



Testimony Of
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Ohio Senate General Government Committee
*Office of Budget & Management's Executive Budget Proposal
Fiscal Years 2024 and 2025*

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Chairman Rulli, Vice Chair Schuring, Ranking Member DeMora, and members of the Senate General Government Committee, I am pleased to discuss the Office of Budget and Management budget request for the FY 2024-2025 biennium. OBM administers and manages the state's financial operations consistent with state and federal law. As the state's chief financial officer, I am continually focused on opportunities to improve state government to encourage effective and efficient management of our financial resources on behalf of the citizens of Ohio. My staff and I are proud to be a strategic and innovative fiscal and management partner to all agencies, boards, and commissions.

OBM's mission includes developing and implementing agency budgets; administering the state accounting system; and processing, monitoring, and reporting on all state financial transactions. This includes regular reporting on the conditions of the state economy and financial information to the Governor, General Assembly, and federal government, and providing financial management services to agencies and entities at all levels state of government.

We also provide policy analysis and fiscal research to the Governor and state agencies, safeguarding the proper and responsible use of state dollars and assets. In addition to facilitating and implementing state budgets, OBM produces the state's annual financial reports, administers the state's debt portfolio, and oversees the statewide internal audit program. As a central service agency, OBM supports our agency customers through the effective implementation of a shared services program, 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 educating our state and local partners to ensure resources are spent and monitored appropriately;
- 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 Annual Comprehensive Financial Report (referred to as the ACFR) and the Schedule of Federal Awards, in accordance with Generally Accepted Accounting Principles (GAAP);
- Conducting internal audits to mitigate risk, strengthen internal controls, and identify opportunities for process improvements; and
- Promoting transparency and understanding of state revenue and spending through continued support and development of the Ohio Checkbook website.

OBM is committed to providing each of these services with efficiency and transparency.

OBM'S EXECUTIVE BUDGET RECOMMENDATION

OBM's total budget request for agency operations is \$30.75 million in fiscal year 2024 and \$30.84 million in fiscal year 2025.

Our **General Revenue Fund** budget totals \$4.5 million in FY 2024 and just under \$4.6 million in FY 2025. Excluding one-time federal pandemic relief funds that OBM is administering on behalf of the state, GRF expenditures comprise roughly 15 percent of the OBM budget.

Interagency Funds provide for 85 percent of OBM's operating budget. This funding source supports the review, analysis, and reporting of the state's financial activities, internal audit functions, and for the centralized accounting and financial operations offered through state accounting and shared services staff.

As you all are aware, OBM continues to work with state and local governments and stakeholders to manage and disburse federal funds made available via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the American Rescue Plan Act (ARPA), the Infrastructure Investment and Jobs Act and other federal relief legislation. These federal packages included billions of dollars in direct funding to local governments, and billions more to state agencies as pass through funding to local governments and stakeholders via grants and other methods to strengthen our recovery from the uncertainty of the past few years.

OBM continues to manage CARES Act and ARPA-funded programs to assist health care providers and their workforce, support our local governments, and several others.

This budget request includes the operational resources necessary to support this important work and other important agency initiatives through the next biennium.

AGENCY INITIATIVES

I truly believe OBM is the best place to work in state government thanks in large part to the hard-working, innovative, and intelligent employees at our agency. As I conclude my testimony, I would like to highlight a few examples of efficiencies gained thanks to the diligent work of the OBM team over the past year.

RESULTS FOCUSED BUDGETING

In preparing for the FY 2024 – 2025 budget cycle, OBM required that evidence of results be incorporated into the budget request process. For the first time, the Operating Budget Guidance required agencies requesting funds for new or expanding programs to provide data and information on the program’s effectiveness.

OBM implemented this important initiative by consulting with nationally recognized experts and after significant internal research on results focused budgeting initiatives in other states. OBM designed and provided training to our team, the Governor’s Office policy staff, and cabinet directors and their senior fiscal and program staff. Several of the programs highlighted in my testimony to the Senate Finance Committee a couple weeks ago included evidence collected through this results-focused effort. On behalf of the administration, I hope you see the results of this work in the budget materials and testimony from my fellow members of the cabinet. It is critical that we invest Ohio dollars into programs backed by data and evidence that deliver value to taxpayers.

AAA BOND RATING

OBM managed the state’s financial resilience through the uncertainty of the prior biennium with strong fiscal policies that resulted in an historic upgrade to Ohio’s long-term Issuer Default Rating to “AAA” from “AA+”. This marked the highest credit rating for the state in more than 40 years. The benefit of a higher credit rating allows Ohio to achieve a lower cost of borrowing which ultimately achieves success on behalf of all taxpayers. This pivotal rating reflects the sound, conservative, financial management implemented by the partnership between the General Assembly and Governor DeWine’s administration throughout the past four fiscal years. The Governor’s structurally balanced executive budget proposal for FY 2024-2025 continues the practices that led to this historic rating, delivering taxpayer savings for years to come.

RECOVERING DUPLICATE PAYMENTS

Another agency initiative is the process implemented by OBM in 2019 to reduce and recover agency duplicate payments. Ohio's accounting system is programmed to identify and prevent most duplicate payments before they are made, and our goal is to never make a duplicate payment. However, we knew when Governor DeWine and Lt. Gov. Husted took office in 2019 that some duplicate payments were being made by agencies, slipping through standard controls. Working with InnovateOhio's advanced analytics tools, we have now identified and recovered almost \$6.3 million on behalf of Ohioans. Each time we identify a duplicate, OBM works with agencies to identify the circumstances that allowed it to occur, taking steps to tighten systems and procedures to prevent duplicates in the future.

InnovateOhio's advanced analytics tools has identified 642 confirmed duplicate payments from January 2019 through December 2022 across 40 different agencies, boards, and commissions.

CENTRAL SERVICE AGENCY

OBM continually looks for ways to implement and achieve operational efficiencies. One recent example is our partnership with the Department of Administrative Services (DAS) transitioning the work of the Central Service Agency (CSA) from DAS to OBM. This transition resulted from a review of duplicative agency processes under the FY 2020-2021 operating budget.

CSA provides payroll, invoice processing, and human resources support for state boards and commissions. Similar functions are administered by OBM through our shared services structure that processes common, back office business and financial transactions on behalf of state agencies. In FY 2022, OBM and DAS piloted the administration of CSA duties at OBM and the results are clear: in FY 2022 this pilot saved state boards and commission customers approximately \$300,000, a cost savings that is estimated to grow to \$400,000 in FY 2023 and increasing each year thereafter. OBM and DAS are seeking to codify this cost-saving effort in the current budget proposal.

OHIO GRANTS PARTNERSHIP

Another results-focused initiative supported by the OBM budget recommendation is the continuation and expansion of the 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. We also launched the *Ohio Connect\$* email newsletter to share up-to-date guidance, trainings, webinars, and resources. The initial focus of the Ohio Grants Partnership has been management of federal grants related to federal relief legislation discussed earlier in my testimony. This initiative has been a great success and the implementation, infrastructure, and lessons learned already through this startup will serve OBM, the state enterprise, and our local partners extremely well as we expand our efforts beyond recovery and relief funding in the FY 2024-2025 biennium.

CONCLUSION

As outlined today, OBM is an agency that leads by example. We are focused on continuous improvements to find and implement operational efficiencies, save taxpayer dollars, support local governments and partners, to find and apply for state and federal grants, and achieve Governor DeWine’s goal of executing a conservative budget that is structurally balanced.

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

OBM FY 2024-2025 Executive Budget Recommendation

Agency	Fund Group	Fund code	ALI	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	% Change	FY 2025	% Change
OBM	DPF	5ZF0	042426 Ashtabula County Supplement	0	0	0	13,950,000	0	(100.0)%	0	-
OBM	DPF	5CV1	042501 Coronavirus Relief - Local Government	350,000,000	175,000,000	0	0	0	-	0	-
OBM	DPF	5CV1	042502 Provider Relief - Skilled Nursing	0	180,195,183	0	0	0	-	0	-
OBM	DPF	5CV1	042503 Provider Relief - NF Infection Control	0	24,702,572	0	0	0	-	0	-
OBM	DPF	5CV1	042504 Provider Relief - Long Term Care	0	118,221,520	0	0	0	-	0	-
OBM	DPF	5CV1	042505 Provider Relief - Rural and Critical Hospitals	0	122,725,273	0	0	0	-	0	-
OBM	DPF	5CV1	042506 Provider Relief - Behavioral Health	0	44,764,165	0	0	0	-	0	-
OBM	DPF	5CV1	042507 COVID Safety - Public Libraries	0	16,850,000	0	0	0	-	0	-
OBM	DPF	5CV1	042508 COVID Safety - Veterans Posts	0	1,480,000	0	0	0	-	0	-
OBM	DPF	5CV1	042515 Provider Relief - Adult Day Care and Senior Centers	0	9,748,419	5,322,701	0	0	-	0	-
OBM	DPF	5CV1	042517 Ohio Humanities Council	0	0	1,000,000	0	0	-	0	-
OBM	DPF	5CV4	042526 Coronavirus Local Fiscal Recovery	0	0	421,863,470	422,136,531	0	(100.0)%	0	-
OBM	DPF	5CV1	042621 COVID Response Costs - Multiple Agencies	34,919,945	22,955,197	250,191,948	14,157,400	0	(100.0)%	0	-
OBM	DPF	5CV1	042623 Coronavirus Relief - Local Govt Distribution	0	649,747,423	0	0	0	-	0	-
OBM	DPF	5CV3	042625 JFS Unemployment Fund	0	0	1,471,765,771	0	0	-	0	-
OBM	DPF	5CV3	042627 Ohio Ambulance Transportation	0	0	0	20,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042628 Adult Day Care	0	0	0	8,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042630 Statewide Hospital Support	0	0	0	100,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042631 Assisted Living Workforce Support	0	0	0	40,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042632 Hospice Care Workforce Support	0	0	0	30,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042633 HCBS Workforce Support	0	0	0	10,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042635 ALS Support Grants	0	0	0	1,000,000	0	(100.0)%	0	-
OBM	DPF	5CV3	042636 Nursing Facility Workforce Support	0	0	0	350,000,000	0	(100.0)%	0	-
			DPF Total	384,919,945	1,366,389,752	2,150,143,890	1,009,243,931	-	(100.0)%	-	-
OBM	FID	5EH0	042604 Forgery Recovery	12,652	10,508	25,008	30,000	30,000	0.0%	30,000	0.0%
			FID Total	12,652	10,508	25,008	30,000	30,000	0.0%	30,000	0.0%
OBM	GRF	GRF	042321 Operating Expenses	3,043,100	2,921,705	4,256,551	4,308,573	4,502,924	4.5%	4,592,399	2.0%
OBM	GRF	GRF	042425 Shared Services Development	1,015,524	562,947	22,237	0	0	-	0	-
			GRF Total	4,058,623	3,484,653	4,278,788	4,308,573	4,502,924	4.5%	4,592,399	2.0%
OBM	ISA	1050	042603 Financial Management	14,911,437	14,758,009	15,456,484	17,834,979	26,219,399	47.0%	26,219,399	0.0%
OBM	ISA	1050	042620 Shared Services Operating	5,408,504	5,280,525	5,794,309	7,050,000	0	(100.0)%	0	-
			ISA Total	20,319,941	20,038,533	21,250,793	24,884,979	26,219,399	5.4%	26,219,399	0.0%
			OBM Total	409,311,162	1,389,923,447	2,175,698,480	1,038,467,483	30,752,323	(97.0)%	30,841,798	0.3%