



# Ohio Legislative Service Commission

## Bill Analysis

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### H.B. 2

129th General Assembly  
(As Introduced)

**Reps.** Snitchler and Stautberg, Boose, McClain, McKenney, Huffman, J. Adams, Uecker, Gardner, Mecklenborg, Pillich, Thompson, Kozlowski, Derickson, Amstutz, Murray, Beck, Stinziano, Blair, Balderson, Roegner, Newbold, Baker, Sears, Maag, Dovilla, Grossman, Henne, Hayes, R. Adams, Stebleton

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## BILL SUMMARY

- Requires each state agency to biennially submit performance data to the Director of Budget and Management along with its budget request.
- Establishes a phase-in schedule for agencies to submit their initial performance data, beginning with budget requests for the biennium ending June 30, 2015.
- Requires performance data to include indicators of output, efficiency, outcomes, and other measures relevant to each program and activity of the agency.
- Exempts the Attorney General, Auditor of State, Governor, Secretary of State, Treasurer of State, and agencies of the legislative and judicial branches from the requirement to submit performance data.
- Requires the Auditor of State to conduct performance audits of at least four state agencies that have been required to file performance data with the Director of Budget and Management for at least one biennium.

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## CONTENT AND OPERATION

### State agencies to file performance data

The bill requires each state agency to include with its biennial budget request data that measure the performance of the programs and activities of the agency in meeting program goals and objectives. Not later than November 1 of the year preceding the first regular session of the General Assembly, each agency must submit to the Director its budget request for the succeeding biennium. Further, each agency is

required, not later than December 1 of that year, to file with the chairperson of the finance committees of the Senate and House of Representatives and the Legislative Service Commission a duplicate copy of the agency's budget request.<sup>1</sup>

All state agencies are required under the bill to submit performance data along with their budget requests, with the exception of the Attorney General, Auditor of State, Governor, Secretary of State, Treasurer of State, and agencies of the legislative and judicial branches. The performance data must include indicators of output, efficiency, outcomes, and other measures relevant to each program and activity of the agency. The agency also must include historical data needed for an understanding of major trends and must set targets for future performance where feasible and appropriate. All such data must be presented in a manner that serves to assist legislative review of and decision making concerning the programs and activities of the agency.<sup>2</sup>

The bill requires the Director of Budget and Management to provide forms to state agencies necessary to submit the performance data and requires each agency to submit to the Director a comprehensive and integrated statement of agency missions and outcome and performance measures.<sup>3</sup> The Director also must provide the General Assembly with agency performance data along with budget estimates for agencies for which appropriations are made in the biennial budget related to the Tobacco Master Settlement Agreement, as applicable. Each state agency affected by budget estimates for the Master Settlement Agreement biennial budget must, where required, submit to the Director of Budget and Management a comprehensive integrated statement of agency missions and outcome and performance measures.<sup>4</sup>

The Director of Budget and Management must provide all agencies submitting performance data with substantial technical assistance in carrying out the bill's requirements. The Director must review the appropriateness, validity, and reliability of agency performance measures and data. Further, beginning with the biennium after the biennium for which the Ohio Board of Regents first must submit performance data with its budget requests, the Board must offer assistance to each state university or college 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.<sup>5</sup>

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<sup>1</sup> R.C. 126.02.

<sup>2</sup> R.C. 126.18.

<sup>3</sup> R.C. 126.02.

<sup>4</sup> R.C. 126.022.

<sup>5</sup> R.C. 126.18.

## **Timetable for state agencies to begin submitting performance data**

Each agency required to submit performance data must begin to do so in accordance with a schedule established by the bill and thereafter must continue to submit performance data each biennium. The first agencies required to submit data are the Department of Education, the Department of Job and Family Services, and at least two other state agencies beginning with their budget requests for the biennium ending June 30, 2015. Thereafter, the Director of Budget and Management must assign all other state agencies into three categories: those required to submit the data beginning with their budget requests for the biennium ending June 30, 2015; those required to submit the data beginning with their budget requests for the biennium ending June 30, 2017; and those required to submit the data beginning with their requests for the biennium ending June 30, 2019.<sup>6</sup>

## **Auditor of State to conduct performance audits**

Under the bill, each biennium, the Auditor of State must conduct performance audits of a minimum of four state agencies that have been required to file performance data with the Director of Budget and Management for at least one biennium. As explained above, for the biennium ending June 30, 2015, only the Department of Education, the Department of Job and Family Services, and at least two other state agencies will have been required to submit performance data.

With respect to performance audits in each subsequent biennium, at least two of the audits must be of any of the following agencies: the Office of Budget and Management; the Environmental Protection Agency; or the Departments of Education, Commerce, Administrative Services, Transportation, Agriculture, Natural Resources, Health, Job and Family Services, Public Safety, Mental Health, Developmental Disabilities, Insurance, Development, Youth Services, Rehabilitation and Correction, Aging, Alcohol and Drug Addiction Services, or Veterans Services. The remaining performance audits are required to be of state agencies other than those listed.<sup>7</sup>

The Auditor must select each agency to be audited and must determine whether to audit the entire agency or a portion of the agency by auditing one or more programs, offices, boards, councils, or other entities within that agency. The Auditor may make the selection and determination in consultation with the Governor.

An audit of a portion of an agency is to be considered an audit of one agency. The authority to audit a portion of an agency in no way limits the Auditor's ability to

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<sup>6</sup> R.C. 126.18; Section 3.

<sup>7</sup> R.C. 117.46; Section 3.

audit an entire agency if it is in the best interest of the state. Performance audits under the bill must be conducted in the same manner as audits conducted by the Auditor under continuing law.<sup>8</sup>

Additionally, any state agency can request an audit. If fewer than two agencies request an audit, the Governor must select the required number of agencies. The Auditor must conduct an audit of every agency that requests an audit and every agency selected by the Governor.

An audited agency is not required to file performance data with the Director of Budget and Management prior to the audit.

The Auditor must commence the audits within 90 days of the bill's effective date.<sup>9</sup>

### **Implementation of performance audit**

The bill requires a state agency to implement the recommendations of a performance audit conducted under the bill. If an agency does not commence implementation of the recommendations within three months after the release date of the audit, the agency must do both of the following:

(1) File a report explaining why the agency has not commenced implementation of the recommendations with the Governor, Auditor, Speaker and Minority Leader of the House of Representatives, and President and Minority Leader of the Senate;

(2) Provide testimony explaining why the agency has not commenced implementation of the recommendations to the House and Senate committees dealing primarily with the programs and activities of the agency.<sup>10</sup>

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## **HISTORY**

ACTION	DATE
Introduced	01-11-11

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<sup>8</sup> R.C. 117.46.

<sup>9</sup> Section 3.

<sup>10</sup> R.C. 117.461.