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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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H.B. 676
133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. Jordan

Local Impact Statement Procedure Required: No

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Highlights

- Personal services and other operating costs for 12 regional State and Local Government Accountability Appeals Boards could range from a few million dollars per year or more depending on the number of employees, the amount of office space required, and workloads faced by the Boards.
- The bill requires salaries for Board members and an executive director to be determined by the Department of Administrative Services (DAS). Under current DAS guidelines, Board members could receive between \$17.89 and \$71.23 per hour. The Executive Director could receive between \$29.14 and \$79.88 per hour. The state's share of retirement and health care benefits paid on the employees' behalf will add to the payroll expenses.

Detailed Analysis

Summary of potential fiscal effects

The bill may result in new state expenditures of at least a few million dollars per year or greater. These costs would arise from compensation for the members of 12 regional State and Local Government Accountability Appeals Boards created by the bill, an executive director to coordinate the activities of the 12 regional Boards, and other staff such as hearing examiners and alternative dispute resolution professionals. Additionally, the state may incur other expenditures to maintain regional offices and pay other administrative operating costs for the Boards. The bill does not contain any state appropriations to cover these costs. A more detailed discussion of these potential costs is provided under the headings below.

Personal services costs

Board member salaries

The state would incur costs to compensate the members of 12 regional State and Local Government Accountability Appeals Boards created by the bill. These costs could range from approximately \$1.1 million per year to \$8.9 million per year depending on the specific compensation rate established for Board members and the number of hours that members serve each year to fulfil their duties. The Boards would hear appeals from businesses that allege a particular state or local government regulation or policy related to the Governor's COVID-19 declaration of emergency, issued on March 9, 2020, unnecessarily hinders, impairs, obstructs, or prevents the continuation of business. Under the bill, each Board consists of five members, three appointed by the Governor, and one each by the Speaker of the House and Senate President. Under the bill, salaries for Board members will be determined by the Department of Administrative Services (DAS).

As of June 1, 2020, DAS compensation guidelines set pay rates for members of state boards and commissions as shown in Table 1 below. Assuming the Board members' duties require a part-time commitment of 1,040 hours per year, compensation costs for the 60 Board members (12 Boards x 5 members) could range from approximately \$1.1 million (\$17.89 per hour x 1,040 hours x 60 members) to \$4.4 million (\$71.23 per hour x 1,040 hours x 60 members) per year.

Job Code	Job Title	Step 1 Hourly Rate	Step 2 Hourly Rate
62221	Board/Commission Member 1	\$17.89	\$50.98
62222	Board/Commission Member 2	\$19.70	\$56.15
62223	Board/Commission Member 3	\$21.73	\$61.34
62224	Board/Commission Member 4	\$26.43	\$71.23

Executive director salary

In addition to Board members' salaries, the state would incur costs to pay the salary of an executive director ranging from nearly \$61,000 to more than \$166,000 per year. The state's share of the employee's retirement and health care benefits would add to these costs. Under the bill, an executive director that will act as the principal administrative officer overseeing all of the Boards is appointed by the head of the Common Sense Initiative. Under the bill, the Executive Director's salary is also determined by DAS. DAS pay guidelines for executive directors as of June 1, 2020, are shown in Table 2 below. Job codes assigned to a particular executive director position are based on the size of the agency the director oversees. Under the guidelines, directors that oversee an agency with multi-geographical jurisdictions or statewide library services, the Ohio Expositions Commission, Ohio Ethics Commission, or the Ohio Civil Rights Commission, are assigned to job code 61614, Executive Director 4. Assuming the Executive Director would be assigned this job code, the state would incur costs of nearly

\$61,000 (\$29.14 per hour x 2,080 hours) per year for a director in Step 1 to more than \$166,000 (\$79.88 per hour x 2,080 hours) per year for a director in Step 2 of the salary schedule. Added to this would be the state's 14% of gross pay toward the employee's retirement and the state's share of the employee's health care benefit.

Job Code	Job Title	Step 1 Hourly Rate	Step 2 Hourly Rate
61611	Executive Director 1	\$17.89	\$50.98
61612	Executive Director 2	\$21.73	\$61.34
61613	Executive Director 3	\$26.43	\$71.23
61614	Executive Director 4	\$29.14	\$79.88

Salaries for additional employees

Under the bill, the state would also incur costs to pay salaries of additional employees. The bill authorizes the Executive Director to hire regional staff and requires the Boards to appoint hearing examiners, alternative dispute professionals, and other employees and agents that the Boards consider necessary. Because the number of additional employees that would be needed and the specific roles they would fill is unknown, it is difficult to estimate the salaries that they would receive.

Other personal services costs

In addition to the salaries for Board members, the Executive Director, and additional employees, the state would incur other personal services costs to provide fringe benefits and pay miscellaneous administrative fees associated with workers' compensation, human resources, and information technology functions. In particular, state costs for employee health insurance can add significantly to overall personal services costs. Under the FY 2021 insurance plan, the state share of medical benefits can range from \$4,608.76 annually for a part-time employee with single coverage to \$24,941.54 for a full-time employee that has elected family coverage. Additionally, state contributions to the Public Employees Retirement System (PERS) for eligible employees totals 14% of gross pay on an annual basis. Overall, these benefits and administrative fees can result in additional expenditures of between 30% and 50% of an employee's gross pay.

Other operating costs

The bill requires the 12 regional State and Local Government Accountability Appeals Boards to maintain regional offices within the assigned geographic regions. Although the state will incur new costs to maintain these offices, it is difficult to estimate how significant those costs might be. Any costs to maintain office space will be based on local rental rates and the amount of space each of the 12 Boards might require. Additionally, the Boards will incur an unknown amount of other operating costs to carry out hearings, conduct alternative dispute resolutions, maintain files, purchase office supplies, and other administrative costs.

Funding mechanism

Although the state would incur new costs under the bill, it is unclear what state fund or funds might support these costs. The bill does not appropriate any funding nor does it direct a state agency to support the costs of the 12 regional Boards.