



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

Bill: H.B. 51 of the 132nd G.A.

Status: As Reported by House State and Local Government

Sponsor: Rep. Faber

Local Impact Statement Procedure Required: No

Subject: Establishes a schedule of review and sunset of state departments in the Governor's cabinet

State Fiscal Highlights

- The bill establishes a schedule for a periodic review and sunset of state departments in the Governor's cabinet, with each department scheduled for review every six years. Overall, the bill may increase administrative costs for state departments to prepare a report with the required information about their operations for standing committees of the General Assembly.
- Standing committees of the General Assembly that are assigned agency reviews may incur some administrative burden to prepare and publish a report on their findings and recommendations.
- The bill aligns the Auditor of State's schedule for conducting performance audits to the schedule for review of cabinet departments. There will be little to no additional cost to the Auditor of State to conform to the timing of performance audits under the bill.

Detailed Fiscal Analysis

Agency review

The bill establishes a schedule by which standing committees of the General Assembly periodically review, every six years, those state departments that are currently in the Governor's cabinet. It also schedules these departments to sunset unless renewed by the General Assembly. The bill also authorizes the Senate President and the Speaker of the House of Representatives to direct a standing committee of each house to hold hearings in the same manner for departments not specifically enumerated in the bill.

The 24 state departments in the Governor's cabinet will incur an administrative cost to prepare a report for the standing committee responsible for carrying out the review. These costs would depend on the scope and nature of the information provided to the standing committee. In particular, the bill requires departments that are under review to report on their (1) primary functions, goals, and objectives, (2) workload and staffing, and (3) past and anticipated budgets and sources of funding. Also, the standing

committees selected to review departments and boards may incur some administrative costs to prepare and publish reports on their findings and recommendations. The bill outlines several criteria that a standing committee is to use when reviewing a department. There are additional criteria that apply if a department under review also licenses a trade or profession. Finally, the Common Sense Initiative Office within the Governor's Office may incur an administrative burden for its role in gathering information requested by and presenting the information it finds to the relevant standing committees.

Performance audits

The bill aligns the Auditor of State's schedule for conducting performance audits to the schedule for review of cabinet departments. Under current law, the Auditor of State, in each biennium, must conduct at least four performance audits of state agencies or institutions of higher education. During odd-numbered General Assemblies, at least two of the performance audits must be of departments required to be reviewed by the General Assembly in the following, even-numbered General Assembly. Similarly, in even-numbered General Assemblies, at least two of the performance audits must be of the departments required to be reviewed by the General Assembly in the following, odd-numbered General Assembly. The performance audits must then be made available to the standing committee directed to review the audited department during the following General Assembly.

None of these provisions contained in the bill would appear to have any fiscal impact to the Auditor of State's Office, since the Auditor will be performing the same duties as they exist under current law. Performance audits for state agencies are funded through the Auditor of State's Public Audit Expense – Intrastate Fund (Fund 1090) appropriation item 070601, Public Audit Expense – Intrastate. The costs of performance audits are billed to the agency receiving the audit at an hourly rate established by the Statewide Cost Allocation Plan (SWCAP). The current rate the Auditor bills state agencies under this plan is \$68 per hour.