

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: Am. H.B. 202 **DATE:** October 14, 1997

STATUS: As Reported by Senate State and Local Government and Veterans Affairs **SPONSOR:** Rep. Batchelder

LOCAL IMPACT STATEMENT REQUIRED: No — No Local Cost

CONTENTS: Creates a business reply form for use by certain state agencies under a two-year pilot program

State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	\$2 million increase*	\$4 million increase, approximately the second year of the pilot project*	- 0 -
GRF and other state operating funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	- 0 -	Potential annual savings after program implementation
Computer Services Fund			
Revenues	- 0 -	- 0 -	Revenues to match expenditures
Expenditures	- 0 -	- 0 -	Potential \$700,000 annual increase after program implementation

* The timing of these costs would be contingent upon how soon the analysis of data collection and storage procedures begins.

- The cost of implementing the program required by the bill would be over \$6 million initially. If the program is implemented, annual costs would be with about \$700,000 for ongoing operation, modification, and improvement of the system. The initial funding would probably be from the General Revenue Fund, with the ongoing annual costs paid from the DAS Computer Services Fund.
- If the business reply form were to be used after the two-year period, the bill could be expected to result in reduced expenditures for various operating funds statewide, because it would greatly reduce data entry and copying costs and potentially simplify workflow for the affected agencies.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.



Detailed Fiscal Analysis

The bill requires the Department of Administrative Services (DAS) to implement a two-year pilot project in which: 1) a business reply form would be created to obtain information from private businesses and would be used by the Secretary of State, the Bureau of Employment Services, the Bureau of Workers' Compensation, DAS, and any other state agency that elects to participate in the project; and 2) an on-line computer network system would be created to allow private businesses to electronically file the business reply form. DAS would be required to establish procedures by which the state agencies would share the information collected. Not later than September 30, 1999, DAS would have the option of reporting to the Office of Budget and Management and to the committees of the House and Senate that handle finance and state government affairs on the progress of: 1) the center in creating a business reply form, and 2) state agencies in complying with the use of this form. The Director of DAS would be authorized to recommend a five percent reduction in the future appropriations of any state agency that failed to comply without good cause.

Initially, this bill would result in an increase in expenditures for the state. According to a spokesperson for DAS, the steps involved in the implementation of a business reply form would be as follows:

Activity	Cost	Duration
Analysis of data collection and storage procedures in affected agencies; design of instrument	\$1,000,000	6 months
Design, development, implementation of database; networking needed to communicate with businesses	\$1,000,000	6 months
Modification of all agency systems involved in process	\$4,000,000	18 months
Training of user community	\$200,000	Ongoing through implementation
Ongoing operation, modification, improvement of system	\$700,000	annual

In addition to the modification of agency computer systems, some modification of the laws and rules governing the use of data by the affected agencies would probably be necessary. The agencies that could be significantly affected by the bill include the Bureau of Workers Compensation; the departments of Taxation, Development, and Administrative Services; and the Bureau of Employment Services.

In the long term, the bill could be expected to result in reduced expenditures for the state, because it would greatly reduce data entry and copying costs and potentially simplify workflow for the affected agencies.

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