.5%	-4.2%	10.0%

**Chart 1: OBM Budget by Fund Group
FY 2026-FY 2027 Biennium**



**Chart 2: OBM Budget by Expense Category
FY 2026-FY 2027 Biennium**



Biennial total: \$65.9 million

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.

OBM also manages the Ohio Grants Partnership, which supports Ohio's grant management community, allowing state enterprises to track grant awards and collaborate to build partnerships and leverage experiences.

Appropriation summary

FY 2026 recommended funding for OBM, totaling \$32.2 million, is \$735.2 million (95.8%) less than FY 2025 estimated spending. Recommended state-funded appropriations would increase by \$1.1 million (3.5%); the decrease in overall funding is largely due to the one-time federal funds made available under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA). Recommended total funding in FY 2027, \$33.7 million, is \$1.5 million (4.8%) higher than the FY 2026 recommended total, with most of the funding increase attributed to Internal Service Activity (ISA) Fund Group line item 042603, Financial Management (which increased by 4.0%).

The budget also proposes \$250,000 in GRF funding in FY 2027 for ALI 042435, Gubernatorial Transition, to support payroll, rent, and other expenses of the newly elected Governor, from the election until inauguration. This recurring line item was enacted in previous budgets, but its frequency is dependent on whether circumstances warrant.

An uncodified section of the budget bill reappropriates an amount equal to the unexpended and unencumbered portions of appropriation items under the State Fiscal Recovery Fund (Fund 5CV3) plus an amount equal to cash previously expended but returned to the fund at the end of FY 2025. The bill also contains analogous language applicable to the balance remaining at the end of FY 2026 and reappropriates an amount for the same purpose in FY 2027.

The table and Chart 1 shown in the "**Quick look**" section present the executive recommended appropriations by fund group. Chart 2 in the "**Quick look**" section shows the executive recommended appropriations by object of expense.

Analysis of FY 2026-FY 2027 budget proposal

General Revenue Fund Group

Operating Expenses (ALI 042321)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 042321, Operating Expenses					
\$4,256,551	\$3,999,866	\$4,350,860	\$4,592,000	\$4,400,000	\$4,592,000
% change	-6.0%	8.8%	5.5%	-4.2%	4.4%

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

Accordingly, the majority of item 042321 is used for wages and compensation. In the upcoming biennium, 84.7% of expenditures are anticipated for personal services, and another 4.1% for purchased personal services, of which the latter contributes to OBM’s forecasting and debt management efforts.

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 042603, Financial Management, the successor to ISA line item 042620, Shared Services Operating.

Gubernatorial Transition (ALI 042435)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 042435, Gubernatorial Transition					
\$0	\$0	\$0	\$0	\$0	\$250,000
% change	--	--	--	--	N/A

This GRF line item complies with Revised Code section 107.30 to appropriate money for incurred costs of the governor-elect. ALI 042435, Gubernatorial Transition, supports payroll, rent,

and other expenses of the newly elected Governor, from the election until inauguration. The executive proposal recommends \$250,000 in GRF funding for FY 2027.

Internal Service Activity Fund Group

Financial Management (ALI 042603)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
1050 ALI 042603, Financial Management					
\$15,456,484	\$16,154,707	\$21,960,025	\$26,219,399	\$27,744,976	\$28,843,309
% change	4.5%	35.9%	19.4%	5.8%	4.0%

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. Recommended funding increases by \$1.5 million (5.8%) from FY 2025 to FY 2026. About 85% of this line item is used to pay for personal services, and 11% for supplies and maintenance.

This line item also 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.

The Central Services Agency (CSA) was also moved to OBM's ISA Fund Group from DAS in FY 2024. CSA provides routine support services to various boards and commissions, inclusive of human resources and personnel services.

Fiduciary Fund Group

Forgery Recovery (ALI 042604)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
5EH0 ALI 042604, Forgery Recovery					
\$25,008	\$23,352	\$261,428	\$265,000	\$30,000	\$30,000
% change	-6.6%	1019.5%	1.4%	-88.7%	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) 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/zg

**FY 2026 - FY 2027 Appropriations - As Introduced
All Fund Groups - Detail**

Main Operating Appropriations Bill

Detail by Agency			FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
OBM Office of Budget and Management								
GRF	042321	Operating Expenses	\$4,350,860	\$4,592,000	\$4,400,000	\$4,592,000	-4.18%	4.36%
GRF	042435	Gubernatorial Transition	\$0	\$0	\$0	\$250,000	N/A	N/A
General Revenue Fund Subtotal			\$4,350,860	\$4,592,000	\$4,400,000	\$4,842,000	-4.18%	10.05%
5AT1	042637	Statewide Children's Vision Initiative	\$2,500,000	\$0	\$0	\$0	N/A	N/A
5AY1	042509	One Time Strategic Community Investments	\$0	\$717,800,000	\$0	\$0	-100.00%	N/A
5CV3	042510	Hospital Provider Relief Payment	\$0	\$5,453,600	\$0	\$0	-100.00%	N/A
5CV3	042627	Ohio Ambulance Transportation	\$6,950,056	\$13,049,944	\$0	\$0	-100.00%	N/A
5CV3	042628	Adult Day Care	\$7,977,121	\$0	\$0	\$0	N/A	N/A
5CV3	042630	Statewide Hospital Support	\$28,052,238	\$0	\$0	\$0	N/A	N/A
5CV3	042631	Assisted Living Workforce Support	\$28,292,471	\$0	\$0	\$0	N/A	N/A
5CV3	042632	Hospice Care Workforce Support	\$20,407,417	\$0	\$0	\$0	N/A	N/A
5CV3	042633	HCBS Workforce Support	\$4,898,637	\$0	\$0	\$0	N/A	N/A
5CV3	042636	Nursing Facility Workforce Support	\$1,925,714	\$0	\$0	\$0	N/A	N/A
5CV4	042526	Coronavirus Local Fiscal Recovery	\$430,249	\$0	\$0	\$0	N/A	N/A
Dedicated Purpose Fund Group Subtotal			\$101,433,903	\$736,303,544	\$0	\$0	-100.00%	N/A
1050	042603	Financial Management	\$21,960,025	\$26,219,399	\$27,744,976	\$28,843,309	5.82%	3.96%
1050	042620	Shared Services Operating	\$39,753	\$0	\$0	\$0	N/A	N/A
Internal Service Activity Fund Group Subtotal			\$21,999,778	\$26,219,399	\$27,744,976	\$28,843,309	5.82%	3.96%
5EH0	042604	Forgery Recovery	\$261,428	\$265,000	\$30,000	\$30,000	-88.68%	0.00%
Fiduciary Fund Group Subtotal			\$261,428	\$265,000	\$30,000	\$30,000	-88.68%	0.00%
Office of Budget and Management Total			\$128,045,969	\$767,379,943	\$32,174,976	\$33,715,309	-95.81%	4.79%
Main Operating Appropriations Bill Total			\$128,045,969	\$767,379,943	\$32,174,976	\$33,715,309	-95.81%	4.79%