

# Operating Budget Guidance: Fiscal Years 2014 – 2015





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June 25, 2012

Dear Agency Leaders:

It is my pleasure to present the Operating Budget Guidance for Fiscal Years 2014-2015. Throughout this process, OBM will work closely with you to develop OBM's recommendations for Governor Kasich to consider in fulfilling his statutory requirement to submit a balanced budget recommendation to the legislature within four weeks following organization of each General Assembly.

More than a statutory requirement, the Executive Budget for Fiscal Years 2014-2015 will build on the success of both the Fiscal Years 2012-2013 Operating Budget and the Mid-Biennium Review by furthering Governor Kasich's agenda of renewal for the State of Ohio. Although the State's budget has been returned to fiscal stability and Ohio is better positioned for economic growth, Governor Kasich will use the next biennial budget to continue his ongoing effort to enhance the climate of economic competitiveness and job growth in our state, restrain state spending, and improve services for taxpayers.

While the basic structure of agency budget submissions will remain the same as in past biennia (e.g., director's summary letter, budget request limitations, etc.), you and your staff will notice several changes in this process from the last, many of which came at the suggestion of agencies. These changes include:

- **More efficient input of submissions.** Agencies no longer have to input answers to required questions directly into templates within the Budget Portal; instead, you can now prepare your answers in your own word processing software (e.g. Microsoft Word) and upload them into the Budget Portal. Similarly, agencies will now be able to directly upload spreadsheets into the Budget Planning Module (BPM).
- **Budget language submission alignment.** In order to ensure continuity of the financial and language components of each agency's budget request, two changes have been made to the process: 1) agency requests for codified and/or uncoded language provisions now will have the same due date as the financial submission rather than a later date; and 2) a new language "crosswalk" will require agencies to list language items according to the program(s) affected by the proposed change. *(Because many agencies often have different staff working on various components of their budget submission, language guidance is still being sent to you in a separate, stand-alone document in order to simplify distribution of guidance within your agency.)*
- **Information Technology.** Because the Department of Administrative Services, through its Office of Information Technology (OIT), is taking a more active role in the coordination of IT activities across the administration, budget submissions will no longer require the preparation of a cumbersome IT "crosswalk." While budget requests still must



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include IT information, the requested information generally will serve to augment and support the direct interactions that OIT will be having with the agencies superintended by DAS.

Budget and language requests are due September 17, 2012 for non-cabinet agencies, October 1, 2012 for cabinet agencies, and November 1, 2012 for legislative and judicial agencies as well as constitutional officeholders.

I encourage you and your staff to contact your agency's assigned OBM Budget Analyst with any questions about the budget preparation process. In addition, I urge you to consult OBM's website for updates and many of the documents and forms referenced in the Guidance. The address is: <http://obm.ohio.gov/SectionPages/Budget/FY1415/OperatingGuidance.aspx>.

On behalf of OBM, we look forward to working with you over the coming months to develop a budget that emphasizes Governor Kasich's priorities for a stronger Ohio.

Sincerely,

A handwritten signature in black ink that reads "Timothy S. Keen". The signature is fluid and cursive.

Timothy S. Keen  
Director



## OPERATING BUDGET GUIDANCE FOR FISCAL YEARS 2014 AND 2015

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## SECTION I. OVERVIEW OF THE BUDGET PROCESS

Every two years Ohio is required by law to prepare and adopt a budget for state activities. The sections of law that govern the process are Ohio Revised Code Sections 107.03 (Governor) and 126.02 (OBM and agencies).

The budget process begins with the publication of this guidance, continuing with the development of agency budget requests in preparation for the release of the Governor's Executive Budget. An agency's request is comprised of summaries showing the funding the agency requests and narrative descriptions of the services provided with those dollars.

This document is divided into two sections. Section I describes the key elements of the budget preparation process and provides agencies with an overview of what to expect during the process. Section II provides detailed information for agency staff to use in assembling the various documents that comprise an agency's budget request.

Instructions regarding language sought by agencies in the budget bill are provided in separate Budget Language Guidance. Language items are an important component of an agency's request. It is OBM's expectation that agency budget and language development occur in collaboration and that all language items are budget-related.

### A. Budget Request Due Date and Submission Instructions

#### Due Date

Non-Cabinet agency budget and language requests are due to OBM by 5:00 PM on September 17, 2012 and Cabinet agency budget and language requests are due to OBM by 5:00 PM on October 1, 2012. Legislative and Judicial agencies, as well as constitutional officeholders, are required to submit budget and language requests to OBM by 5:00 PM on November 1, 2012. If you have questions regarding your budget request submission deadline, please review the Budget Request Due Date column located in Appendix E. If you have additional questions, please contact your OBM Budget Analyst.

Each agency is required to submit their request on time. There is no appeal or extension process for these deadlines. For agencies or state boards that require their own boards or commissioners to approve the submission, be sure to schedule internal budget review and approval meetings in time to meet the OBM submission deadline.

Agency budget requests must be submitted in the OAKS Budget and Planning Module (BPM); no other form of submission will be accepted. All agency budget requests must be loaded or "staged" into the OAKS BPM simultaneously, thus requiring that all agency requests be finalized and submitted by the deadlines outlined above. In the event that one agency submits their budget request late, all other agencies' request development and review will be delayed.

In order to facilitate timely submission of agency budget requests, the OAKS BPM system will be available for agency use Monday through Saturday from 7:00 AM to midnight beginning July 2, 2012. The system will also be available on Sunday, September 9, 16, 23 and 30. Any agency budget requests that remain uncompleted in the OAKS BPM on the September 17, 2012 (non-Cabinets), October 1, 2012 (Cabinets), or November 1, 2012 (Legislative, Judicial, and



constitutional officeholders) submission deadline will be completed by the agency OBM Budget Analyst using the fiscal year 2014 core budget request limitation amounts. Any modifications to budget requests entered by OBM on behalf of the agency will be at the discretion of the OBM Director.

## Submission Instructions

The agency budget request, including budget request reports, answers to the required questions, answers to the Executive Budget (Blue Book) questions, and all required forms must be uploaded and/or submitted through the Budget Portal, a component of OBM's Budget Center. The Budget Portal will be available for agency use in mid-July 2012; agencies will receive email notification when the Portal is available. In addition, agencies must submit one hard copy of all required questions, BI Cognos reports, and other documents to OBM by the budget request due date. Budget language must be submitted through the Language Portal by September 17, 2012 (non-Cabinets), October 1, 2012 (Cabinets), or November 1, 2012 (Legislative, Judicial, and constitutional officeholders). This allows OBM Budget Analysts to review all budget information and related budget language together.

Once the agency's OBM Budget Analyst has reviewed the request for accuracy and all requested revisions have been made by the agency, Cabinet agencies will be asked to submit five additional hard copies of the request. Non-Cabinet, Legislative and Judicial agencies, as well as constitutional officeholders, will submit four additional hard copies. The copies are for OBM's use, the Governor's office, and for distribution to the Legislative Service Commission and each chamber of the General Assembly, as required by statute.

## B. Chronology of the Budget Process

Per the timeline outlined in the Ohio Revised Code, agencies can expect the Governor to finalize the Executive Budget proposal for fiscal years 2014-2015 in February 2013. The Executive Budget proposal will be submitted to the General Assembly not later than four weeks after its organization.

This section of the guidance outlines the budget calendar and provides details about what to expect during each of the three phases of the budget process: (Phase 1) agency budget request preparation; (Phase 2) OBM review and analysis and finalized Executive recommendations; and (Phase 3) the legislative process.

### Phase 1 - Agency Budget Request Preparation (June 25, 2012 - November 1, 2012)

The budget process begins with the publication of this guidance and the development of an agency budget request. The key events in this phase are as follows:

June 25	OBM releases the fiscal years 2014-2015 Operating Budget Guidance
July 2	OAKS BPM available for agency use
July - August	Agency designees attend OAKS BPM training
September 17	Non-cabinet agency budget and language requests due to OBM



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- |            |  |
|------------|--|
| October 1  | Cabinet agency budget and language requests due to OBM   |
| November 1 | Legislative, Judicial, and constitutional officeholder budget and language requests due to OBM |

## **Phase 2 - OBM Review and Analysis and Finalized Executive Recommendations (September 17, 2012 - February 2013)**

This phase consists of OBM's review of agency budget requests, possible budget policy discussions, OBM's recommendations to the Governor and the Governor's staff, and the finalization of the Governor's budget recommendations.

OBM Review and Iterative Budget Recommendation Process: OBM Budget Analysts will have access on September 17 to conduct a non-budgetary technical review of each agency's budget request. If any clarifying information is needed or if technical changes are required in the agency budget request, OBM Analysts will notify the agency within 10 business days. Following receipt of any necessary technical corrections, OBM will conduct a thorough analysis and prepare recommendations for consideration by the Governor's office. OBM's recommendations will be reviewed by the Governor and the Governor's staff between September 2012 and January 2013. The review may include requests for additional information and meetings with the OBM Analyst assigned to the agency. It is important that agencies respond promptly and thoroughly to requests for information.

Budget Policy Discussions: During the budget request review and analysis process, OBM may request a budget policy discussion with agency staff. If OBM requests a policy discussion, your OBM Analyst will contact your agency to schedule the meeting.

Executive Recommendations: The Governor's final recommendations will be published in the Governor's Executive Budget (also known as the "Blue Book"), which will be available on OBM's web site. The Executive Budget will also include a tax expenditure report prepared by the Department of Taxation.

More specific timeframes for these activities are as follows:

- |                           |   |
|---------------------------|---|
| September - December 2012 | OBM review and analysis of agency requests; possible budget policy discussions; agencies may be asked to provide additional information to assist in the development of recommendations.  |
| January 2013              | Executive recommendations are finalized.<br><br>During this time, OBM may be sharing preliminary budget recommendations with agencies. Agencies may be given the opportunity to propose modifications to those preliminary recommendations. |
| February 2013             | Executive Budget published and presented to the 130 <sup>th</sup> General Assembly.   |



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## **Phase 3 - The Legislative Process (February 2013 - June 30, 2013)**

During the legislative process, OBM works with the Governor's office and agencies to support the Executive Budget recommendations. Agencies should communicate closely with the Governor's office and OBM throughout this process.

Bill Introduction and Process: The Executive Budget includes all budget recommendations in a single document; however, when presented to the General Assembly in a bill form, three or four bills are generally introduced. OBM expects separate bills for the main operating budget, highway purposes (the Department of Transportation and the Department of Public Safety), the Bureau of Workers' Compensation, and the Industrial Commission. The finalization of the Executive Budget will be in February 2013, as required by the Ohio Revised Code, with the introduction of the bills expected shortly thereafter.

By tradition, budget bills are introduced in the House of Representatives and then are considered by the Senate. The version of the bill voted out of the Senate will likely require that a conference committee be convened to work out the differences between the House and Senate versions of the bill. When both the House and Senate approve the report, the bill is sent to the Governor to be signed. If there are provisions in the act with which the Governor disagrees, he may veto them.

Effective Dates: Once the Governor signs the appropriations act, typically on or before June 30, items that directly involve operating appropriations are effective immediately. Generally, other items in the act are subject to a referendum and therefore do not take effect until ninety days after the Governor files the act in the Office of the Secretary of State unless a referendum petition is filed or the act states otherwise. Please consider the effective dates when drafting agency codified and uncoded language for the operating budget bills.

## **C. Limits on Budget Requests**

### Budget Request Levels

As in prior budget processes, agencies will be subject to limits on what can be requested for fiscal years 2014 and 2015. Budget request limitations will be applied at the fund level; OBM will not limit requests by appropriation line item. The following, by fund type, are the budget request limitations for each year of the fiscal years 2014-2015 operating biennium. As in the past, limits for certain items (i.e. debt service) will be calculated separately. Agencies with items not subject to the following request limitations will be contacted by OBM for further discussion.

**GRF:** For program budget requests (Activity A), agencies are asked to describe what activities can be supported at 90% of adjusted fiscal year 2013 appropriations for fiscal years 2014 and 2015. For extended program budget requests (Activity B), agencies are asked to describe what activities can be supported at 100% of adjusted fiscal year 2013 appropriations for fiscal years 2014 and 2015. OBM will provide agencies with GRF request limits based on the following criteria:

- Fiscal year 2013 appropriations include amounts as appropriated in H.B. 153, other legislative appropriations, and Controlling Board actions between July 1, 2011, and June 11, 2012.



- Legislative and Controlling Board actions affecting 2013 appropriation amounts will be excluded if those items represent one-time expenses. Please contact your OBM Budget Analyst for further information.
- For agencies with GRF debt service line items, the amount requested for those line items in fiscal years 2014 and 2015 must equal the fiscal year 2013 appropriation. These amounts should be excluded from the final adjusted fiscal year 2013 appropriation amount as well as the fiscal years 2014 and 2015 calculations.

**General Services Funds, State Special Revenue Funds, and all other non-GRF/non-Federal Funds:** For program budget requests (Activity A), agencies are asked to describe what activities can be supported at 100% of adjusted fiscal year 2013 appropriations for fiscal years 2014 and 2015. For extended program budget requests (Activity B), agencies may request appropriations in each fiscal year up to the amount of cash that they reasonably expect to have available. However, agencies should remain cognizant of the Governor's commitment to restrain government spending, regardless of the source of revenue that is supporting the appropriations.

- Fiscal year 2013 appropriations include amounts as appropriated in H.B. 153, other legislative appropriations, and Controlling Board actions between July 1, 2011, and June 11, 2012.
- Legislative and Controlling Board actions affecting 2013 appropriation amounts will be excluded if those items represent one-time expenses. Please contact your OBM Budget Analyst for further information.
- Agencies must demonstrate that any non-GRF revenue sources have long-term stability and also must demonstrate that extended program budget requests reduce the agency's dependence on the GRF.

**Federal Funds:** If no state match is required, agencies may request appropriations in each fiscal year up to the amount of cash that they reasonably expect to receive at the time the request is prepared.

- If a GRF match is required, the FED request is limited to the amount that can be supported by the match provided within the GRF limitation.
- If a non-GRF match is required, the FED request is limited to the amount that can be supported within the matching fund's limitation.

## D. Program Budgeting

The underlying organizational structure for the budget request is the description of an agency by program. A program series corresponds with a major area of focus for an agency and is made up of one or more programs, each of which has a narrower, more targeted focus on a specific aspect of the agency's operations. This structure allows for a more comprehensive budget request by clearly showing what is supported by each program. Agencies will use Program Budget Requests to convey the request for appropriations within the limitations detailed in Section C above.



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OBM has worked with agencies to modify and finalize program structures to be used in the fiscal years 2014-2015 budget requests. Since each agency is limited in its request by fund (rather than line item), the agency has the opportunity to prioritize funding across programs. Each agency will prepare its budget request narratives and OAKS BPM activities in accordance with the program structure approved by OBM; these finalized and approved structures have been loaded in the OAKS BPM. If you have any questions about your agency's program structure, please contact your assigned OBM Budget Analyst.

## E. Payroll Cost Projection Assumptions

OBM and DAS have developed payroll cost assumptions and projections to assist agencies as they develop their fiscal years 2014-2015 budget requests.

**State of Ohio Payroll Projection System (SOPPS):** SOPPS estimates of payroll costs by position for fiscal years 2014 and 2015 will be available in BI Cognos beginning July 10 by following this navigation path: Public Folders > OAKS Reporting Folders > OAKS Standard Reports > Payroll Projections. Users will need the OH\_BI\_SOPPS\_REPORTING role to be able to view and run the SOPPS reports in BI Cognos. This role can be assigned by Agency Security Designees via the FIN Online Security Form.

The SOPPS reports provide estimates of employer costs that are calculated by individual employee for the future biennium. However, they are presented in summary form with the ability to drill down to the detail if needed. The reports are based on transaction level chartfield values in the DeptID and Program chartfields for each employee that are based on actual coding from the prior 26 pay periods in OAKS HCM. The projections include all OBM assumptions for fiscal years 2014 and 2015 personnel costs including longevity increases, benefit selections and rate increases, and check off charges. The table in Appendix C shows the cost assumptions for fringe costs and other personnel charges used by OBM and DAS to develop the payroll projections.

If your agency would like assistance with the SOPPS reports, please sign up for the webinar on July 10 at 11a.m. If additional assistance is needed after the webinar, please contact OBM.SOPPS@obm.state.oh.us to schedule a lab session.

Additionally, agencies should assume and document the costs associated with the following:

- Vacant positions the agency expects to fill, on a pro-rated basis through the fiscal year. Pursuant to the hiring controls, these should only be positions that are central to an agency's mission or within established personnel ceilings for agencies that have switched to ceilings.
- Shift differentials.
- Overtime costs the agency expects to incur.

If your agency believes it is necessary to use alternative payroll assumptions or projections aside from those provided above, please contact your OBM Budget Analyst. If approved, your



alternative assumptions and projections will need to be described in detail as a component of your agency budget submission.

## **F. Non-Personnel Costs**

**DAS Charges:** These charges include rent for state-owned office buildings, building lease service fees, computer and telecommunications charges, vehicles, printing, and other services provided by DAS. A listing of some of these administrative services with fiscal year 2012 rates is presented in Appendix D to assist agencies as they develop their fiscal years 2014-2015 budget requests.

## **G. OAKS Budget & Planning Module (BPM)**

Agencies will use the OAKS BPM to prepare the revenue and appropriation portions of their fiscal years 2014-2015 budget requests. Any agency that does not have on-line access should contact their OBM Budget Analyst. OBM Budget Analysts will not have access to the agency-generated BI Cognos tables without agencies' permission until agencies officially submit their requests to OBM on September 17, 2012 (non-Cabinet agencies), October 1, 2012 (Cabinet agencies), or November 1, 2012 (Legislative, Judicial, and constitutional officeholders).

The OAKS BPM will be available to agencies on July 2, 2012.

### **OAKS BPM Training**

The OBM Training Academy will conduct an OAKS BPM webinar on July 10, 2012 at 10 a.m. All BPM Preparers and Reviewers will receive an invitation, as well as all agency CFO's. The webinar will cover the new features of the BPM. As part of this session, OBM will offer a brief review of BPM capabilities. Participants of the webinar and other stakeholders will also be asked to complete the BD200 web-based training course for BPM that is accessible at any time in OAKS ELM, and should also review the BPM section in the FIN Process Manual that is found on the FIN Home page of MyOhio.gov. If agency personnel need further assistance for BPM after attending the webinar, completing BD200 and reviewing the FIN Process Manual, or have specific questions, they should contact their OBM Budget Analyst.

If additional assistance is needed after completing the web-based training, the OBM Training Academy will schedule lab hours as requested.

### **Preparing Your Agency for OAKS BPM**

The following tasks have been or will be completed during the budget development process.

#### **BPM Planning Model and Planning Center Selection**

- Intent: Agencies worked with their OBM Budget Analyst to select their fiscal years 2014-2015 BPM Planning Model (Model 1 or 2) and BPM Planning Centers (Dept or Program values).
- Completed December 2011.



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## **BPM Fiscal Year 2013 Estimates**

- Intent: Agencies will allocate their fiscal year 2013 allotments by BPM Planning Centers and Programs, a process that is crucial to the reporting portion of the agency budget request. Agencies will populate an Excel upload template which the OBM Budget Analyst will then upload for the agency.
- Due July 31, 2012.
- Additional updates to this task will be sent out at later dates and will be due before September 15, 2012 and again before January 30, 2013.

## **Security Review Task**

- Intent: Agencies were asked to review who should have access to their BPM Planning Centers and what role those employees should have (Reviewer or Preparer). Agency Security Designees were asked to make updates via the FIN Online Security Form.
- Distributed via listserv email to CFOs and also via MyOhio.gov portal in March, 2012.
- Agency Security Designee should have submitted necessary security updates via the FIN Online Security Form by June 1, 2012 for changes to be effective for go-live; however, updates can be submitted throughout the budget process as necessary.

## **H. Zero-Based Budgeting**

Ohio Revised Code section 126.02(D) requires the OBM Director to determine a method to incorporate the principles of zero-based budgeting into the establishment of the biennial budget. Zero-based budgeting encourages each agency to base its budget decisions by prioritizing the goals and objectives for that agency, and efficiently allocating limited state resources. It requires that expenditures are assessed, justified and prioritized. The OAKS BPM provides the foundation for zero-based budget development. The OAKS BPM allows agencies to develop their biennial budget request for each defined budget planning center. Agencies define their BPM budget planning centers using either their program chartfields or their department chartfields, whichever best matches their structure of budgeted activities. Within each planning center, agencies are required to itemize their budget request using five OAKS financials chartfields: department, program, fund, appropriation line item, and account.



## SECTION II. COMPONENTS OF A BUDGET REQUEST

This section describes in detail the required components of an agency's budget request. The section begins with a checklist of the required components of a budget request in the order they should appear. Items should be submitted by the method(s) indicated in the checklist below (e.g. hard copy and/or budget portal upload/template).

### A. Checklist for an Agency's Budget Request

	Item	Required Method(s) of Submission	
		Hard Copy	Budget Portal
1	Director's Summary Letter	<input type="checkbox"/>	<input type="checkbox"/> upload
2	Index to Budget Request	<input type="checkbox"/>	<input type="checkbox"/> upload
3	Agency Table of Organization	<input type="checkbox"/>	<input type="checkbox"/> upload
4	Agency Staffing Requirements Table ( <i>Budget Portal Template</i> )	<input type="checkbox"/>	<input type="checkbox"/> template
5	Executive Agency Budget Request - Summary ( <i>BI Cognos Report</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
6	Executive Agency Budget Request - Detail ( <i>BI Cognos Report</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
7	Program Budget Request - Activity A for each program. <i>The total amount requested across all programs for each fund must be within the limits on budget requests as detailed on Pages 8-9 of this document. Each Program Budget Request must contain the following two items:</i>		
	a. Six-Year Summary Report - Type A ( <i>BI Cognos Report</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
	b. Program Budget Request - Activity A Required Questions ( <i>Appendix F</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
8	Extended Program Budget Request - Activity B for each program for which supplemental funding is sought. <i>The total amount requested across all programs for each fund must be within the limits on budget requests as detailed on Pages 8-9 of this document. Each Extended Program Budget Request must contain the following three items:</i>		
	a. Six-Year Summary Report - Type A + Type B ( <i>BI Cognos Report</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload



	b. Extended Program Budget Request - Activity B Required Questions ( <i>Appendix G</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
	c. Extended Program Budget Request - Activity B Priorities Table ( <i>Appendix H</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
9	Fund Activity. <i>The following two items must be submitted for all non-GRF funds:</i>		
	a. Fund Activity Summary Report ( <i>BI Cognos Report</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
	b. Fund Activity Summary - Required Questions ( <i>Appendix I</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
10	Language and Program Crosswalk ( <i>Appendix J</i> )	<input type="checkbox"/>	<input type="checkbox"/> upload
11	Executive Budget (Blue Book) questions ( <i>Budget Portal Template</i> )		<input type="checkbox"/> template

## B. Director's Summary Letter

The first item in an agency's budget request should be a letter written from the agency's Director to the Director of the Office of Budget and Management. The letter should be a brief overview of the agency's budget request.

The Director's Summary Letter will be used to brief the Governor and the Governor's staff and may serve as the basis for policy meetings between the agency and OBM if necessary. The summary should be written with these purposes in mind:

- It should focus on the big picture for the agency: major operational and policy issues faced by the agency; ways the agency has addressed these issues in the recent past; and plans for addressing these issues in the future, as reflected in the agency's budget request.
- It should not be a simple repetition of the budget request detail contained in the agency's Program Budget Requests.

The Director's Summary Letter must address the four topics described below, although the format of the letter and the manner and order in which the topics are addressed is left to the agency. It should also include additional information that the agency's Director thinks is pertinent. The statements and questions under each required topic below provide suggestions as to the types of information that should be included for each topic in the summary.

- Current Situation - Describe the agency's mission, goals, and objectives. Discuss the agency's progress toward achieving these items in the current biennium.
- Challenges for the 2014-2015 Biennium - Describe the programmatic and fiscal challenges, issues, and special problems the agency will face during fiscal years 2014 and 2015, as related to ongoing and new initiatives. Address any federal funding



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changes that will significantly affect the agency's activities and include relevant information to clarify and quantify these descriptions.

- Setting Priorities - The fiscal years 2014-2015 Executive Budget will continue the Governor's priorities in key policy areas. In creating budget requests, agencies should outline how their requested appropriations are consistent with the Governor's priorities.
  - Describe the decisions and choices the agency made in putting together its budget request. Which program series and programs did the agency emphasize and why? Which were de-emphasized and why? What factors — both internal and external — contributed to the priorities set by the agency? How do the decisions and choices reflected in the budget request relate to the agency's mission and challenges? What new initiatives are given a higher priority than current activities and why?
- Operational Changes - Describe any operational changes that the agency has implemented in fiscal years 2012 and 2013 and discuss how those changes have impacted the current budget request. Have innovations or alternative service delivery systems been developed? How have staffing levels changed over the current biennium? Describe actions the agency has taken or proposes to take to increase operational efficiency and reduce costs. How are these actions reflected in the budget request? Please discuss any plans for your organization to integrate its processes into Shared Services, other types of outsourcing, or IT planning.

The length of the Director's Summary Letter should be governed by what is necessary to effectively characterize the agency's budget request. The length will vary from agency to agency, but a suggested length is 3-7 pages.

Please note that the Director's Summary Letter must be created outside of the OAKS BPM in any word processing application, such as Microsoft Word. The Director's Summary Letter should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## **C. Index to Budget Request**

Agencies should provide an Index to their required submissions, including each Program Budget Request and Extended Program Budget Request, in the order that they appear in the budget document. This list facilitates the review of the request by providing an overview of how the tables are organized. The Index should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## **D. Agency Table of Organization**

Include a current Table of Organization for your agency. Discuss any significant organizational changes that will be undertaken in fiscal years 2014 through 2015 as well as the relationship between these changes and your agency's budget request. Finally, indicate the total number of employees in each organizational unit of your agency. The Table of Organization should be



uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## **E. Agency Staffing Requirements Table (*Budget Portal Template*)**

One staffing requirements table should be completed per agency to reflect the staffing levels for the entire agency. Agencies must ensure that requests for staffing dollars in their budget requests reflect what the agency's HR staff will submit to DAS for the agency's workforce plan. This request and the workforce plan should indicate the attrition that is expected in the agency's IT and fiscal workforces in the classifications identified by OBM for hiring controls and alignment with the state's intent for IT optimization and consolidation of back-office functions.

The staffing requirements table is available as an online template and should be completed in the OBM Budget Portal. The agency staffing requirements table is not program specific. Note the detailed instructions within the table under "Definition of Terms" for more information on the appropriate data to use when completing the table; for example, SOPPS should be used to complete certain cells in the table. In addition, please note that the summation of the Funded FTE calculations on all Activity A and Activity B Required Questions should equal the Funded FTE grand total on the Agency Staffing Requirements Table for each fiscal year, unless your agency has positions other than full-time permanent.

## **F. Executive Agency Budget Request - Summary (*BI Cognos Report*)**

This report provides a summarized view of the agency budget request by Fund Group and Account Category and includes 6 years of data; actual spending for fiscal years 2010, 2011, and 2012, estimated expenditures for fiscal year 2013, and requested appropriations for fiscal years 2014 and 2015. Agencies will print the Executive Agency Budget Request - Summary after their data entry in the OAKS BPM is complete. The report should then be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. For more information on this report, please refer to the BI Cognos Reports Summary Sheet in Appendix K.

## **G. Executive Agency Budget Request - Detail (*BI Cognos Report*)**

This report provides a detailed view of the agency budget request by Account Category, Fund Group, Fund, and ALI. Agencies will print the Executive Agency Budget Request - Detail after their data entry in the OAKS BPM is complete. The report should then be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. For more information on this report, please refer to the BI Cognos Reports Summary Sheet in Appendix K.

## **H. Program Budget Request - Activity A**

The Program Budget Request – Activity A is the primary opportunity for an agency to convey and articulate biennial funding requests to OBM for each agency program. A complete Program Budget Request – Activity A consists of two items: 1) a print-out of the Six Year Summary Report – Type A (from BI Cognos), and 2) responses to the Required Questions that contain full and pertinent information concerning the Program Budget Request – Activity A. Agencies



should prepare one Program Budget Request – Activity A for each program as identified in the program structure approved by OBM.

The Program Budget Request – Activity A may include only the appropriation that the agency is requesting within the limits on budget requests as detailed in Section I.C. of this document.

- For GRF, the Program Budget Request – Activity A will be used for requests up to the 90% limitation.
- For Non-GRF funds, the Program Budget Request – Activity A will be used for requests up to the 100% limitation.

Agencies should provide the following two items for each program for which Activity A funding is requested:

- **Six-Year Summary Report - Type A (BI Cognos Report)**. After completing data entry in the OAKS BPM, agencies will print a Six-Year Summary Report – Type A for each program from BI Cognos. A copy of the Type A report should then be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. For more information on this report, please refer to the BI Cognos Reports Summary Sheet in Appendix K.
- **Program Budget Request - Activity A Required Questions**. Each Program Budget Request – Activity A must include a completed Required Questions form that describes the request for each particular program. The Program Budget Request – Activity A Required Questions are available on the OBM website as Appendix F. A copy of the Activity A Required Questions for each program should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## I. Extended Program Budget Request - Activity B

The Extended Program Budget Request – Activity B is an opportunity for agencies to convey supplemental funding requests for each agency program for which supplemental funding is sought. If supplemental funding is requested for a program, agencies should prepare an Extended Program Budget Request – Activity B for each program as identified in the program structure approved by OBM.

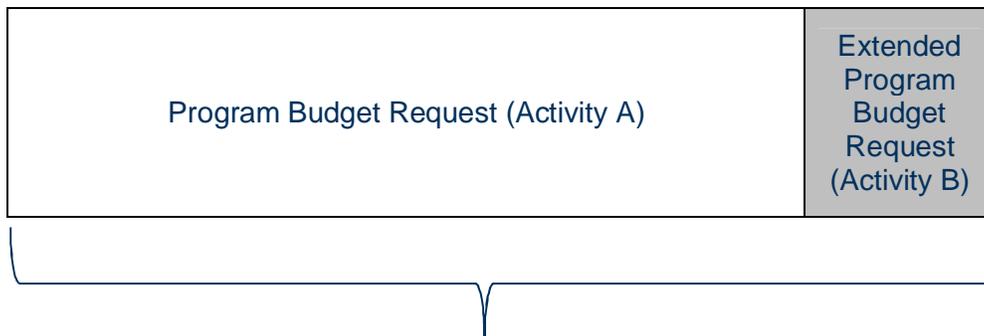
The Extended Program Budget Request – Activity B may include only the appropriation that the agency is requesting within the limits on budget requests as detailed in Section I.C. of this document.

- For GRF, the Extended Program Budget Request – Activity B will be used for requests up to the 100% limitation.
- For Non-GRF funds, the Extended Program Budget Request – Activity B will be used for requests beyond the 100% limitation.



Agencies should provide the following two items for each program for which Activity B funding is requested:

- **Six-Year Summary Report - Type A + B (BI Cognos Report)**. After completing data entry in the OAKS BPM, agencies will print a Six-Year Summary Report – Type A + B for each program from BI Cognos. A copy of the Type A + B report should then be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. For more information on this report, please refer to the BI Cognos Reports Summary Sheet in Appendix K.
- **Extended Program Budget Request - Activity B Required Questions**. Each Extended Program Budget Request – Activity B must include a completed Required Questions form that describes the request for each particular program. The Extended Program Budget Request – Activity B Required Questions are available on the OBM website as Appendix G. A copy of the Activity B Required Questions for each program should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. These questions are to be used to request 1) GRF funding up to the 100% limitation, and 2) non-GRF funding beyond the 100% limitation. Briefly explain what the additional funding will provide if the activity has already been described in a Program Budget Request – Activity A. For funding that expands upon the activities outlined in a Program Budget Request – Activity A, only describe the additional services, benefits, expected results, etc. that are above and beyond what is provided by the Program Budget Request – Activity A. The additional services, benefits, expected results, etc. to be discussed in this section are depicted as the grayed area below:



- **Extended Program Budget Request - Activity B Priorities Table**. Agencies must submit one Extended Program Budget Request - Activity B Priorities Table to accompany their Extended Program Budget Request. The completed table should list agency Activity B priorities in rank order, from highest to lowest, and contain the priority number, the program number, and the program name. The Activity B Priorities Table is



available on the OBM website as Appendix H and should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## J. Fund Activity

The Fund Activity Summary is a key component of an agency's non-GRF budget request, as it is the mechanism for analyzing the financial condition — the relationship between sources and uses by fiscal year — of the agency's funds. Each Fund Activity Summary must reflect an ending cash balance ("net cash available") equal to or greater than zero for fiscal years 2013, 2014, and 2015. This can be problematic if an agency estimates that the fiscal year 2013 appropriation exceeds the projected revenues to the fund, since the agency cannot adjust the appropriation amount in OAKS BPM. Please contact your OBM Analyst prior to submission of your agency's budget request in those cases where the Fund Activity Summary cannot be used to present accurate estimates. In these instances, the Analyst can modify OAKS BPM to reflect a better estimate of the fiscal year 2013 disbursements, and thus bring the appropriation amount into line with the anticipated revenues. Once the Analyst makes this modification, a revised Fund Activity Summary can be printed for inclusion with your agency's request.

- **Fund Activity Summary Report (BI Cognos Report)**. This report displays actual revenue by source and actual disbursements for fiscal years 2010, 2011, and 2012, and projected revenue by source and estimated disbursements for fiscal year 2013 for non-GRF funds. For fiscal years 2014 and 2015, the Fund Activity Summary Report shows projected revenue by source and an agency's requested appropriations. Agencies must submit one Fund Activity Summary Report for each non-GRF fund. Agencies will enter revenue estimates for each fund in the OAKS BPM using the Revenue and Transfer activities. All Fund Activity Summary Reports should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request. For more information on this report, please refer to the BI Cognos Reports Summary Sheet in Appendix K.

Non-GRF funds used by more than one agency will be distributed to the primary agency responsible for the fund as identified in OAKS. The primary agency will be responsible for collecting estimated revenue and disbursements from other agencies depositing revenue into or making disbursements from the fund. The OBM Analyst will prepare the Fund Activity Statement for the Occupational and Professional Licensing Fund (Fund 4K90).

Historical information is provided by five-digit revenue source class codes and six-digit transfer codes, which are in Appendix B of the Operating Budget Guidance. "Transfers-In" should reflect cash transfers into the fund not requiring appropriation authority. Provide estimated transfers-in for each six-digit transfer code. Note that a total transfer-in figure is required. "Transfers-Out" should reflect cash transfers out of the fund not requiring appropriation authority. Provide estimated transfers-out for each six-digit transfer-out code. Note that a total transfer-out figure is required. In OAKS BPM the same account tree for transfers in and transfers out are used. Please reference Appendix B for more information. It should be noted that most state funds **do not utilize the unappropriated transfer-in and/or transfer-out mechanism**.

- **Fund Activity Summary - Required Questions**. The Fund Activity Summary – Required Questions should be completed for each agency non-GRF fund. Your



responses to these questions are a valuable tool to help OBM understand the nature of revenue and expenditure patterns of non-GRF funds for your agency. The Fund Activity Summary – Required Questions are available on the OBM website as Appendix I. The Fund Activity Summary – Required Questions should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## **K. Language and Program Crosswalk**

One language and program crosswalk should be completed per agency. The crosswalk should include all language items submitted for the FY14-15 Executive Budget and the agency program(s) directly affected by the language, if applicable. All language items submitted by your agency for the FY14-15 Executive Budget, including those that do not directly impact agency programs, must be included on the crosswalk. The crosswalk is available on the OBM website as Appendix J and should be uploaded through the Budget Portal and included in the hard copy version of your agency budget request.

## **L. Information Technology Budget Information**

Information Technology (IT) plays an ever more critical role in how government operations increase operational efficiency and provide improved services. Since 1988, agencies have engaged in formal IT investment planning during the development of the state biennial operating budget. OBM is working with the Department of Administrative Services, Office of Information Technology (DAS) to ensure that operating budget requests are consistent with IT investment plans and that a deliberate approach has been taken to what is a significant allocation of state resources.

OBM encourages fiscal officers and IT managers to coordinate their budget and planning efforts. OBM and DAS will be sharing the information they collect for use in budget and IT investment decision-making.

The IT budget information that follows is divided into two sections. The IT Budget Planning section provides a variety of background information on the statutory requirements associated with statewide IT planning, while the Requested IT Information section provides details on the IT investment information that agencies will submit to DAS for the fiscal years 2014-2015 operating biennium.

### **IT Budget Planning**

#### **Statutory Requirements with Regard to Confidential Personal Information**

ORC125.18(C)(2) and ORC 1347.15(8) - Statutory provisions require that prior to the implementation of any IT system, state agencies shall prepare a privacy impact assessment. Agencies must specifically evaluate possible privacy risks and the mitigation of those risks at the beginning and throughout the development lifecycle of a system.

ORC1347.15(B)(4) - This provision requires that any upgrade to an existing computer system or the acquisition of any new computer system that stores, manages, or contains confidential personal information must include a mechanism for recording specific access by employees of the agency to confidential personal information.



More information and helpful resources can be found online at the State of Ohio Privacy and Security Information Center at [www.privacy.ohio.gov](http://www.privacy.ohio.gov).

For the purposes of IT budget planning, agencies are advised to incorporate any required access logging mechanisms into planned new systems or systems upgrades.

### Statutory Requirements with Regard to IT Security

ORC125:18(C)(1) - This provision requires that each agency develop an IT security strategic plan addressing the management, control, and protection of the agency’s information assets. The plan should also include initiatives to further the agency’s compliance with the Consensus Audit Guidelines (CAG) and the National Institute of Standards and Technology (NIST) 800-53 security controls as required by Ohio IT Standard ITS-SEC-02. More information and helpful resources can be found online at the State of Ohio Privacy and Security Information Center at [www.privacy.ohio.gov](http://www.privacy.ohio.gov).

For the purposes of IT budget planning, agencies are advised to budget for any anticipated costs for developing or refreshing an IT security plan for your agency, as well as for CAG and NIST compliance initiatives.

### Statutory Requirements for Investing in Common IT Services

ORC125.18 (B)(1),(2),(3); ORC126.506 - Statutory provisions require the development and adoption of common IT services, and identification of agency IT assets and their associated costs.

To this end, the state must better leverage its IT investment to support agency needs through the development and adoption of common statewide standard service platforms and applications. The state is implementing a four-part IT strategy to reduce costs, improve efficiency, and improve agency business processes. The four strategic components are focused on improving IT planning, reducing infrastructure complexity, increasing the use of enterprise applications/solutions, and employing business intelligence tools. In establishing the IT Direction, the IT Strategy plots the course. To begin to execute on the IT Strategy, OIT is presenting the following enterprise IT Initiatives:

IT Initiative	IT Strategy Component
IT Assessment and Inventory	Central Planning
Email Consolidation	Shared Applications/Solutions
Identity Management	Shared Applications/Solutions
Storage as a Service	Simplified Infrastructure
Unified Communications: Voice Over Internet Protocol (VoIP) Conferencing	Simplified Infrastructure
Unified Communications: Instant Messaging (IM) Collaboration	Shared Applications/Solutions
Data Center Remediation	Simplified Infrastructure
Virtual Server	Simplified Infrastructure
Business Intelligence: Cognos	Enterprise Analytics



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IT Initiative	IT Strategy Component
Disaster Recovery: Mainframe and Servers	Simplified Infrastructure
Network Consolidation	Simplified Infrastructure
Network Operating Center (NOC)	Simplified Infrastructure
Cloud: Infrastructure as a Service Platform as a Service Software as a Service	Simplified Infrastructure
Mainframe Consolidation	Simplified Infrastructure
Business Electronic Filing: eLicensing and ePayment	Shared Applications/Solutions
OAKS Enterprise Applications	Shared Applications/Solutions

The IT Strategy and Initiative information will be updated and provided to agencies on an ongoing basis. Common sense approaches have been identified and will continue to be identified for how the state can better leverage its IT investments to support common IT services and consolidation to achieve statewide savings and efficiencies optimization.

For the purposes of IT budget planning, agencies should specifically identify any proposed investment in new or expanded capabilities or capacities consistent with those services described above which are to be deployed for common use statewide. OBM and DAS will work with agencies to identify where common investment in the development of these services will be more cost-effective for both agencies and the state, and makes sense in satisfying agency needs.

In sum, agency budget submissions and ensuing planning discussions should target agency specific and unique application requirements, continued conversations concerning statewide policies, investment and services for Information Technology Strategy and Initiatives. Further information about these efforts in relation to agency IT operating budget planning will be provided in the fiscal years 2014-2015 Agency Guide to IT Investment Planning which provides more specific guidance in the development and submission of IT budget narratives and budget costs.

## **Requested IT Information**

### For Agencies Superintended by DAS

Agencies, boards and commissions (“agencies”) superintended by DAS will be required to complete DAS-provided IT investment planning narratives and associated cost information in a budget table residing on a Sharepoint site.

DAS is requesting narrative and cost information for proposed IT projects, applications and operations, which will include personnel costs, and the acquisition of IT hardware and software and any related consulting, training or maintenance services. The scope of IT also includes data, call center, voice, text, video, facsimile, and image processing systems. Agencies should request funding for IT needs as part of their request for overall funding in each program and describe these budgeted needs in their program request narratives.



For fiscal years 2014-2015, the DAS approach will be implemented in a two phase approach.

#### Phase 1: August – September 2012:

Agencies will be requested to submit narratives and costs for IT projects, applications and operations to DAS. DAS will be requesting costs for IT account classes for each program in an agency's budget submittal. DAS will provide a Sharepoint site for agencies to enter their IT investment planning narratives and associated IT costs. This Sharepoint site will be available at [www.das.ohio.gov/ITPlanning](http://www.das.ohio.gov/ITPlanning). Training will be made available. The IT purchasing of agencies supervised by DAS will continue to be reconciled to the agency's IT investment planning narrative and costs to ensure a direct correlation and to map actual spending to planned.

DAS will provide OBM access to the information DAS has received from agencies for their IT investment planning narratives, and the IT budget costs for projects, applications and all associated maintenance. This information will include any construction, purchase, or installation of new systems, or substantial upgrades or replacements of existing systems or infrastructure costs.

#### Phase 2: October – December 2012:

DAS will provide a specific IT investment application centric planning tool which will contain narratives and costs provided in the first phase. DAS will provide training sessions to agency fiscal officers and IT managers beginning in October to implement the new application centric planning tool guidance and narratives tool. Further information concerning the tool and related information will also be provided through agencies' meetings. Agencies may also contact DAS by calling (614) 387-1204 or [State.ITPlanning.Manager@oit.ohio.gov](mailto:State.ITPlanning.Manager@oit.ohio.gov).

#### For All Other Agencies

Agencies that are not required to complete a DAS-provided IT investment plan narrative and choose not to do so may be contacted by OBM to provide IT budget and narrative information for the upcoming biennium.

### **M. Executive Budget (Blue Book) Questions (*Budget Portal Template*)**

The following questions will be used to populate the Agency Budget Recommendations section of the fiscal years 2014-2015 Executive Budget and will be submitted through a template within the Budget Portal. You will have an opportunity to update your responses prior to the introduction of the budget to reflect the Governor's final funding recommendations.

#### Role and Overview:

- Please provide a brief explanation of your agency's role in state government, an overview of its functions, an explanation of your governance structure, a brief description of recent accomplishments, and the current number of full-time, permanent employees. Do not state the size of your overall agency budget. Feel free to use your Role and Overview narrative from the fiscal years 2012 and 2013 Executive Budget as a guide. It can be found here: <http://obm.ohio.gov/SectionPages/Budget/OperatingBudget.aspx>. Please limit your response to 2000 characters or less.
- What is your agency's web address?



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## Agency Priorities:

- What are the main agency priorities that your budget will allow you to continue/pursue? These should be large, strategic, wide-ranging priorities, which should be briefly stated as a bulleted list. Please limit each of your responses to 300 characters or less.

## Agency Objectives Funded through the Executive Recommendations:

- Please provide a bulleted list, briefly stated, of the main services provided by your agency at the requested funding level. The goal is to present to the public an idea of what the funding buys and what it means functionally for the agency. Items that might be noted are the specific services to be supported and the number of estimated constituents to be served in each fiscal year (compared to fiscal year 2013, if possible). Please quantify the information in your responses to the greatest extent possible. Also, please stay focused on what the funding will buy, not only on what will change from the fiscal years 2012 and 2013 operating biennium. Responses will be presented for the agency as a whole and will not be associated with each agency program as in the past. Please limit each of your responses to 300 characters or less.

## Program Series Descriptions:

- Please provide a brief overview of each of your agency's program series. Please limit each of your responses to 500 characters or less.