

# Office of Budget and Management

## Role and Overview

The Office of Budget and Management (OBM) ensures that the financial operations of state government are handled in a manner consistent with state laws and policies. The OBM Director is appointed by the Governor and is the chief financial officer of the state. OBM develops budgets; administers the state's accounting system; monitors, processes, and reports on financial transactions; and reviews and coordinates the financial policies and activities of state agencies. OBM provides financial management services and financial information to the Governor, state agencies, the legislature, municipalities, school districts, and other interested parties. In an effort to benefit all state agencies, OBM will continue to evaluate processes across agencies to determine if there are common business activities that can be provided by Ohio Shared Services. This allows Ohio to streamline and redirect common business transactions to Ohio Shared Services, thus enabling state agencies to use scarce resources to focus on their core missions and higher priority needs. OBM will mature its financial management by working with state cabinet agencies to improve their fiscal integrity and financial discipline with proactive internal controls and process improvement support and oversight. The Office of Internal Audit provides needed information technology system audits, reviews, and expertise to maintain the security and integrity of the state's financial information databases. The office currently employs 206 people. The sections within OBM deal with accounting, financial reporting, budgeting, shared services, coordinating the issuance of state debt, internal auditing of agencies, and administering the activities of the State Controlling Board. The Office of Health Transformation and Ohio Institute of Technology are also a part of OBM's budget.

More information regarding the Office of Budget and Management is available at <http://obm.ohio.gov>.

## Agency Priorities

- Develop, implement, and monitor operating and capital budgets that support the Governor's strategic priorities.
- Reengineer business processes and use technology to increase efficiency and effectiveness of services.
- Explore, promote, and support shared services initiatives and standardization and consolidation of enterprise services to reduce costs and create efficiencies.
- Promote financial literacy and increased awareness of service offerings within state government and the general public.
- Continually improve the financial integrity and fiscal discipline of the State of Ohio by ensuring that all state fiscal resources are administered, monitored, and spent appropriately and legally.
- Review, process, and report the financial transactions of the state, including publishing the Comprehensive Annual Financial Report and the Schedule of Federal Awards in accordance with Generally Accepted Accounting Principles.
- Administer an internal audit program to ensure state fiscal resources are managed in a properly controlled financial environment, including reviews and analysis of the state's information technology systems to ensure the security of data.

## Funding Recommendation for 2018 and 2019

- GRF: Funding for fiscal year 2018 is \$5.7 million (or a 15.0% increase from fiscal year 2017). Funding for fiscal year 2019 is \$6.0 million (or a 3.9% increase from fiscal year 2018).
- All Funds: Funding for fiscal year 2018 is \$29.1 million (or a 11.1% increase from fiscal year 2017). Funding for fiscal year 2019 is \$30.0 million (or a 2.8% increase from fiscal year 2018).

## The Executive Recommendation will fund the following objectives:

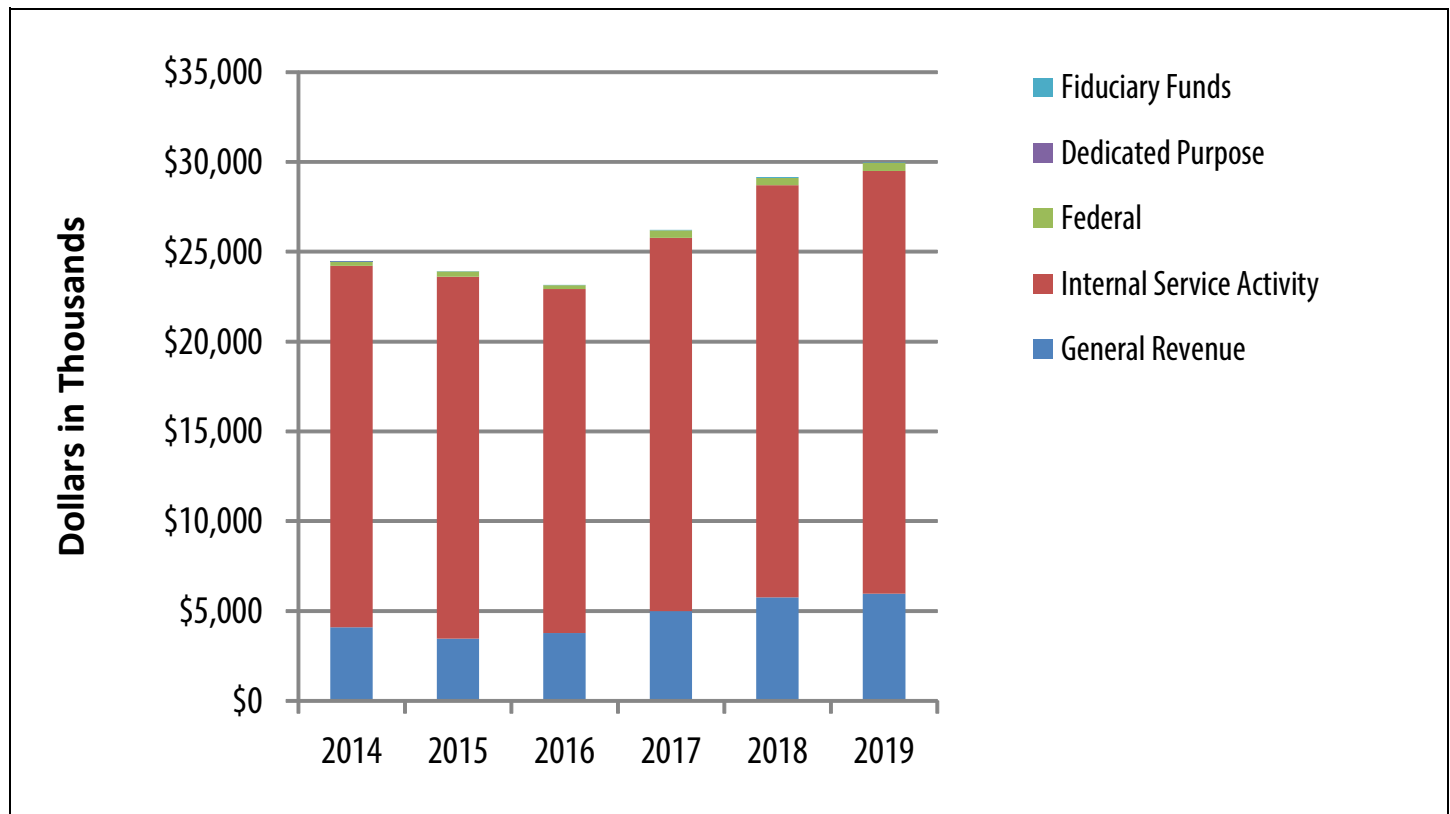
- Fund a coordinated, multi-program approach to enhance and improve the fiscal discipline of the State of Ohio through sound financial management, planning, oversight, policy analysis, and training.
- Fund the evaluation, implementation, and monitoring of state agencies' operating and capital budgets.
- Support the preparation of economic forecasts and revenue estimates and issuance of a monthly report analyzing economic trends and General Revenue Fund revenues and spending.

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**Office of Budget and Management**

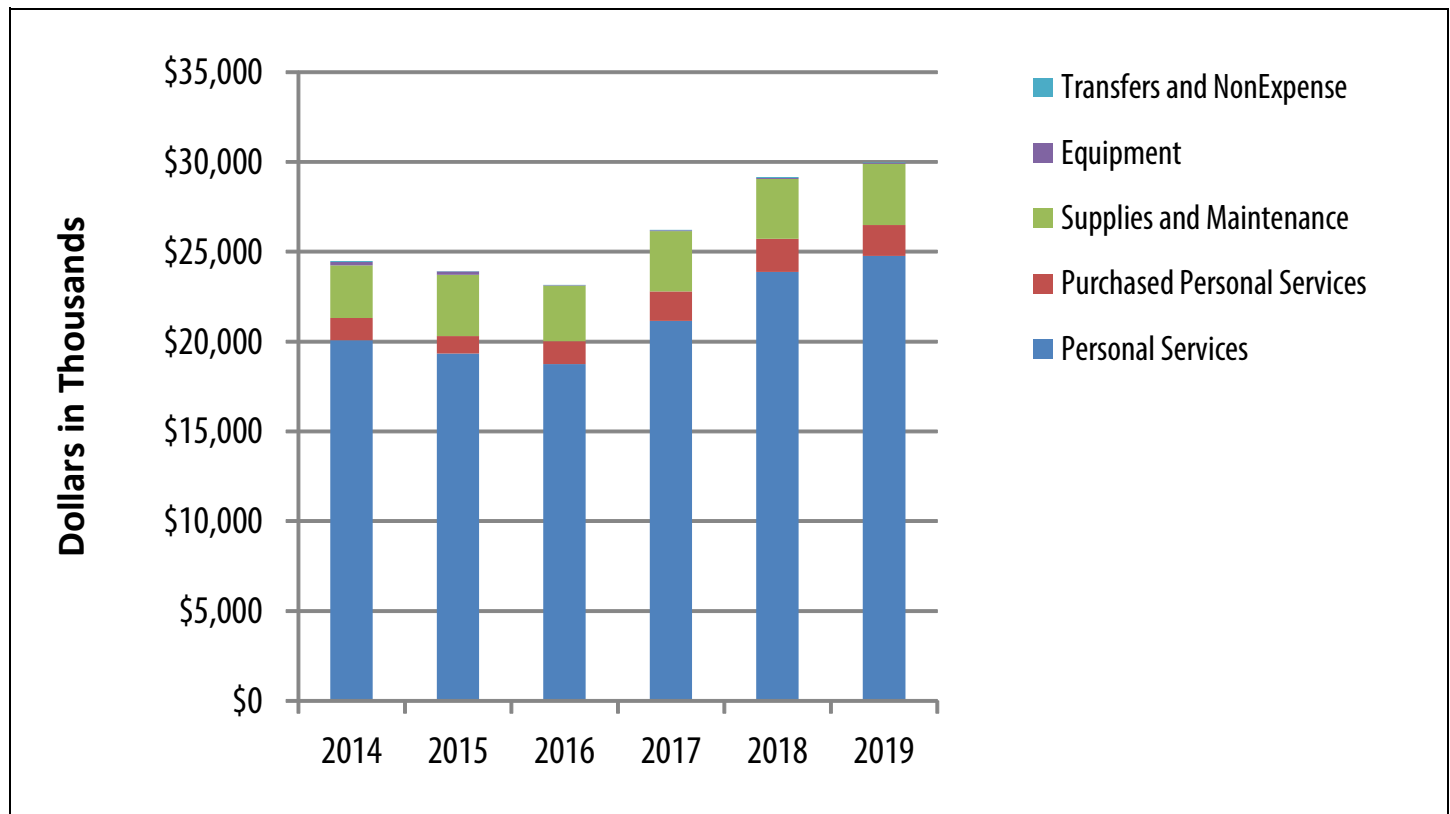
- Fund all necessary state accounting functions including appropriations management, expenditure control, vendor management, electronic data interchange, account reconciliations, and financial reporting.
- Fund centralized, back-office services for accounts payable, accounts receivable and pre-collections services, travel and expense reimbursements, and vendor management.
- Fund a coordinated and comprehensive audit management program to analyze risk management, internal controls, and governance processes of 27 cabinet-level agencies.
- Fund the Ohio Institute of Technology (OIT) to promote innovation through technology, research, and development in the public and private sector in Ohio. Located in the Governor's Office, OIT will be led by a Chief Innovation Officer.
- Support employee and other transition costs of a newly elected, incoming Governor in fiscal year 2019.

## Budget Fund Group Information



(in Thousands)	Actual			Est.	% Change	Recommended			
Budget Fund Group	FY 2014	FY 2015	FY 2016	FY 2017	FY 16-17	FY 2018	% Change	FY 2019	% Change
General Revenue	4,093	3,472	3,773	4,996	32.4%	5,746	15.0%	5,971	3.9%
Internal Service Activity	20,126	20,149	19,161	20,787	8.5%	22,951	10.4%	23,539	2.6%
Federal	241	270	211	401	90.0%	414	3.4%	428	3.4%
Dedicated Purpose	0	0	0	0	0.0%	0	0.0%	0	0.0%
Fiduciary Funds	15	27	9	40	351.0%	30	-25.0%	30	0.0%
<b>Total</b>	<b>24,475</b>	<b>23,917</b>	<b>23,154</b>	<b>26,224</b>	<b>13.3%</b>	<b>29,141</b>	<b>11.1%</b>	<b>29,968</b>	<b>2.8%</b>

## Expense Account Category Information



(in Thousands)	Actual			Est.	% Change	Recommended			
Expense Account Category	FY 2014	FY 2015	FY 2016	FY 2017	FY 16-17	FY 2018	% Change	FY 2019	% Change
Personal Services	20,076	19,318	18,741	21,156	12.9%	23,866	12.8%	24,770	3.8%
Purchased Personal Services	1,232	977	1,267	1,636	29.1%	1,867	14.1%	1,708	-8.5%
Supplies and Maintenance	2,943	3,432	3,106	3,347	7.8%	3,323	-0.7%	3,405	2.5%
Equipment	177	164	31	45	45.5%	56	22.0%	55	0.0%
Transfers and Non-Expense	48	27	9	40	351.0%	30	-25.0%	30	0.0%
<b>Total</b>	<b>24,475</b>	<b>23,917</b>	<b>23,154</b>	<b>26,224</b>	<b>13.3%</b>	<b>29,141</b>	<b>11.1%</b>	<b>29,968</b>	<b>2.8%</b>

**Program Series 1: Budget Development and Implementation Services (8000A)**

This program series oversees the state's financial resources through the Budget Development and Implementation Program (8000B) by preparing the operating and capital budgets, directing agency allotment planning, monitoring agency spending, assisting in policy development, preparing economic forecasts and revenue estimates, and issuing various financial management reports; the Controlling Board Program (8005B) by coordinating State Controlling Board activities; and the Debt Management Program (8010B) by managing the state's general obligation debt.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	042321	Budget Development and Implementation	2,827,133	2,971,672	5.1%	3,004,466	1.1%
1050	042603	Financial Management	2,603,786	3,143,879	20.7%	3,332,561	6.0%
<b>Total for Budget Development and Implementation Services</b>			<b>5,430,919</b>	<b>6,115,551</b>	<b>12.6%</b>	<b>6,337,027</b>	<b>3.6%</b>

**Program Series 2: Financial Accounting Services (8020A)**

This program series manages the state's accounting system and operations, administers expenditure controls and policies, and publishes the state's financial reports through the Accounting Operations and Processing Program (8020B) and the Financial Reporting Program (8030B). It also includes the Office of Internal Audit Program (8040B) to systematically evaluate and improve state agencies' risk management, internal controls, and governance processes.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	042321	Budget Development and Implementation	36,000	36,375	1.0%	36,750	1.0%
1050	042603	Financial Management	11,420,364	12,480,500	9.3%	12,712,407	1.9%
5EH0	042604	Forgery Recovery	40,000	30,000	-25.0%	30,000	0.0%
<b>Total for Financial Accounting Services</b>			<b>11,496,364</b>	<b>12,546,875</b>	<b>9.1%</b>	<b>12,779,157</b>	<b>1.9%</b>

**Program Series 3: Governmental Services (8050A)**

This program series provides financial management services to state agencies through the Ohio Shared Services Program (8055B), which delivers standardized, consumer-centric solutions such as fiscal processing, vendor management, and contact center services. Through the Financial Planning and Supervision Commissions Program (8050B), OBM also serves on commissions that assist municipalities and school districts in fiscal emergency to develop plans to overcome their financial difficulties. Additionally, this program series funds the Office of Health Transformation Program (8065B), which strategically redesigns Medicaid policies across all of the state's federal Medicaid recipient agencies, and the Ohio Institute of Technology (8061B), which will focus on emerging industries to ensure that Ohio's research activities are best aligned to advance future job creation. The Gubernatorial Transition Program (8060B) is also funded in fiscal year 2019.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	042321	Budget Development and Implementation	186,863	193,174	3.4%	200,997	4.0%
GRF	042416	Office of Health Transformation	452,307	414,422	-8.4%	428,430	3.4%
GRF	042420	Ohio Institute of Technology	0	750,000	NA	750,000	0.0%
GRF	042425	Shared Service Development	1,493,340	1,380,000	-7.6%	1,325,000	-4.0%
GRF	042435	Gubernatorial Transition	0	0	NA	225,000	0.0%
1050	042620	Shared Services Operating	6,762,844	7,326,179	8.3%	7,493,986	2.3%
3CM0	042606	Office of Health Transformation - Federal	400,903	414,422	3.4%	428,430	3.4%
<b>Total for Governmental Services</b>			<b>9,296,257</b>	<b>10,478,197</b>	<b>12.7%</b>	<b>10,851,843</b>	<b>3.6%</b>

State of Ohio

Office of Budget and Management

Line Item Summary by Budget Fund Group

Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	042321	Budget Development and Implementation	2,401,377	2,075,246	2,550,274	3,049,996	3,201,221	5.0%	3,242,213	1.3%
GRF	042409	Commission Closures	157,277	4,632	0	0	0	0.0%	0	0.0%
GRF	042416	Office of Health Transformation	293,347	327,194	211,006	452,307	414,422	-8.4%	428,430	3.4%
GRF	042420	Ohio Institute of Technology	0	0	0	0	750,000	NA	750,000	0.0%
GRF	042425	Shared Service Development	1,240,756	1,064,925	1,012,188	1,493,340	1,380,000	-7.6%	1,325,000	-4.0%
GRF	042435	Gubernatorial Transition	0	0	0	0	0	0.0%	225,000	0.0%
<b>Total General Revenue</b>			<b>4,092,757</b>	<b>3,471,997</b>	<b>3,773,468</b>	<b>4,995,643</b>	<b>5,745,643</b>	<b>15.0%</b>	<b>5,970,643</b>	<b>3.9%</b>
1050	042603	Financial Management	12,919,757	12,810,902	12,575,118	14,024,150	15,624,379	11.4%	16,044,968	2.7%
1050	042620	Shared Services Operating	7,206,283	7,337,740	6,585,449	6,762,844	7,326,179	8.3%	7,493,986	2.3%
<b>Total Internal Service Activity</b>			<b>20,126,040</b>	<b>20,148,642</b>	<b>19,160,567</b>	<b>20,786,994</b>	<b>22,950,558</b>	<b>10.4%</b>	<b>23,538,954</b>	<b>2.6%</b>
3CM0	042606	Office of Health Transformation - Federal	240,527	269,744	210,992	400,903	414,422	3.4%	428,430	3.4%
<b>Total Federal</b>			<b>240,527</b>	<b>269,744</b>	<b>210,992</b>	<b>400,903</b>	<b>414,422</b>	<b>3.4%</b>	<b>428,430</b>	<b>3.4%</b>
5N40	042602	OAKS Project Implementation	342	0	0	0	0	0.0%	0	0.0%
<b>Total Dedicated Purpose</b>			<b>342</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
5EH0	042604	Forgery Recovery	15,100	26,831	8,870	40,000	30,000	-25.0%	30,000	0.0%
<b>Total Fiduciary Funds</b>			<b>15,100</b>	<b>26,831</b>	<b>8,870</b>	<b>40,000</b>	<b>30,000</b>	<b>-25.0%</b>	<b>30,000</b>	<b>0.0%</b>
<b>Grand Total Office of Budget and Management</b>			<b>24,474,766</b>	<b>23,917,214</b>	<b>23,153,897</b>	<b>26,223,540</b>	<b>29,140,623</b>	<b>11.1%</b>	<b>29,968,027</b>	<b>2.8%</b>