

Budget Language Guidance: Fiscal Years 2016-2017



State of Ohio
Office of Budget & Management
Budget Language Guidance
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Introduction

Most state agencies submit language requests for possible inclusion in one or more of the fiscal years 2016-2017 budget bills: Main Operating, Transportation, Bureau of Workers' Compensation, and/or Ohio Industrial Commission. The Office of Budget and Management (OBM) has developed this guidance to assist agencies in preparing, reviewing, and submitting language items to OBM for consideration. The OBM Language Portal has been updated to improve the ease of use and may be accessed at <http://budgetcenter.obm.ohio.gov/>.

Deadlines

All language requests for possible inclusion in the respective "As Introduced" versions of budget bills must be submitted in the OBM Language Portal **no later than 5 p.m. depending on your agency**:

- For licensing and regulatory boards: **September 17, 2014**,
- For non-cabinet agencies: **October 10, 2014**, and
- For cabinet, legislative, and judicial agencies, and constitutional officeholders: **October 31, 2014**.

Strategies for a Successful Language Process

Coordinated Internal Agency Review. Language should be reviewed internally by the agency's legal, legislative, fiscal, and budget staff *before* language is submitted into the OBM Language Portal. Appropriate members from these sections should be involved early to identify and help solve issues toward the beginning of the process.

Note: You will be required to confirm you have completed an Internal Agency Review by checking a box for each item you submit in the OBM Language Portal

Write Clear, Concise Summaries. Each Budget Language Summary should plainly and succinctly describe the language item and its significance. *Budget Language Summaries will aid decision-makers in evaluating language requests.* A Budget Language Summary should include the language item's purpose, effect, effect if not enacted, cost (including the implementation cost), and relevant background information. The summary should be written to be easily understood by a general audience. See Appendix B for Budget Language Summary examples.

Communicate with your Budget Analyst. Agencies must work closely with their OBM Budget Analyst when submitting language requests. You may notice in this guidance there are a number of specific situations where your agency will need to contact your OBM Budget Analyst. OBM Budget Analysts will often be the one explaining your language items to decision-makers. Keeping your OBM Budget Analyst updated is essential to moving through the budget process as smoothly as possible.

Language Overview

According to ORC 126.02, the Office of Budget and Management (OBM) is responsible for preparing the Executive Budget, which includes state agencies' budget requests and any language associated with those requests.

Language requests may:

- Authorize particular expenditures,
- Authorize new or changed programs for which appropriations are made,
- Prescribe requirements or formulas for expenditures associated with appropriations,
- Create new funds,
- Provide for the deposit of revenue,
- Authorize the award of grants, and/or
- Authorize the transfer of cash.

Note: Permanent language requests may only cover a single issue. Omnibus items will be returned to agencies to divide and resubmit as separate items.

OBM may ask for clarification, additional information, and/or redrafts from the agency. As a part of the drafting process, OBM sends language items to the Legislative Service Commission (LSC) for drafting. OBM may have agencies review the LSC drafts. OBM will notify LSC and the agencies if requests are approved for inclusion in the budget bills.

Note: Submission to LSC for drafting does not guarantee inclusion in a budget bill.

Language issues may also arise following bill introduction. Amendments may be offered in the House, Senate, or in Conference Committee to address these issues; the Language Portal will be used throughout the budget process. Specific instructions will be provided as the budget process progresses.

OBM Language Portal (<http://budgetcenter.obm.ohio.gov/>)

The OBM Language Portal (Language Portal) is where designated agency staff will submit their language items. Please have all the information ready before you submit your agency's language items. **You cannot save drafts in the system.** The Language Portal will be hosted on a new platform, but the interface the agency users will see and information the agencies input will be nearly same, with a few notable exceptions:

- **Fee Impact.** If your agency is looking to submit a language item that will impact fee revenue, then **your agency will need to submit an Appendix M with your agency's Budget Submission.** Items submitted after the Budget Submission deadline will require the information in Appendix M be included in the Fee Impact text box.
- **Internal Agency Review Complete?** Items submitted to the Language Portal should be reviewed internally by all of the appropriate staff, including legal, legislative, fiscal, and budget staff before the language item is submitted.
- **An Attachment is Required.** The text of the language change(s) is an essential part to all language items.
 - There may only be **one** attachment per language submission. If a language item requires changes in multiple sections of the ORC, then it is the agency's responsibility to combine those changes in a single document.
 - The language attachment must be in the proper format (.doc, .docx, or pdf).

Note: As you enter information into the Language Portal, please be aware the internet browsers Chrome and Firefox will have spell check, while Internet Explorer does not.

Only individuals designated by your agency may submit budget language into the Language Portal. Please contact your OBM Budget Analyst to request access to the Language Portal. Please note that **you cannot save drafts in the system.**

Language Requests Must be Budget Related

A language request is budget related if at least one of the following is true. The language is:

- Related to expenditures or revenues,
- Required to avoid costs or penalties (the agency must describe the specific penalty and the associated cost that the agency will face without the language),
- Required to obtain federal moneys, or
- Necessary to implement an agency's budget.

Additionally, the agency must draw a direct connection between the language and the effect on the agency's budget in order for the language to qualify as budget-related. Agencies must complete the Language and Program Crosswalk found in Appendix J of the fiscal years 2016-2017 Operating Budget Guidance and must submit the crosswalk with their operating budget request.

Note: Agencies should pursue non-budget issues in separate legislation.

Permanent and Temporary Law

The budget bills contain two types of budget language: permanent and temporary law.

Permanent (Codified) law are general provisions which will remain in effect until repealed or amended by the General Assembly. Permanent law is "codified" into and will appear in the Ohio Revised Code.

- If the language should remain in effect permanently, it should be codified.

Temporary (Uncodified) law are specific provisions which are generally not intended to be permanent and are therefore not codified in the Revised Code. Examples of temporary law include: appropriations, language describing the use of appropriations, and other provisions that are related to the implementation of the budget.

- Appropriations must be made in temporary law because an appropriation cannot be made for a period longer than two years (Article II, Section 22 of the Ohio Constitution).

Note: Appropriations and most temporary law are only in effect until the end of the biennium. If you have a temporary law item that needs to be effective beyond the end of the biennium, please contact your OBM Budget Analyst to discuss.

Budget Language Summary

A Budget Language Summary must be included with each language submission. The summaries play a critical role in explaining the importance and reasoning for the requests (see examples in *Appendix B*). Agencies are reminded to use the summaries to explain the language

item's purpose, effect, effect if not enacted, cost (including the implementation cost), and relevant background information. The summary should be written to be easily understood by a general, non-expert audience.

Permanent Law

Each individual permanent law request should include a summary of the item's purpose and effect if not enacted. Summaries should **AVOID** code references, technical terms, unexplained acronyms, and jargon.

Temporary Law

All initial temporary law requests should be submitted as **a single item with a single Budget Language Summary**, which states if the language is new, changed, and/or unchanged from current temporary language. Agencies should provide both the temporary law in the appropriation section **and** any temporary law included in the back of the current budget following the appropriation sections.

- **EXCEPTION for fund abolishment.** If your agency is interested in abolishing funds, please create a second temporary language item by following the directions under "The Abolishment and Consolidation of Funds" on page 11.

Helpful Exercise: Imagine you are in the elevator with the Budget Director. He asks you about your language item. What would you tell him?

What if I have an item that requires both Temporary and Permanent law?

Keep the language items separate, but note at end of both Budget Language Summaries (Companion item to AGY002). Remember **all of the temporary law should be submitted as single item** (unless your agency is abolishing funds). If there are multiple items in the temporary law with permanent companions list each section out, "<title of the section> is a companion item to AGY004. <title of the section 2> is a companion item to AGY005."

Technical Drafting Requirements

Language requests must be drafted according to the technical drafting requirements for permanent (codified in the Revised Code) and temporary (uncodified) law. Language requests should be drafted from the most recent version of the current law. For clarity, use the fund name followed by the fund number in parentheses in temporary law provisions, but only the fund name should be used in the Revised Code. Agencies should have the appropriate legal and/or legislative staff members within the agency review all drafts for potential conflicts with existing law or policy.

Technical drafting requirements for permanent and temporary law are generally the same:

- All current permanent or temporary law must appear in regular case.
- Strike through with a horizontal line language that should be deleted. (EXAMPLE: ~~Delete~~)
- All new language should be underlined. (EXAMPLE: New Language)

Note: The bill will not show temporary language with strikethroughs and underlining, but these marks are essential in the evaluation and drafting processes.

Permanent Language

Agencies should draft permanent law changes from the most recent version of the law appearing in the Revised Code (and include all affected sections).

Temporary Language

Agencies should review the temporary law in their appropriations section and in the back of the bill in the current budget act (H.B. 59), as well as in any subsequent bills amending the agencies' budgets such as any of the Mid-Biennium Review (MBR) bills. If agencies require assistance with this, they should contact their OBM Budget Analyst.

Agencies should consider the following when drafting and reviewing temporary language:

- **Update Transfer Information.** Agencies should update language, in particular: years, dates, and dollar amounts in earmarks and transfers.
- **Appropriations.** OBM will input the appropriation amounts separately from language changes.
- **ALI Name Changes.** Changes to ALI names should be discussed with the agency's OBM Budget Analyst.
- **Titles.** All sections and subsections need a title and it should be in all caps;
- **Back of the Bill.** Typically, agency-specific language should appear in the agency's appropriation section and not in the back of the bill that follows all the agency appropriations. Any decision to put agency-specific language in the back of the bill should be made in consultation with OBM.

Effective Dates and Ohio's Right to Referendum

90 Day Effective Dates

Article II, Section 1c of the Ohio Constitution states that, "[n]o law passed by the general assembly shall go into effect until ninety days after it shall have been filed by the governor in the office of the secretary of state . . ." so the people may have the opportunity to file a referendum petition. In order to preserve the right to referendum, agencies should keep this general rule in mind when drafting and submitting language and be careful not to designate language as immediately effective *unless* the sections of law meet an exception to the rule.

Immediate Effective Dates

According to Article II, Section 1d of the Ohio Constitution, there are only three situations when law is permitted to be immediately effective:

- Tax levies (and language necessary to implement the levying of a tax),
- Appropriations for current expenses of the state government and state institutions, or
- Emergency laws necessary for the immediate preservation of the public peace, health or safety (Requiring 2/3 vote of each legislative chamber).

According to ORC 1.471, a permanent or temporary section of law in the budget bill is effective immediately, and is not subject to referendum if any of the following apply:

- It is an appropriation for current expenses,
- It earmarks all or a portion of an appropriation for current expenses, or
- Implementation of the section depends upon an appropriation for current expenses that

is also contained in the budget bill.

If language is immediately effective, then it is not subject to referendum. When drafting language, consult with agency legal counsel to determine the appropriate effective date designation. Prior to introduction, OBM conducts a review to apply the most appropriate effective dates; the General Assembly will ultimately determine which sections will be effective immediately as required by ORC 1.471.

Checklist for Language Portal Request Readiness

Agency staff is responsible for submitting language requests into the portal. If you can answer, “Yes,” to **all** of the following questions, then you are ready to submit your agency’s request into the Language Portal.

- **Coordinated Internal Agency Review.** Has the agency’s legal, legislative, fiscal, and budget staff reviewed the language?
- **Budget Related.** Is the language budget-related (e.g., related to expenditures or revenues; required to avoid costs or penalties; required to obtain federal funding; or necessary to implement the agency’s budget)?
- **Language Summary.** Is the language summary written plainly and succinctly? Can the summary to be understood by a general audience? Is the summary written in a manner to help the decision-makers understand the need for the language? Is the information appropriate and accurate?
- **Impact.** Has the agency determined the budget and operational impact of implementing the language request? Is the proposed cost realistic to achieve the stated goals and objectives? Has the agency considered potential unintended or secondary consequences?
- **Drafting Conventions.** Does the language request conform to the applicable drafting conventions?
- **Temporary or Permanent.** Is the language request correctly marked as temporary or permanent law?
- **Effective Dates.** Has the correct effective date been included? Should it be immediately effective because the language is: directly related to the agency’s expenditures or revenues, an earmark of all/portion of an appropriation, or is the implementation directly dependent upon the agency’s appropriations?
- **Attachment.** Is the language attachment ready to be uploaded as a single, properly formatted document?
- **Language Crosswalk.** Has the agency completed the required Appendix J Language and Program Crosswalk found in the FY 2016-2017 Operating Budget Guidance?

Appendix A: Common Language Drafting Conventions

There are a variety of language provisions that appear in the budget bill including: appropriations, earmarks, deadlines, cash transfers, intrastate transfer vouchers (ISTVs), receipt of new revenue, the creation and abolishment of state funds, and compensation for members of boards, commissions, and other entities. Use this document as your guide, and contact your Budget Analyst if you have any questions.

Appropriations

An appropriation is an authorization by the General Assembly to make expenditures, or incur liabilities, from the state treasury for a specific purpose. Appropriations may appear as a **line item** with a discreet amount, or as a **language appropriation**, if the amount required for a purpose is uncertain or indefinite. An appropriation line item (ALI) should include a title that reflects how the appropriation will be used.

Note: The use of language appropriations is strongly discouraged.

EXAMPLE: Appropriation Line Item (ALI)

SECTION XXX.XX. ETH OHIO ETHICS COMMISSION					
General Revenue Fund					
GRF	146321	Operating Expenses	\$	1,409,751	\$ 1,381,556
TOTAL GRF General Revenue Fund			\$	1,409,751	\$ 1,381,556
Dedicated Purposes Fund Group					
4M60	146601	Operating Expenses	\$	636,388	\$ 641,000
TOTAL DPF			\$	636,388	\$ 641,000
Fund Group					
TOTAL ALL BUDGET FUND GROUPS			\$	2,046,139	\$ 2,022,556

EXAMPLE: Language Appropriation

SECTION 303.09. RE-ISSUANCE OF VOIDED WARRANTS

In order to provide funds for the reissuance of voided warrants under section 117.47 of the Revised Code, there is hereby appropriated, out of moneys in the state treasury from the fund credited as provided in section 117.47 of the Revised Code, that amount sufficient to pay such warrants when approved by the Office of Budget and Management

EXAMPLE: An ALI and Language Appropriation for the Same Item

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6720	005601	Continuing Judicial Education	\$	126,000	\$ 120,000
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...

The Continuing Judicial Education Fund (Fund 6720) shall consist of fees paid by judges and court personnel for attending continuing education courses and other gifts and grants received for the purpose of continuing judicial education. The foregoing appropriation item, 005601, Continuing Judicial Education, shall be used to pay for continuing education courses for judges and court personnel. If it is determined by the Administrative Director of the Supreme Court that additional appropriations are necessary, the amounts are hereby appropriated.

Note: Appropriation ≠ Cash. Appropriation and the amount of cash available are not interchangeable. If there is not sufficient cash to cover the appropriation, then the

appropriation cannot be used. Also, there may be more cash available than appropriation available. If there is \$1 million in appropriation and \$5 million in cash, then only \$1 million may be spent. Cash availability and projected revenue are considered when developing recommendations.

Earmarks

An earmark sets aside a portion of an appropriation for a specific purpose. When drafting language, agencies should consider the amount to expend on the stated purpose: *a flat amount*, *a minimum amount*, or *a maximum amount*. Agencies must ensure that the total amount earmarked does not exceed the amount appropriated in the line item.

EXAMPLE: Earmark

OPERATING EXPENSES

Of the foregoing appropriation item 370321, Operating Expenses, up to \$50,000 shall be used in each fiscal year for technology upgrades and improvements.

Deadlines

One final provision that typically appears in the budget bill is deadlines. When drafting language, agencies should be mindful of necessary deadlines and should consider whether deadline dates for items such as reports, transfers, or required actions have been reasonably established. Agencies also should consider the consequences if the deadlines are not met.

Transfers

A transfer results in a decrease in the fund balance of the “sending” fund and a corresponding increase in the fund balance of the “receiving” fund. **Cash transfers are not expenditures and do not impact appropriations, while Intrastate Transfer Vouchers (ISTV) are expenditures and do impact appropriations.**

There are three basic requirements for transfers:

1. Language establishes authority for the transaction,
2. The OBM Director makes all transfers of money between state funds, though the head of another state agency may initiate the request for transfer, **and**
3. The State Treasurer makes all transfers between custodial funds or between a custodial fund and a state fund.

Agencies should consider the following when drafting transfer language:

- **Identify who will make the transfer,**
 - i.e., the OBM Director or the State Treasurer
- **Specify a date, time frame, or deadline** for making the transfer,
 - e.g., “Within thirty days of the effective date of this act, or as soon as possible thereafter”
- **Specify the fund name and number of both the sending and receiving funds,**
 - Many funds have similar names, and make certain to use the correct fund names
- **State that “cash” is being transferred, and**
- **Identify the “trigger”** that will begin the transfer process
 - e.g., A request from the agency’s director . . .

Transfers typically fall into one of following categories:

- Transfer of cash with or without appropriations,
- Transfer by means of an intrastate transfer voucher,
- Transfer to consolidate or abolish funds or to terminate the operation of a state agency, or
- Transfer from a custodial fund to a state fund.

EXAMPLE: Basic Cash Transfer

Upon the request of the Chancellor of the Board of Regents, the Director of Budget and Management may transfer up to \$12,000 in cash from Fund 4610, Operating Expenses, to Fund 4E80, HEFC Administration, in each fiscal year of the biennium.

Note: Cash transfers increase the cash balance of a fund, but do not increase appropriation, unless accompanying language authorizes an appropriation increase.

Intrastate Transfer Voucher (ISTV)

Cash may be transferred using an intrastate transfer voucher (ISTV). ORC 131.34 allows an ISTV to be used to transfer cash between state agencies to pay for goods purchased or services rendered, or when statutory language specifically authorizes or requires a transfer by ISTV. The former type of ISTV occurs without specific statutory authority and is similar to payment to a vendor.

ISTV transactions are initiated by agencies, but the State Accounting division of OBM reviews, approves, and processes these transactions in OAKS. ISTVs post as disbursements against the appropriations of the paying agencies and as revenue in the receiving agencies' funds. ISTVs do not transfer appropriation.

EXAMPLE: ISTV Transfer

The foregoing appropriation item 725456, Canal Lands, shall be used to transfer funds to the Canal Lands Fund (Fund 4300) to provide operating expenses for the State Canal Lands Program. The transfer shall be made using an intrastate transfer voucher and shall be subject to the approval of the Director of Budget and Management.

Receipt of New Revenue

When an agency receives a new stream of revenue, the revenue must be deposited into the state treasury to the credit of a fund. If an agency fund does not exist that may appropriately receive the new revenue, then the revenue must be deposited in the state's General Revenue Fund. However, if this new revenue is required to support specific agency activities, then it may be appropriate to deposit the revenue in a separate fund.

A new revenue stream also may be shared by two or more agencies. In this case, consider how each agency's spending will be tracked and whether separate funds or a shared fund is most appropriate.

Fund Creation

A fund may be created in one of three ways:

1. In the **Revised Code**,

- a. Create a fund in permanent law if it is intended to exist for more than three years.
2. By **Controlling Board action**, or
 - a. The Controlling Board may create a fund between budget bills; agencies should request adding a Controlling Board-created fund to the Revised Code in the next budget bill.
3. In the **temporary law** in the appropriations section of the budget bill.
 - a. A fund that is temporary in nature should be created in temporary instead of permanent law.

Fund creation language **must include all** of the following:

- **State Treasury or Custodial**
 - Nearly all state funds should be in the state treasury.
 - Custodial funds are outside the state treasury and can only be created in the Revised Code.
- **Revenue Source(s)**
 - The source of receipts to be deposited in and credited to the fund.
- **Authorized Use of Money**
 - The authorized uses of cash in the fund.

Note: Creation language for custodial funds must include the following, “The fund shall be in the custody of the treasurer of state, but shall not be part of the state treasury.”

EXAMPLE: Fund creation in the Revised Code

SECTION XXXX.XX. There is hereby created in the state treasury the commercial vehicle information systems/networks fund. Money received from the United States department of transportation’s commercial vehicle intelligent transportation system infrastructure deployment program shall be credited to the fund. The public utilities commission of Ohio shall use the fund to deploy the Ohio commercial vehicle information systems and networks project and to expedite and improve the safety of motor carrier operations through electronic exchange of data by means of on-highway electronic systems.

EXAMPLE: Fund Creation in Temporary Law

SECTION 203.12.27. DAS INFORMATION SERVICES

There is hereby established in the State Treasury the DAS Information Services Fund. The foregoing appropriation item 100603, DAS Information Services, shall be used to pay the costs of providing information systems and services in the Department of Administrative Services.

The Department of Administrative Services shall establish user charges for all information systems and services that are allowable in the statewide indirect cost allocation plan submitted annually to the United States Department of Health and Human Services. These charges shall comply with federal regulations and shall be deposited to the credit of the DAS Information Services Fund (Fund 4P30).

Abolishment and Consolidation of Funds

A fund may be consolidated with another fund or abolished. An obsolete fund should be abolished when it is no longer needed or when it is superseded. Funds are generally abolished in temporary law with effective dates of 90 days. Instead of drafting fund abolishment language,

OBM is requesting agencies create a second temporary item consisting of the following information for each fund your agency wishes to close:

- Fund Name
- Fund Number
- Creation Authority (Controlling Board Number, ORC, or bill number if created in temporary law)
- If there is a balance, where should it be transferred?
- If encumbrances need to be reestablished, which fund and line item should they be reestablished against?
- When should this fund be abolished?
 - This will most likely be 90 days, or a specific date beyond 90 days.
- Additional information.
 - Cross references, special circumstances, etc.

Note: The short title should be “AGY Funds to Abolish” and the Summary should state, “Closes the following funds: Example A Fund (xxxx), Example B Fund (yyyy), etc.”

Please work with your agency’s fiscal staff and OBM Budget Analyst to ensure all of the following tasks are completed or will be completed when budget bill is enacted:

- **Clear ALL Asset and Depreciation Balances.** Run BI report AM-0022 or use the Asset Acquisition Detail search screen from the Asset Management>Financial Reports>Asset Details menu in OAKS to verify any balances. Contact DAS OAKS FIN Module Lead, Asset Management (Module Lead), for assistance and once all Asset and Depreciation balances have been cleared, please ask the Module Lead to notify OBM State Accounting.
- **Cancel ALL Open Encumbrances.** Run the GL-022 report from the Purchasing>Purchase Orders>Encumbrance Balance Report to verify any balances. When complete please ask your OBM Budget Analyst to confirm and notify OBM State Accounting.
- **Cancel ALL Open Travel Authorizations.** Run query OH_TE_OPEN_TAS_BY_FUND from Reporting Tools>Query>Query Viewer to verify any balances. When complete please ask your OBM Budget Analyst to confirm and notify OBM State Accounting.
- **Cancel/Reestablish ALL Open Encumbrances.** Run the GL-022 report from the Purchasing>Purchase Orders>Encumbrance Balance Report to verify any balances. When complete please ask your OBM Budget Analyst to confirm and notify OBM State Accounting.
- **Submit Repeal Language.** State accounting needs legal authority to abolish a fund; be sure to repeal the authorizing language.

Note: Any ORC language directing revenue to a fund being abolished will also need to be addressed (either redirected or the language repealed).

- **Double Check.** OBM State Accounting requires Asset Management and Commitment Control Budget Ledgers are cleared, and there is verification that the current Fund Summary Report 15A contains no ending balances in any category.

Note: For tracking purposes, funds will continue to appear in OAKS FIN. For example, on the OHGLR052 Agency Daily Cash Balance Report an “abolished” or “inactive” fund will appear even though the fund will not accept any further transactions.

Board Compensation

The budget bill also may include provisions concerning the compensation of members of a board, commission, or other entity. If members of a board, commission, or other entity will be paid or reimbursed for their expenses, agencies should indicate the source from which such expenses are to be paid and the rate of reimbursement.

The OBM travel statute, ORC 126.31(B), provides that, notwithstanding any other statute to the contrary, the payment of travel expenses for any board or commission member, state employee, state officer, or consultant to a state agency, whose compensation is paid in whole or in part from state funds, shall be paid at rates set by rule of the OBM Director. Agencies should avoid stating in law that such compensated persons will be reimbursed for their actual and necessary travel expenses, since, in most instances, the notwithstanding provision requires that such persons will be reimbursed for travel according to the OBM travel rule. For more information on the OBM travel rule, visit: <http://obm.ohio.gov/MiscPages/TravelRule/>.

Travel and other expenses of uncompensated state board or commission members or volunteers may not be governed by ORC 126.31 and the OBM travel rule, depending on the enabling statute. If expenses are to be reimbursed, the enabling statute creating an uncompensated board or commission must authorize such reimbursement, and should specify the rate of reimbursement for travel and other expenses and the source of payment. Agencies should indicate: whether the board or commission is responsible for the expenses of all members; whether an agency which staffs or supports the entity will pay the expenses; whether an entity is comprised of various state officials; and whether each member’s own agency will pick up its member’s expenses.

Appendix B: Budget Language Summary Examples

1. Eliminates a burdensome process and fee presently levied on small businesses that seek to issue securities. Several companies operating, or looking to operate, in Ohio are seeking to launch online investment platforms for small business security issuers. The products they offer are similar to micro-loans or micro-credit. However the ORC requires these small securities, less than \$50,000, to comply with the same regulations as securities with values of millions of dollars. This language allows the Director of Commerce to waive the \$50.00 filing fee and other provisions of the ORC for securities with values of less than \$50,000. The loss of fee revenues would be off-set by the anticipated increase in small business owners expanding their businesses.
2. Expands the definition of “conduit entities” to include any appropriate legal entity. Institutions of higher education are allowed under the ORC to enter into lease and/or leaseback agreements with “conduit entities” for auxiliary facilities, such as housing, dining and parking facilities; hospitals and medical clinics, bookstores, auditoriums, exhibition halls, etc. Presently “conduit entities” is limited to charitable entities as defined by law. This will allow higher education institutions greater flexibility in seeking these agreements, and lessen the need for state capital funding.
3. Transfers \$975,000 in cash from the dormant Workforce Development Fund (Fund 5D70) to the Human Resources Operating Fund (Fund 1250) to implement new functionality of recent upgrades to the OAKS-HCM module. The cash remaining in Fund 5D70 was collected from state agencies to support a workforce training and development program that was transferred to OCSEA several years ago. As part of the program transfer to OCSEA, DAS transferred an agreed-upon amount of cash to OCSEA, repaid the federal share to the U.S. Department of Health and Human Services, and now wishes to use the remaining funds for implementing new functionalities of the OAKS-HCM module. Use of funds include training for state employees on the new functionalities of OAKS-HCM, contractual services for implementing civil service testing decentralization, and training on the use of the new enterprise performance management system.

Note: While this example uses several acronyms, DAS, OAKS-HCM, OCSEA, these acronyms are common throughout state government.

4. Expands the permissible use of the Airport Assistance Fund to cover operating costs associated with the ODOT’s Office of Aviation. Funding for the Airport Assistance Fund comes from a state aircraft registration fee, and is used exclusively for providing grants to public-owned airport for pavement maintenance and obstruction removal. This provision allows the Director of Transportation to supplement the Aviation Office’s GRF funding with money from the Airport Assistance Fund. The operations of the Aviation Office are not eligible for state motor fuel tax funds. This action will alleviate the department’s reliance on the GRF.

*Office of Budget and Management
July 2014*