



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 79 of the 132nd G.A.

**Status:** As Passed by the Senate

**Sponsor:** Sen. Jordan

**Local Impact Statement Procedure Required:** No

**Subject:** Establishes a schedule of review and sunset of state departments in the Governor's cabinet

### State Fiscal Highlights

- The bill establishes a schedule for a periodic review and sunset of state departments in the Governor's cabinet. Overall, the bill may increase administrative costs for state departments to prepare a report with the required information about their operations for standing committees of the General Assembly.
- Standing committees of the General Assembly that are assigned agency reviews may incur some administrative burden to prepare and publish a report on their findings and recommendations.
- The bill aligns the Auditor of State's schedule for conducting performance audits to the schedule for review of cabinet departments. There will be little to no additional cost to the Auditor of State to conform to the timing of performance audits under the bill.

### Detailed Fiscal Analysis

#### Agency review

The bill establishes a schedule (see table below) for standing committees of the General Assembly to periodically review state departments that are currently in the Governor's cabinet. The bill also authorizes the Senate President and the Speaker of the House of Representatives to direct a standing committee of each house to hold hearings in the same manner for departments not specifically enumerated in the bill.

State Department Review Schedule Under H.B. 51	
Even-numbered General Assembly	Odd-numbered General Assembly
Office of Budget and Management	Department of Commerce
Department of Administrative Services	Department of Transportation
Department of Agriculture	Department of Natural Resources
Department of Health	Department of Job and Family Services
Department of Public Safety	Department of Mental Health and Addiction Services
Department of Developmental Disabilities	Department of Insurance
Development Services Agency	Department of Youth Services
Department of Rehabilitation and Correction	Environmental Protection Agency
Department of Aging	Department of Veterans Services
Department of Medicaid	Office of Health Transformation
Office of the Adjutant General	Public Utilities Commission
Department of Higher Education	Department of Taxation

The 24 state departments in the Governor's cabinet listed above will incur an administrative cost to prepare a report for the standing committee responsible for carrying out the review. These costs would depend on the scope and nature of the information provided to the standing committee. In particular, the bill requires departments that are under review to report on their (1) primary functions, goals, and objectives, (2) workload and staffing, and (3) past and anticipated budgets and sources of funding. Also, the standing committees selected to review departments and boards may incur some administrative costs to prepare and publish reports on their findings and recommendations. The bill outlines several criteria that a standing committee is to use when reviewing a department. There are additional criteria that apply if a department under review also licenses a trade or profession. Finally, the Common Sense Initiative Office within the Governor's Office may incur an administrative burden for its role in gathering information requested by and presenting the information it finds to the relevant standing committees.

## Performance audits

The bill aligns the Auditor of State's schedule for conducting performance audits to the schedule for review of cabinet departments. Under current law, the Auditor of State, in each biennium, must conduct at least four performance audits of state agencies or institutions of higher education. During odd-numbered General Assemblies, at least two of the performance audits must be of departments required to be reviewed by the General Assembly in the following, even-numbered General Assembly. Similarly, in even-numbered General Assemblies, at least two of the performance audits must be of the departments required to be reviewed by the General Assembly in the following, odd-numbered General Assembly. The performance audits must then be made available to the standing committee directed to review the audited department during the following General Assembly.

None of these provisions contained in the bill would appear to have any fiscal impact to the Auditor of State's Office, since the Auditor will be performing the same duties as they exist under current law. Performance audits for state agencies are funded through the Auditor of State's Public Audit Expense – Intrastate Fund (Fund 1090) appropriation item 070601, Public Audit Expense – Intrastate. The costs of performance audits are billed to the agency receiving the audit at an hourly rate established by the Statewide Cost Allocation Plan (SWCAP). The current rate the Auditor bills state agencies under this plan is \$68 per hour.

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