

Testimony Of
Kimberly Murnieks
Director, Ohio Office of Budget & Management

Senate General Government Budget Committee
Office of Budget & Management's Executive Budget Proposal
Fiscal Years 2022 and 2023

April 21, 2021

Good Morning, Chairman Schaffer, Vice Chair Wilson, Ranking Member Craig, and members of the Senate General Government Budget Committee. I am happy to be with you today to discuss the Office of Budget and Management's budget request for the upcoming biennium.

OBM operates our state financial systems consistently with state and federal government laws and policies, and in accordance with government accounting standards. As the state's chief financial officer, I am focused on ensuring that state government works effectively and efficiently on behalf of the citizens of Ohio. OBM is a strategic and innovative fiscal and management partner to all agencies, boards, and commissions.

We provide policy analysis, fiscal research, and financial management services to the Governor and state agencies, safeguarding the proper and responsible use of our resources. The agency facilitates the budget request process, implements and monitors the state operating and capital budgets following enactment by the Ohio General Assembly, creates annual financial reports, administers the state's debt management and internal audit programs, and supports all agencies with shared services, reengineered business processes, and increased financial literacy.

This budget, as requested, will allow OBM to support the Governor's investments in Ohio's future by:

- Improving financial integrity and fiscal discipline throughout the state by assuring that resources are spent and monitored appropriately and legally;
- Creating innovative solutions to increase state government efficiency by processing similar services across agencies;
- Compiling, analyzing, and reporting the financial transactions of the state, including publishing the Comprehensive Annual Financial Report (referred to as the CAFR) and the Schedule of Federal Awards, in accordance with Generally Accepted Accounting Principles (GAAP);
- Conducting internal audits to mitigate risk and identify opportunities for improvement; and
- Promoting transparency and understanding of state revenue and spending through continued support and development of the Ohio Checkbook website.

Office of Budget and Management Divisions

Our conservative biennial budget request, including no requested increase from the state's General Revenue Fund for fiscal years 2022 and 2023, is sufficient for OBM to continue all current functions:

- Budget Planning and Development, the OBM division that you may be most familiar with, develops and implements the state's operating and capital budgets, provides economic and revenue forecasting, and works with agencies to manage the state's financial resources and obligations. This division also serves as appointees to Financial Planning and Supervision Commissions, working in coordination with the Auditor of State and, in some cases the Department of Education, to assist municipalities and school districts in fiscal watch or emergency as they overcome financial difficulties.
- Controlling Board coordinates oversight of certain operating and capital expenditures of state agencies and has authority over other various state fiscal activities. OBM provides staff and support for the Controlling Board to allow the legislature to address requested changes to agency appropriations after the biennial budget process, to provide specific oversight for purchases of \$50,000 or more, and approvals to release capital funding to state agencies and institutions for building and infrastructure projects across the state.
- Debt Management oversees existing state debt, coordinates the issuance and sales of bonds, tracks debt service payments, projects future debt service needs, and informs bond rating agencies of the state's overall financial condition. OBM works closely with the Treasurer of State on the issuance and management of debt obligations to ensure that Ohio meets all federal and state requirements and that our taxpayer dollars are utilized as economically as possible. In addition, OBM provides staff and support to the Ohio Public Facilities Commission and the Buckeye Tobacco Settlement Financing Authority in furtherance of debt financings to support various capital projects across the state.
- Accounting & Financial Reporting administers all accounting activities of the state using the OAKS (Ohio Administrative Knowledge System) Financial module and processes related fiscal transactions on behalf of state agencies. This program also manages the state's payment card program, electronic data interchange, OAKS application support, and transaction monitoring. OBM Financial Reporting publishes the CAFR and related reports and coordinates the annual statewide GAAP audit conducted by the Auditor of State. The CAFR officially documents the state's financial activity and financial position for the State Single Audit as required by federal law along with the State Schedule of Expenditures of Federal Awards (the SEFA).
- Ohio Shared Services capitalizes on economies of scale by centralizing the processing of common financial transactions. Ohio Shared Services currently assists in the review and processing of vouchers and travel-related expenses. Shared Services also provides support to suppliers inquiring about the set-up of their accounts in OAKS and manages a contact center that serves as the front-line call routing for various OAKS-related questions. These services allow agencies to focus on core programmatic missions rather than on the repetitive tasks not unique to their organization.

- Internal Audit conducts financial and information technology audits and consulting engagements for 27 cabinet level agencies based on risk factors and provides internal controls, risk management, process efficiencies, system access controls, and data security recommendations. The OBM Internal Audit Division also provides these services to entities not within its purview when requested.
- The Ohio Grants Partnership is a new division within OBM that provides consistent, enterprise support for the grants management community. Since the onset of the pandemic, this division has assisted state agencies and local governments as a centralized resource for disbursement and management of COVID-19 financial relief from the federal government.

OBM’s Executive Budget Recommendation

OBM is committed to providing each of these services with efficiency and transparency. OBM’s budget consists of four operating budget line items, one in the General Revenue Fund, two in the Interagency Fund Group, and one in the Dedicated Purpose Fund Group. Additionally, over the past year, OBM has managed several budget line items related to federal coronavirus relief.

Our **General Revenue Fund** budget request totals \$4.1 million in each fiscal year of the upcoming biennium.

Fund	ALI	ALI Name	Estimated 2021	Requested FY 2022	Percent Change	Requested FY 2023	Percent Change
GRF	042321	Operating Expenses	\$3,328,628	\$4,128,353	24.0%	\$4,128,353	0.0%
GRF	042425	Shared Services Development	\$799,725	Merged into line above			
Total General Revenue			\$4,128,353	\$4,128,353	0.0%	\$4,128,353	0.0%

GRF expenditures comprise 15.1 percent of the OBM budget, excluding federal coronavirus relief funds, because the primary functions of OBM are in service to the other state agencies and are recovered through a charge-back. The GRF line provides funding for activities that cannot be charged to federal funds based on federal cost allocation rules and guidelines. These rules prohibit using federal funds for preparing and submitting OBM’s portion of the budget, facilitating the processing and payment of OBM’s expenses, and developing applications to facilitate shared services offerings.

Interagency Funds provide for 84.8 percent of OBM’s operating budget. The interagency line items provide for the review, analysis, and reporting of the state’s financial activities, internal audit functions, and for the centralized operations at Ohio Shared Services.

Fund	ALI	ALI Name	Estimated 2021	Requested FY 2022	Percent Change	Requested FY 2023	Percent Change
1050	042603	Financial Management	\$16,995,903	\$16,500,000	-2.9%	\$17,200,000	4.2%
1050	042620	Shared Services Operating	\$6,543,051	\$6,730,000	2.9%	\$7,050,000	4.8%
Total Internal Service Activity			\$23,538,954	\$23,230,000	-1.3%	\$24,250,000	4.4%

OBM’s budget also includes a small \$30,000 per fiscal year **Fiduciary Fund** line item for Forgery Recovery that 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.

In sum, OBM’s **All Funds** budget request for agency operations, which excludes coronavirus relief funding, totals \$27.4 million in fiscal year 2022 and \$28.4 million in fiscal year 2023.

All Funds	Estimated 2021	Requested FY 2022	Percent Change	Requested FY 2023	Percent Change
Grand Total Office of Budget and Management	\$27,697,307	\$27,388,353	-1.1%	\$28,408,353	3.7%

Since the onset of the COVID-19 pandemic, OBM has worked with state and local government partners to manage and disburse federal funds made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent federal COVID relief packages. Congress provided Ohio \$4.5 billion in Coronavirus Relief Funds (CRF) to support unbudgeted state and local needs brought on by the pandemic, of which \$3.75 billion was deposited to the State Treasury. Over the past year, the General Assembly and Administration worked together and allocated \$1.2 billion to local governments; over \$530 million in provider relief to nursing homes, long term care facilities, rural and critical care hospitals, adult day care centers, and senior centers; \$150 million for K-12 school districts to support virtual and hybrid learning; \$300 million to colleges and universities so students could safely return to our campuses; funding to support COVID relief and response by state agencies, libraries, veterans posts, and other organizations; and relief to Ohio businesses most impacted by the pandemic. Of the 47 Coronavirus Relief Fund (5CV1) line items, eleven are directly administered by OBM and appear in our agency budget. ALI 042621, COVID Response Costs – Multiple Agencies, serves as a central reimbursement line for unbudgeted state agency costs related to COVID response measures. OBM expects to utilize \$33 million in the current fiscal year and has requested \$18 million in fiscal year 2022 as agencies continue to prioritize safety measures. Examples of reimbursement costs funded through this line include cleaning and sanitization of ODOT and Ohio Turnpike Commission rest areas, laptops, cameras, and other equipment necessary for agency telework, and PPE, cleaning, and social distancing measures for agencies operating in congregate or public settings. This budget continues to use federal resources for our state agencies responding to the pandemic while protecting our state’s general revenue fund from these costs.

Fund	ALI	ALI Name	FY 2020	Estimated 2021	Requested FY 2022	Percent Change	Requested FY 2023	Percent Change
5CV1	042621	COVID Response Costs – Multiple Agencies	\$34,919,945	\$33,000,000	\$18,000,000	-45.5%	\$0	
	042501	Coronavirus Relief – Local Government	\$350,000,000	\$175,000,000	\$0		\$0	
	042623	Coronavirus Relief – Local Govt Distribution	\$0	\$650,000,000	\$0		\$0	
	042502	Provider Relief – Skilled Nursing Facilities	\$0	\$182,169,262	\$0		\$0	
	042503	Provider Relief – NF Infection Control	\$0	\$25,000,000	\$0		\$0	
	042504	Provider Relief – Long Term Care	\$0	\$157,044,514	\$0		\$0	
	042505	Provider Relief – Rural and Critical Hospitals	\$0	\$124,000,000	\$0		\$0	
	042506	Provider Relief – Behavioral Health	\$0	\$45,000,000	\$0		\$0	
	042507	COVID Safety – Public Libraries	\$0	\$18,300,000	\$0		\$0	
	042508	COVID Safety – Veterans Posts	\$0	\$3,000,000	\$0		\$0	
	042515	Provider Relief – Adult Day Care & Senior Centers	\$0	\$15,200,000	\$0		\$0	
Total Dedicated Purpose			\$384,919,945	\$1,427,713,776	\$18,000,000	-98.7%	\$0	-100%

Agency Initiatives

I would like to conclude my testimony this afternoon by highlighting a few examples of efficiencies gained over the past year.

Ohio Checkbook

You may recall in June 2020, Lt. Governor Jon Husted and Ohio Treasurer Robert Sprague unveiled [OhioCheckbook.gov](https://ohiocheckbook.gov), the new transparency website combining OhioCheckbook.com, previously administered by the Treasurer’s office, and Ohio’s Interactive Budget, previously operated by OBM, to create a single, one-stop state and local government fiscal data dashboard for Ohio taxpayers. By streamlining website administration and eliminating duplication, the partnership maintains the features of both sites while delivering a projected **savings of \$900,000 per year**. We are very proud of this initiative and have even expanded the tool by adding a dashboard detailing the federal funds awarded and spent in Ohio to combat the COVID-19 pandemic. Our state continues to lead the nation in providing our

citizens with transparent, detailed revenue and spending data and we will continue to improve the site.

Recovering Duplicate Payments

InnovateOhio and OBM have partnered to utilize data analytics to review state agency spending and identify mistaken, repeat payments. To date, we have **identified \$1.53 million in duplicate payments**, the majority of which have been recovered. These are actual taxpayer dollars recovered, not just potential savings identified. We continue to review the state's payment processes for additional enhancements or expansions of this analytics tool.

Ohio Grants Partnership

Federal grants in Ohio are administered by 36 different state agencies, utilizing 58 different systems and tools, with more than 800 state employees dedicated to grant management and compliance. Even prior to the pandemic, I heard from local governments that found it difficult to navigate the various grant applications and websites.

In recognition of these difficulties, OBM launched the Ohio Grants Partnership in early 2020 to serve as a "front door" for local governments and others seeking state grants. This initiative was in-process prior to the pandemic, but the launch was sped up to manage federal COVID-19 monetary relief. The team was created by reorganizing existing OBM staff, which did not add a single additional person to our agency headcount. We also launched the *Ohio Connect* email newsletter, which already has over 5,000 local government subscribers, to share up-to-date guidance, trainings, and resources. The initial focus of the Ohio Grants Partnership has been management of federal grants related to COVID-19 response and recovery that I discussed earlier in my testimony. This initiative has been a great success and we are now expanding beyond COVID-19 grants.

Bond Refinancing

OBM, and its support role to the Ohio Public Facilities Commission (OPFC) and the Buckeye Tobacco Settlement Financing Authority (BTSFA), watches the financial markets closely to take advantage of favorable conditions to sell or refinance state bonds or certificates of participation as authorized by the Constitution or General Assembly.

In February 2020, at the very onset of the pandemic, OBM, on behalf of the BTSFA and in coordination with the Treasurer, closed a \$5.3 billion refinancing of Tobacco Settlement Asset-Backed Bonds. This transaction refinanced bonds originally issued in 2007 that securitized the State of Ohio's annual payments received under the 1998 Tobacco Master Settlement Agreement with tobacco companies. This refinancing substantially decreased interest costs over the remaining life of these bonds, created the opportunity for the State to receive future tobacco settlement payments that otherwise would have been forgone, and prevented an anticipated default of the 2007 bonds. The state did not contribute funds or provide credit support for this refinancing, leaving no risk for state taxpayers.

Then in June 2020, during the height of the state revenue shortfall, the OPFC, with OBM's support, closed the largest General Obligation bond financing in Ohio history, refunding and restructuring \$780 million of state debt. This sale was also the largest conducted with a minority-owned underwriting firm and with a women's business enterprise as financial advisor. This historic collaboration of public and private sector partners **produced \$363.6 million in cash flow savings** at an extremely advantageous interest rate of 1.54 percent.

Even more recently, our team refinanced \$82.6 million in debt, **saving taxpayers \$8.6 million**. The December refinancing achieved a 1.27% yield in the 20-year maturity, the lowest 20-year tax-exempt borrowing yield the OPFC has transacted since 2005. To add to these highlights, OBM launched a new investor outreach platform, buyohiobonds.com, which will provide staff and investors with more insight and analytics for the sale and purchase of Ohio bonds. Our team continues to look for opportunities to save valuable taxpayer dollars.

Secondary Location Closure

As discussed earlier, Ohio Shared Services is the division of OBM that processes back-office administrative transactions for state agencies, lowering transaction costs and generating efficiencies across state government. After a decade in operation, the value and lessons learned through the implementation of shared services continue to be used to identify more creative and cost-effective solutions in partnership with InnovateOhio and the Ohio Department of Administrative Services to increase operational efficiencies throughout state government.

Following the successful implementation of remote work policies, OBM identified an opportunity to switch the OSS staff to a permanent remote/hybrid work setup. These sections include our call center, accounts payable processing, supplier operations, and travel and expense who all previously worked from leased a location just outside of downtown Columbus. OBM leadership's decision to close this location will **save almost \$1 million per biennium** and has led to greater employee satisfaction and decreased unplanned absenteeism.

Conclusion

As evidenced by this budget request, I am committed to keeping agency expenses low, living within our means, and leading by example. OBM will continuously evaluate ways to ensure staffing levels remain appropriate. We will identify efficiencies both within OBM and across state government. In short, OBM is focused on helping agencies achieve Governor DeWine's priorities, balancing the state's operating and capital budgets, improving management efficiencies within state government, and ensuring long-term economic growth for future generations.

I appreciate the opportunity to appear before you today, and I would be happy to answer any questions that you have.

Attachment: OBM Fiscal Year 2020 Annual Report



Annual Report

Fiscal Year 2020



Office of Budget
and Management





OBM & COVID-19

#TeamOBM senior staff members are managing several of Governor DeWine's COVID-19 Strike Forces related to local governments, state personnel, and the economy.

OBM's Ohio Grants Partnership is managing \$3.7 billion in Coronavirus Relief Funds and \$104.9 million in the Governor's Emergency Education Relief Funds.

Ohio Grants Partnership also distributed \$350 million in Coronavirus Relief Funds to all 88 Ohio counties.

From the Desk of the Director

Ohio's Office of Budget and Management (OBM) is strong and resolute, staffed by forward-thinking professionals who are safeguarding and maximizing Ohio taxpayer dollars.

The efforts of #TeamOBM to find more ways to deliver services, reduce redundancies, secure low interest rates, and refinance debt not only saved Ohio taxpayers millions of dollars this fiscal year but also put us in a position to react quickly to the economic and business impacts of COVID-19 in the fourth quarter.

Due to COVID-19, OBM began teleworking without interruption to any services provided. #TeamOBM is 100% teleworking and the financial operations of the state government enterprise continues to operate smoothly.

This Annual Report attests that OBM and our financial colleagues across state government are expert stewards of your tax dollars and Ohio's treasured assets.

Very respectfully yours,

Director Kimberly Murnieks
Ohio Office of Budget and Management



[OH_OBM_Director](#)



Ohio Fiscal Academy

Twenty-three state employees graduated from OFA's intensive nine-month certification program, equipping these fiscal professionals to lead the great State of Ohio.

Now in its seventh year, OFA has over 205 graduates with operational, theoretical, and hands-on experiences.

Twenty-five students enrolled in Cohort 10 who have all graduated in late calendar year 2021.



Highlighting Agency Partners and People



Outreach to Ohio's Public Finance Officials and the General Public

During fiscal year 2020, the OBM Communications staff focused on increasing outreach in several key areas and strengthening their support of state and local partners in the following:

- Enhanced OBM's outreach and communications to local governments with the development of the *Ohio Connects* newsletter and advisory board.
- Went live with the *Ohio Checkbook* interactive budget website, a joint initiative with Lieutenant Governor Jon Husted and Treasurer of State Robert Sprague, delivering \$900,000 in taxpayer savings.
- Created and delivered the *CFO Newsflash* newsletter as well as continued the management of contributions submitted by the editorial board.

The staff continued the long-standing professional partnership with the Department of Administrative Services (DAS) as the two lead agencies of state government in collaboration of MyOhio, Ohio Administrative Knowledge System (OAKS), and general public services on behalf of the Office of the Governor and the taxpayers across Ohio.

Budget Development and Implementation

OBM's Budget Development and Implementation Section provides operating budget preparation guidance to state agencies, boards, and commissions and is responsible for forecasting and monitoring revenue estimates.

Throughout the first nine months of fiscal year 2020, the Budget Section worked with state agencies to implement the first year of Governor DeWine's inaugural budget, to develop the fiscal year 2021 and 2022 capital budgets and to ensure that unspent prior year capital appropriations were re-appropriated. Then the COVID-19 pandemic hit, and the Budget Section began to work with the Governor's Office and state agencies to ensure a balanced budget for fiscal year 2020. The budget analysts identified upwards of \$750 million in potential reductions that were approved by the Governor's Office and ensured the state met its constitutional obligations.

The Budget Section frequently represents OBM to other state agencies and the public. During the past fiscal year, several of our analysts conducted webinars, demonstrations, and trainings on how to use software applications accessed by nearly all state agencies.

In the coming fiscal year, the Budget Section will work with state agencies during the operating budget development process and provide services to state agencies and the public as we continue to implement the fiscal year 2021 operating budget.

Controlling Board

OBM chairs the Ohio Controlling Board, which provides the Governor and General Assembly a mechanism for handling limited day-to-day adjustments needed in the state budget.

To quickly react to the COVID-19 pandemic, the Board seamlessly moved from in-person to virtual livestream meetings to continue supporting the state during the months of March, April, May, and June. The Board also added one previously unscheduled meeting in April in response to the ever-changing operating environment.

In fiscal year 2020, the Controlling Board allocated a total of \$17,841,253.00 from the Controlling Board's Emergency Purposes Contingency.

In fiscal year 2020, the Controlling Board transferred a total of \$12,959,897 from the Controlling Board's Disaster Services Fund to the State Disaster Relief Fund.

Ohio Checkbook

Delivered

\$900,000

in savings by merging two interactive state websites into one.

Checkbook.Ohio.gov

Identified

\$750M

in potential reductions during Q4 to ensure the state met its constitutional obligations after the COVID-19 pandemic hit.

Graduated

23

state employees from OFA's certification program, equipping fiscal professionals to lead the great State of Ohio.

Received

\$1.38M

in rebates through OBM Payment Card processing.

Debt Management

OBM's Debt Management Section is responsible for the issuance and ongoing management of debt backed by the state of Ohio and for ensuring that financial resources are available to meet the state's capital project needs and debt-service requirements.

In fiscal year 2020, the Debt Section oversaw the issuance of fifteen series of bonds aggregating \$1.16 billion for purposes such as local infrastructure projects, K-12 education, highways and bridges, projects at our institutions of higher education, and natural resource conservation. In addition, the Section issued two Certificates of Participation projects to support state information technology systems, aggregating just over \$31 million. All told, fiscal year 2020 debt issuances reached nearly \$1.2 billion.

In September 2020, the Debt Section achieved the lowest interest rate on record (2.35%) to finance the costs of elementary and secondary school construction. Strategic planning on the issuance saved hard-earned taxpayer dollars and freed up resources for future projects that may have otherwise gone to paying for borrowed money.

In February 2020, the Debt Section completed a \$25 million direct private placement with the State Treasurer's Office, which refinanced outstanding debt related to the Veterans Compensation Bonds, and to saving Ohio taxpayers \$2 million. The transaction lowered the cost of borrowing 4.59% to 1.83%.

Following in March, the team serving in its function as staff to the Buckeye Tobacco Settlement Financing Authority closed a \$5.3 billion refinancing of Tobacco Settlement Asset-Backed Bonds. The transaction was enthusiastically received by the Market and prompted more than 150 investors to submit orders in excess of \$50 billion.

In May 2020, the Debt Section closed the first of two negotiated sales of state debt. Since 2012, the Office of Budget and Management had sold transactions only as competitive bid.

Wrapping up the fiscal year, the Debt Section in collaboration with its communications staff partners launched the BuyOHBonds.com website, a new investor outreach platform aimed at attracting more investors to its municipal bond offerings.

The new BuyOHBonds platform was rolled out in coordination with and support of the Ohio Public Facilities Commission's \$780 million refinancing of infrastructure, common schools, and higher education projects. The sale is notable in a number of ways; including but not limited to:

- Largest issuance of general obligation debt by the State of Ohio;
- Largest deal in Ohio history underwritten by a minority business enterprise;
- Largest deal in Ohio history supported by a certified women's business as financial advisor;
- And achieved \$363.6 million in cash flow savings for fiscal year 2021 – roughly 17% of the State's \$2.1 billion budget shortfall expected during the period due from the Coronavirus pandemic;
- Blended all-in-interest cost of 1.54% is amongst the lowest rates ever achieved on OPFC debt.

Fiscal year 2020
debt issuances
reached nearly

**\$1.2
billion**



Secured

**lowest
interest
rate**



on record for school
construction.

Saved Ohio taxpayers

**\$2
million**



Refinancing
outstanding debt
related to Veterans
Compensation Bonds.

Achieved cash flow
savings

**\$363.6
million**



Equal to 17% of states
\$2.1 billion budget
shortfall due to COVID-19.



Highlighting Agency Ingenuity



Information Technology

In fiscal year 2020, the OBM Information Technology Section deployed an enterprise application Payment Card Reconciliation Portal. This portal provides significant efficiencies for the payment card program, including the elimination of paper for approvals, online workflow, intuitive processing, and full integration to OAKS Financials.

Due to the COVID-19 pandemic, this section quickly and effectively transitioned OBM staff to teleworking in a very short time. This enabled OBM staff to work remotely without any disruptions while maintaining high productivity.

During fiscal year-end close, the Reports and Configuration Management (RACM) team in collaboration with the Department of Administrative Services Transactional, Requirements, Architecture, Configuration, and Support (TRACS) partner, completed running all the normal daily, weekly, and monthly jobs first before turning their focus on closing out FY 2020, allowing them to close the year in less than 3 hours – virtually!

Financial Planning and Supervision Commissions

OBM is responsible for convening and chairing financial planning and supervision commissions when the Auditor of State declares a unit of local government to be in a state of fiscal emergency.

OBM chaired financial planning and supervision commissions for eight local governments in fiscal emergency at some point during the period April 1, 2019 through March 31, 2020 under divisions (A) through (K) of section 118.05 of the Revised Code.

The Ohio Department of Education is responsible for convening and chairing financial planning and supervision commissions when the Auditor of State declares a school district to be in a state of fiscal emergency and OBM is responsible for providing one commission member.

During fiscal year 2020, there were two school districts in fiscal emergency: Coventry of Summit County and Niles of Trumbull County.

Financial Reporting

During fiscal year 2020, State Accounting's accomplishments included:

- The State of Ohio received an unqualified opinion (in auditor terms, "clean") on its fiscal year 2019 financial statements. The State CAFR (Comprehensive Annual Financial Report) was released by OBM on December 23, 2019, the earliest website release on record.
- The state has been awarded 27 Certificates of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association since 1990. The state expects to receive the Certificate for the fiscal year 2019 CAFR in August 2020.
- In a collaborative effort between the Auditor of State and agency management, the 2019 State Single Audit was released on April 14, 2020, and was consistent with the timeframe for the past 10 years.

Internal Audit

OBM's Internal Audit Section conducts periodic audits of major systems and controls at state cabinet agencies and at other agencies upon request.

During fiscal year 2020, the Office of Internal Audit completed 40 assurance reports, which resulted in 56 high or moderate risk observations. Of these, 10 were remediated by the client and validated by Internal Audit. Forty-six of the remaining observations will be scheduled for remediation in fiscal year 2021.


Internal Audit also completed 87% of its assurance audit engagements (73 of 84), this was more than the stated goal of 86%. Many of the eleven not completed were delayed due to COVID-19 and the incompletes have been carried forward to fiscal year 2021.

In fiscal year 2020, Internal Audit performed consulting services for major systems, processes, and security. Consulting services consisted of approximately 43% of overall Internal Audit effort in fiscal year 2020.

Received

"Clean"

opinion on OBM's fiscal year 2019 financial statements.



Awarded

27th
consecutive


Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association.



Surpassed goal with

87%


completed Assurance Audits, independent assessments to ensure state agencies work efficiently.



Virtually closed out FY2020 in less than

3 hours

due to the efforts of IT with RACM and DAS TRACS.



Ohio Grants Partnership

The Ohio Grants Partnership was created by OBM in February 2020 to provide support to Ohio's grant management community. The partnership's vision is to be the leading resource for the Ohio grants community to help build the capacity of its partners to successfully apply for and manage grant programs; and in doing so ensure Ohio maximizes the amount of federal funds awarded while optimizing the use of funds received and prioritizing to achieve the greatest result.

The initial focus of the Ohio Grants Partnership has been federal grants related to COVID-19 response and recovery, to include tracking related funding and managing new programs such as \$3.7 billion in Coronavirus Relief Funds and \$104.9 million in Governor's Emergency Education Relief Funds.

More than \$608,053,280 was appropriated to support Ohio in fiscal year 2020 through Federal Coronavirus Relief Funding and \$113,906,540 has been appropriated for fiscal year 2021. OBM and House Bill 481 provided management guidance and distributed Federal Coronavirus Relief Funds in the amount of \$350 million to all 88 of Ohio's counties and local governments.



#IN THIS
TOGETHER 
Ohio

Shared Services

OBM's Shared Services Section delivered cost-savings opportunities and customer service excellence. Shared Services, in direct partnership with state agencies, improved and modernized various management practices and business activities.

During fiscal year 2020, Shared Services:

- Processed and paid 137,862 Accounts Payable transactions for 30 agencies, averaging 2.2 days per transaction.
- Processed and paid 44,256 Travel and Expense reports for 74 agencies, averaging 1.5 days per transaction.
- Received 21,518 calls to the Contact Center, achieving a 90.0% Service Level (the percentage of calls answered within 30 seconds).
- Processed 17,655 Supplier Operations requests (e.g., Supplier Information Form, banking verification, W9, electronic funds transfer), averaging 1.2 days per transaction.
- Processed 874 Accounts Receivable deposits consisting of 8,428 checks worth a total of \$241,005,660.04 for four agencies.
- Processed 28,076 IntraState Transfer Voucher (ISTV) invoices for two agencies and processed 5,997 ISTV coding updates for one agency.

State Accounting

OBM's State Accounting Section monitors and controls both the spending and revenue collection activities of state agencies, providing up-to-date accounting information for the State of Ohio.

2020 FY Highlights:

- Processed 7,615,710 vouchers totaling \$72.05 billion dollars. Ninety-Seven-point five percent of these vouchers were processed electronically.
- Processed the addition of 388 new cardholders. Total spend for the program in fiscal year 2020 was \$69.4 million, resulting in a rebate of \$1.38 million.
- Identified \$1,035,032 in potential duplicate payments with funds restored to the State.
- Monitored over \$7.7 billion in operating expenditures for compliance with policies, laws, and regulations of the state. During fiscal year 2020, the team reviewed 69,548 vouchers totaling \$2,308,388,709.
- Processed 244 cash transfers, 11,257 requisition approvals, 1,714 Controlling Board transactions and 244 director memo transactions.

Turned around

44,256

T&E reports within

1.5 days

on average per transaction.

Contact Center answered

90%

of calls within the first

30 seconds.

Reviewed over

\$72.05 billion

in operating expenditures in over 7.6 million vouchers.

Restored

\$1,035,032

to the state in duplicate payments.

Annual Expenditures – Fiscal Year 2020

Office of Budget and Management
Cash Basis by Appropriation Line Item
July 2019 – June 2020

FUND	ALI	Appropriation Line Item	Expenditures
GRF	042321	Budget Development & Implementation	\$ 3,043,100
GRF	042409	Commission Closure	\$ --
GRF	042425	Shared Services Development	\$ 1,015,524
GRF	042435	Gubernatorial Transition	\$ --
Total GRF			\$ 4,058,624
GRF	042425	Shared Services Development	\$ 1,015,524
1050	042603	Financial Management	\$ 14,911,437
1050	042620	Shared Services	\$ 5,408,504
5CV1	042501	Coronavirus Relief – Local Government	\$ 350,000,000
5CV1	042621	Coronavirus Relief – Agency Reimbursement	\$ 34,919,945
5EH0	042604	Forgery Recovery	\$ 12,652
7026	C10031	Operations Facilities Improvements	\$ --
Total Non-GRF			\$ 405,252,538
Total All Funds			\$409,311,162

Office of Budget and Management
Cash Basis by Account Category
July 2019 – June 2020

Account	Account Description	Expenditures
500	Payroll and Benefits	\$ 20,851,689
510	Purchased Personal Services	\$ 928,383
520	Maintenance and Supplies	\$ 2,603,409
530	Equipment	\$ 149,275
550	Subsidy	\$ 350,062,605
570	Capital Improvements	-
595	Payment of Forged Warrants/Federal Passthrough Funds	\$34,715,801
Total		\$409,311,162



Office of Budget
and Management

30 E. Broad Street, 34th Floor
Columbus, Ohio 43215





Calendar Year 2020 Highlights

January - December

MIKE DEWINE
GOVERNOR
STATE OF OHIO

JON HUSTED
LT. GOVERNOR
STATE OF OHIO

KIMBERLY MURNIEKS
DIRECTOR
OHIO OFFICE OF BUDGET AND MANAGEMENT

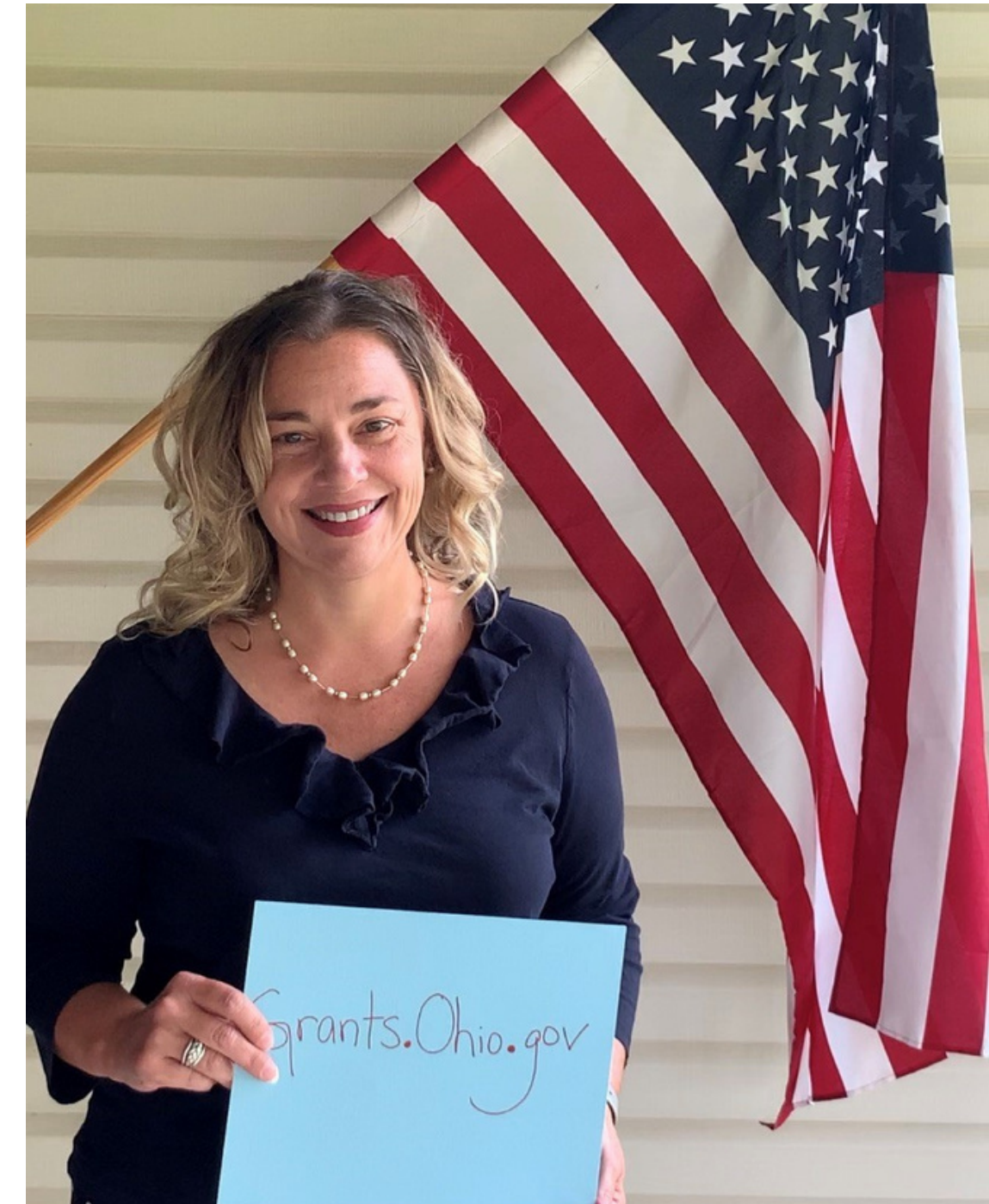


From Director Murnieks

A new year is a time for reflection of the one we left behind. Even though 2020 began like many years before, it soon proved to be anything but normal as the COVID-19 global pandemic disrupted local communities, our jobs, schools, economies at home and across the world, and our daily routines. The year 2021 brings ongoing challenges and new opportunities, and also presents an opportunity to celebrate our successes in supporting Ohioans, to reflect on all that we have overcome, and to look to the future at the Office of Budget and Management.

It has been my pleasure to work with so many talented, driven, and problem-solving professionals that make up all of #TeamOBM.

This document recognizes some of the many contributions that the OBM team made during 2020 to maintain Ohio's strong fiscal position in the face of much turmoil, to find efficiencies during a challenging year, to improve transparency, and to build on the services provided to state agency partners and our local communities to ensure stability and a bright future ahead.



I. Budget and Supports

As the COVID-19 health crisis placed considerable headwinds on the global and Ohio economic conditions, the team at OBM maintained a balanced budget while experiencing the worst quarter in U.S. financial history. Later in the year, the Budget team partnered with agencies to propose a capital budget that, as approved by the General Assembly, **provides more than \$2.1 billion in appropriations** for projects in communities across the state. Highlights from the 2020 capital budget **include \$300 million for K-12 schools across Ohio**, in addition to the \$300 million provided in Senate Bill 4 to improve learning centers for K-12 students; and **\$400 million for our higher education campuses**. It also **includes \$186 million in direct funding for local and regional projects** in Ohio's communities, including: parks, trails, historical and cultural projects of local and state significance, projects at zoos, sports projects, and for construction and renovations for centers providing community services, including mental health and addiction.



II.

Accounting and Stewardship

Prior to the pandemic, the OBM team completed the digitization of the payment card reconciliation process for twenty state agencies. The former paper-based, manual process was streamlined with an inhouse developed application titled PCard PREP. This greatly increased efficiency, especially as state government quickly transitioned to a remote work environment.

OBM also assisted local governments with access, training, and support related to grants. In February 2020, **OBM launched the Ohio Grants Partnership** to provide a single “front door” for local communities and other partners seeking grant opportunities from the state, and to increase the amount of federal grant funding drawn into Ohio communities. OBM trained local governments, hosted the inaugural Ohio Grants Summit in September, and began **helping more than 1,700 local governments** monitor the receipt and use of federal Coronavirus Relief Funds. Our team also helped state agencies and sub-recipients of the state to access training, best practice resources, funding opportunities, guidance, and links to other beneficial grants information as well as track applications for grant offerings. OBM engaged state and local government finance officials by creating a new email newsletter specifically about state and federal funding opportunities and grants management practices. This quarterly communication, *Ohio Connect\$*, already has **more than 5,000 subscribers**.



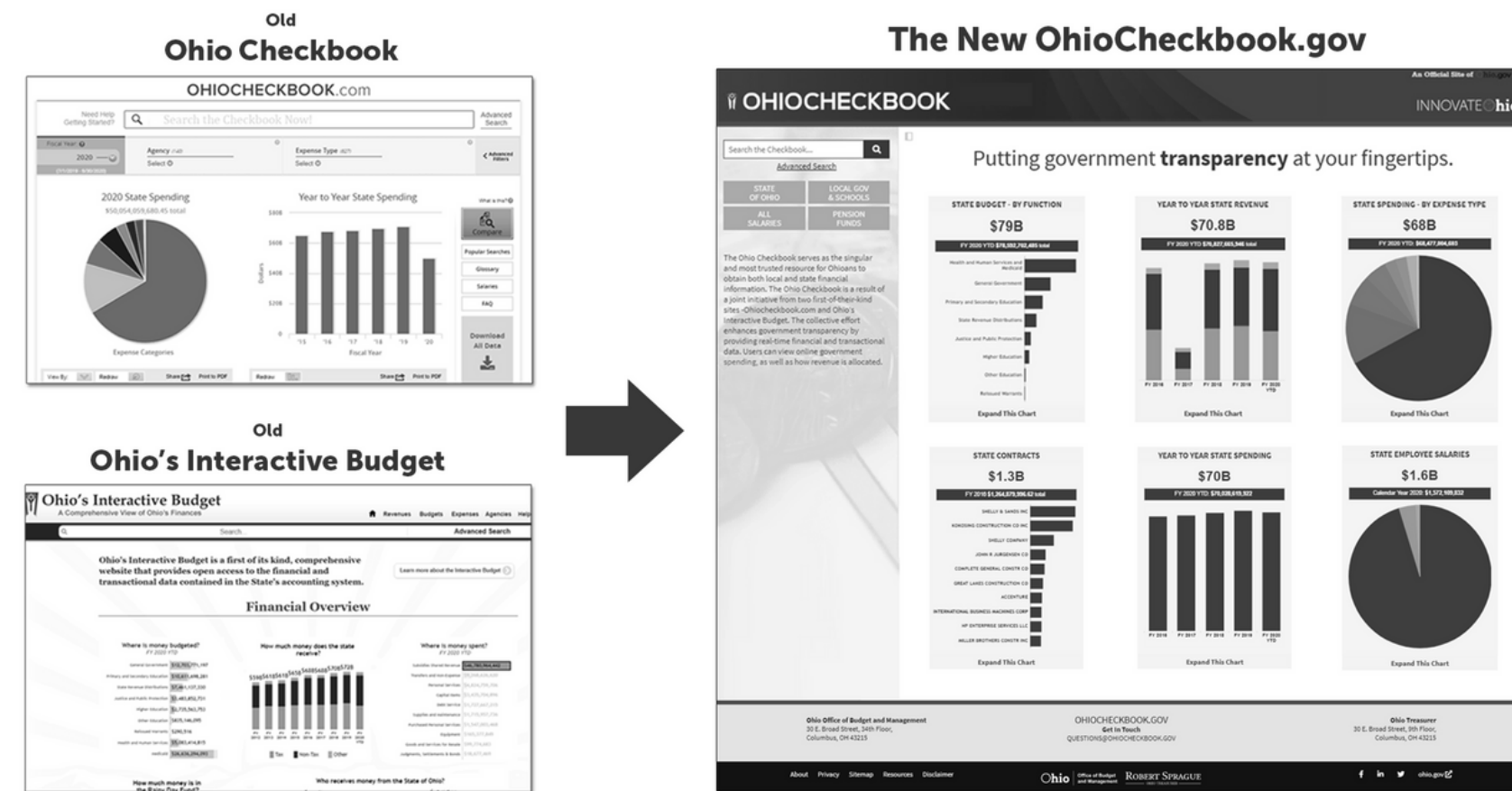
Team OBM worked diligently this past year to save taxpayer dollars through prudent management of the state's bonds. In February as the pandemic was beginning, **we refinanced \$5.35 billion** of the Series 2007 Buckeye Tobacco Settlement Financing Authority bonds, which were used to securitize the future revenue stream that Ohio would receive under the 1998 Master Settlement Agreement with tobacco manufacturers. This deal was recognized by *Smith's Research and Gradings* as the 2020 All-Star Deal of the Year and by Bond Buyer as the Deal of the Year in the Midwest. At the height of pandemic-induced fiscal uncertainty in June, **the team achieved \$363.6 million in cash flow savings**, or roughly 15% of the State's then-projected budget shortfall, for Fiscal Year 2021 by refinancing and restructuring State of Ohio General Obligation debt, a transaction led by a minority-owned firm and a women's business enterprise financial advisor. Furthermore, **we refinanced Veterans Bond, generating \$2 million for Ohio taxpayers** and lowered the cost for borrowing. OBM's capital markets team also launched a new investor outreach platform, buyohiobonds.com, which will provide staff and investors with more insight and analytics for the sale and purchase of state debt.

III.

Capital Markets and Debt Management

IV. Operations and Technology

NEW FEATURES ON THE UPDATED
OHIOCHECKBOOK visit ohiocheckbook.gov



The OBM operations and technology team continued our efforts to save taxpayer dollars and provide transparency through several initiatives. The team managed and **provided transparency into the \$3.75 billion in Coronavirus Relief Fund dollars** by creating a new grants portal as we launched the Ohio Grants Partnership. The portal displays technical information on funding uses; funding opportunities for local governments, Medicaid providers, state colleges, senior centers, and other recipients; and reporting upload features to ease the reporting process for grantees. As part of our efforts to continue to provide transparency, **OBM in partnership with InnovateOhio**, the Treasurer's office and the Department of Administrative Services **launched the new OhioCheckbook.gov**, an interactive Ohio budget website, just in time to provide COVID-19 spending details for funds awarded in Ohio. This new site replaced two previous transparency sites, streamlining management and **saving \$900,000 per year by eliminating duplication.**

IV.

Operations and Technology

Furthermore, **OBM saved taxpayers \$400,000** each year by eliminating leased office space and efficiently transitioning staff to a remote/hybrid work model, improving employee satisfaction while also increasing productivity. Operations and technology **identified more than \$1.4 million in savings** by using InnovateOhio's advanced analytics and duplicate payment tool.

OBM worked across the cabinet to bring together a working group to track economic data, providing enhanced insights and real-time information about the state of Ohio's economy. This effort brings together data from many sources, both internal and external to state government, to provide a robust picture of the current economy. OBM also organized economists from across Ohio to establish the Ohio Economic Roundtable to advise on OBM's economic projections that support the budget forecast.

V.

Communications and Outreach

Prior to January 2019, OBM was largely focused internally on agency and state government operations, with few public-facing information or services. With stewardship tools and fiscal reports, OBM stepped out to support local governments and state-wide partnerships. The team increased the awareness of OBM resources and innovations which includes the OBM Monthly Financial Report, which now has **more than 2,000 email subscribers**. OBM also created a pop-up on the agency's homepage to allow visitors to subscribe to news and announcements, **generating more than 1,280 subscribers in less than 12 months**.



The team continued outreach to chief finance officers across the enterprise with the one-year anniversary of The CFO NewsFlash, delivering relevant and critical datapoints to state agency fiscal leaders. The team drove awareness of OBM resources, innovations and leadership via social media, **gaining more than 900 followers** across LinkedIn, Twitter, Facebook, and Instagram, providing transparent information about the state's fiscal operations to Ohio citizens.

#YourOhioBudgetAtWork

VI.

Controlling Board and Partnerships

The Controlling Board team worked closely with the General Assembly to assist Ohioans impacted by the pandemic. We supported efforts to appropriate federal Coronavirus Relief Funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These crucial appropriations have supported local governments, K12 schools, higher education institutions; provided relief to nursing homes, long term care facilities, rural and critical care hospitals, adult day care centers, and senior centers; and supported COVID response and safety measures at state agencies, libraries, veterans posts, crisis response centers, and local fairs; and granted economic relief to Ohio small businesses and organizations who have been hardest-hit by the pandemic.





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