



Office of Budget and Management

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**HOUSE BILL 40
TESTIMONY OF DIRECTOR TIMOTHY S. KEEN,
OFFICE OF BUDGET AND MANAGEMENT
HOUSE STATE AND LOCAL GOVERNMENT COMMITTEE
JUNE 7, 2018**

Chair Anielski, Vice Chair Hambley, Ranking Member Holmes, and members of the House State and Local Government Committee, my name is Tim Keen and I am Director of the Office of Budget and Management (OBM). I am pleased to be with you today to present testimony on House Bill 40.

To start, I would like to commend the joint sponsors of the bill, Representatives Dever and Greenspan for their work on this legislation and to thank them, as well as Treasurer Josh Mandel, for their efforts to advance the goals of government transparency and accountability.

As introduced, House Bill 40 would require the Treasurer of State to establish and maintain a state government expenditure database and to make that database available on the Treasurer's website. The bill also requires state entities to assist the Treasurer of State in the development and operation of the database at no cost to the Treasurer of State.

It is essential to note that state government expenditure data, along with state appropriation and revenue data, are housed in the State's accounting system and that the Office of Budget and Management, pursuant to Chapter 126 of the Revised Code, is charged with housing and maintaining the state accounting system. Thus, it is my office, OBM, that has the legal duty to ensure that the expenditure and revenue transactions of the State of Ohio are accurate, timely, and properly reconciled per state and federal laws and requirements. To carry out this duty, OBM employs professionals to develop, implement, maintain and operate the state accounting system. Therefore, I do not believe it is appropriate to place in statute a requirement that another state agency be responsible for the public display of state expenditure data that my agency is statutorily responsible for managing and maintaining.

If the General Assembly chooses to statutorily establish the responsibility to present State accounting information via a 'transparency' web site, I strongly believe that OBM is the logical and appropriate agency to be charged with that responsibility. To that end, OBM has worked with the current and previous sponsors of this bill on a substitute bill, which I have attached to this testimony, that would accomplish the following:

- 1) Place with OBM the statutory responsibility to maintain and make accessible a database of state revenue, budget, and disbursement information;

- 2) Place with the Treasurer of State the responsibility to maintain and make accessible an expenditure database for local governments and other political subdivisions;
- 3) Require the Department of Administrative Services to include a reference to both databases on the State's transparency website established in section 125.20 of the Ohio Revised Code; and
- 4) Include provisions to help prevent the disclosure of confidential personal information.

It is important to note that the substitute bill does not preclude the Treasurer of State from providing a state expenditure database, it simply does not add that responsibility as a statutory function of that office.

By way of background, I will share with you that for several years I was not fully satisfied with the way state budget and expenditure data was presented on the OBM website. The OBM website has traditionally included significant information regarding the executive budget and a summary of the enacted budget. To view the enacted budget by line item, one would have to rely on documents posted to the Legislative Service Commission (LSC) website and neither website contained a detailed look at revenues and spending. After significant discussion at OBM, I asked my staff to work with the Department of Administrative Services (DAS) to develop **Ohio's Interactive Budget** website. The site was launched 2 years ago, in June of 2016.

The Ohio Interactive Budget is a comprehensive and interactive website that enables visitors to see not only how state money is spent, but also how revenue is generated and allocated via the state budget. On the revenue side, users can see the revenue received and the flow of funds across all funds of the state treasury. On the expenditure side, users can differentiate whether a disbursement to a particular entity was in the form of a supplier payment or a subsidy. These features are unique to OBM's site and have generated many favorable reviews from consumers of the data, including news reporters, academics, legislators, legislative staff, and public policy organizations.

In summary, while I support the underlying goals of transparency and accountability, I have concerns with HB 40 as introduced. I believe the agency responsible for managing the state accounting system should also be responsible for maintaining the publicly accessible state expenditure and revenue database. I would urge the committee to review and consider adoption of the substitute bill I outlined here today. Of course, I will be happy to work with members of the committee on any issues or questions that may arise as you review the proposed substitute bill language.

Chair Anielski, members of the committee, I appreciate the opportunity to testify on House Bill 40. At this time, I am happy to answer any questions you may have.

Attachment