

As Introduced

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H. B. No. 2

Representatives Snitchler, Stautberg

Cosponsors: Representatives Boose, McClain, McKenney, Huffman,
Adams, J., Uecker, Gardner, Mecklenborg, Pillich, Thompson, Kozlowski,
Derickson, Amstutz, Murray, Beck, Stinziano, Blair, Balderson, Roegner,
Newbold, Baker, Sears, Maag, Dovilla, Grossman, Henne, Hayes, Adams, R.,
Stebelton

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A B I L L

To amend sections 126.02 and 126.022 and to enact 1
sections 117.46, 117.461, and 126.18 of the 2
Revised Code to require performance budgeting by 3
most state agencies and to require performance 4
audits of those agencies. 5

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 126.02 and 126.022 be amended and 6
sections 117.46, 117.461, and 126.18 of the Revised Code be 7
enacted to read as follows: 8

Sec. 117.46. Each biennium the auditor of state shall conduct 9
a performance audit of a minimum of four state agencies that have 10
been required to file performance data with the director of budget 11
and management under section 126.18 of the Revised Code for at 12
least one biennium. At least two of the audits shall be of 13
agencies selected from a list comprised of the administrative 14
departments listed in section 121.02 of the Revised Code and the 15

department of education and at least two of the audits shall be of 16
other state agencies. 17

The auditor shall select each agency to be audited and shall 18
determine whether to audit the entire agency or a portion of the 19
agency by auditing one or more programs, offices, boards, 20
councils, or other entities within that agency. The auditor may 21
make the selection and determination in consultation with the 22
governor. 23

An audit of a portion of an agency shall be considered an 24
audit of one agency. The authority to audit a portion of an agency 25
in no way limits the auditor's ability to audit an entire agency 26
if it is in the best interest of the state. 27

The performance audits under this section shall be conducted 28
pursuant to sections 117.01 and 117.13 of the Revised Code. 29

Sec. 117.461. A state agency shall implement the 30
recommendations of a performance audit conducted pursuant to 31
section 117.46 of the Revised Code. If an agency does not commence 32
implementation of such recommendations within three months after 33
the release date of the audit, the agency shall do both of the 34
following: 35

(A) File a report explaining why the agency has not commenced 36
implementation of the recommendations with the governor, auditor 37
of state, speaker and minority leader of the house of 38
representatives, and president and minority leader of the senate; 39

(B) Provide testimony explaining why the agency has not 40
commenced implementation of the recommendations to the house of 41
representatives and senate committees dealing primarily with the 42
programs and activities of the agency. 43

Sec. 126.02. The director of budget and management shall 44
prepare and submit to the governor, biennially, not later than the 45

first day of January preceding the convening of the general 46
assembly, state budget estimates of revenues and expenditures for 47
each state fund and budget estimates for each state agency, except 48
such estimates as are required under section 126.022 of the 49
Revised Code, and, as applicable, the performance measures 50
required to be submitted by state agencies by division (A) of 51
section 126.18 of the Revised Code. The budget estimates for each 52
state agency for which direct appropriations are proposed shall 53
include the following details: 54

(A) Estimates of the operating budget; 55

(B) Estimates of the subsidy appropriations necessary, 56
delineated by a distinct subsidy program; 57

(C) Estimates for special purposes, delineated by a distinct 58
special purpose program; 59

(D) Estimates of appropriations necessary from each fund in 60
reasonable detail to allow for adequate planning and oversight of 61
programs and activities. 62

In the preparation of state revenue and expenditure 63
estimates, the director of budget and management shall, not later 64
than the fifteenth day of September in the year preceding the 65
first regular session of the general assembly, distribute to all 66
affected state agencies the forms necessary for the preparation of 67
budget requests, which shall be in the form prescribed by the 68
director in consultation with the legislative service commission 69
to procure information concerning the revenues and expenditures 70
for the preceding and current bienniums, an estimate of the 71
revenues and expenditures of the current fiscal year, ~~and~~ an 72
estimate of the revenues and proposed expenditures for the 73
respective agencies for the two succeeding fiscal years for which 74
appropriations have to be made, and, as applicable, the 75
performance data required by division (A) of section 126.18 of the 76

Revised Code. Each such agency shall, not later than the first day 77
of November, file with the director its estimate of revenues and 78
proposed expenditures for the succeeding biennium and, where 79
required by section 126.18 of the Revised Code, a comprehensive 80
and integrated statement of agency missions and outcome and 81
performance measures. 82

Each such agency shall, not later than the first day of 83
December, file with the chairperson of the finance committees of 84
the senate and house of representatives and the legislative 85
service commission a duplicate copy of such budget request. 86

The budget request shall be accompanied by a statement in 87
writing giving facts and explanation of reasons for the items 88
requested. The director and the legislative service commission may 89
make further inquiry and investigation as to any item desired. The 90
director may approve, disapprove, or alter the requests, excepting 91
those for the legislative and judicial branches of the state. The 92
requests as revised by the director constitute the state budget 93
estimates of revenues and expenditures which the director is 94
required to submit to the governor. 95

The director shall determine a method to incorporate the 96
principles of zero-based budgeting into the forms prescribed in 97
this section. 98

Sec. 126.022. Not later than four weeks after the general 99
assembly convenes in each even-numbered year, the director of 100
budget and management shall prepare and recommend to the general 101
assembly, subject to the concurrence of the governor, estimates of 102
revenues from, or derived from, payments to the state under the 103
tobacco master settlement agreement ~~and~~, expenditures of such 104
revenues for the biennium beginning on the following first day of 105
July, and, as applicable, the performance data required by 106
division (A) of section 126.18 of the Revised Code. Each state 107

agency affected by such revenues or expenditures shall submit to 108
the director of budget and management any related information the 109
director requires, in such form and at such times as the director 110
prescribes, and, where required by section 126.18 of the Revised 111
Code, a comprehensive and integrated statement of agency missions 112
and outcome and performance measures. 113

Sec. 126.18. (A) Except for the offices of the attorney 114
general, auditor of state, governor, secretary of state, and 115
treasurer of state and agencies of the legislative and judicial 116
branches, each state agency filing budget requests under section 117
126.02 of the Revised Code shall, in accordance with the schedule 118
set forth in division (B) of this section, include with its 119
requests data that measure the performance of the programs and 120
activities of the agency in meeting program goals and objectives. 121
Data reported shall include indicators of output, efficiency, 122
outcomes, and other measures relevant to each program and 123
activity. The agency shall also include historical data needed for 124
an understanding of major trends and shall set targets for future 125
performance where feasible and appropriate. All such data shall be 126
presented in a manner that serves to assist legislative review of 127
and decision making concerning the programs and activities of the 128
agency. 129

(B)(1) Division (A) of this section shall apply to the budget 130
requests of the department of education, department of job and 131
family services, and all other state agencies audited pursuant to 132
Section 3 ofB. No. ... of the 129th general assembly 133
beginning with their budget requests for the biennium ending June 134
30, 2015. 135

(2) The director of budget and management shall divide all 136
other agencies subject to division (A) of this section into the 137
following three categories: 138

(a) Agencies to which division (A) shall apply beginning with their budget requests for the biennium ending June 30, 2015; 139
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(b) Agencies to which division (A) shall apply beginning with their budget requests for the biennium ending June 30, 2017; 141
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(c) Agencies to which division (A) shall apply beginning with their budget requests for the biennium ending June 30, 2019. 143
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(C) The director shall provide all agencies subject to division (A) of this section with substantial technical assistance in carrying out the requirements of that division and shall review the appropriateness, validity, and reliability of agency performance measures and data. 145
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(D) Beginning with the biennium after the biennium in which the budget requests of the Ohio board of regents first become subject to division (A) of this section, the board shall offer assistance to each state university or college as defined in section 3345.12 of the Revised Code in developing relevant performance measures for the university's or college's programs and activities and in setting targets for future performance where feasible and appropriate. 150
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Section 2. That existing sections 126.02 and 126.022 of the Revised Code are hereby repealed. 158
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Section 3. (A) The initial performance audits conducted by the Auditor of State pursuant to section 117.46 of the Revised Code shall be of the following state agencies: 160
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(1) The Department of Education; 163

(2) The Department of Job and Family Services; 164

(3)(a) A minimum of two other state agencies, which shall include at least two agencies not listed in section 121.02 of the Revised Code; 165
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(b) Any state agency may request an audit under division 168
(A)(3)(a) of this section. If fewer than two agencies not listed 169
in section 121.02 of the Revised Code request an audit, the 170
Governor shall select the required number of agencies. The Auditor 171
shall conduct an audit of every agency that requests an audit and 172
every agency selected by the Governor. 173

(B) Notwithstanding anything to the contrary in section 174
117.46 of the Revised Code, an agency audited under this section 175
shall not be required to file performance data with the Director 176
of Budget and Management prior to the audit. 177

(C) The Auditor shall commence the audits required by this 178
section within 90 days of the effective date of this act. 179