

OHIO OFFICE OF BUDGET AND MANAGEMENT
GUIDE TO
RULE-MAKING PROCESS

Mission Statement: *The Ohio Office of Budget and Management (“OBM”) provides financial management and policy analysis to help ensure the responsible use of state resources.*

OBM’s Organization to Achieve its Regulatory Mission. As the Administration’s financial manager, OBM’s regulatory authority through rulemaking is limited in scope and has primary impact on other state agencies, state employees, state vendors, and state universities and colleges, rather than on the general public. OBM’s main functional divisions are the budget section and the state accounting section. These sections work closely with OBM’s legal section to adopt, review, amend, or rescind rules as necessitated by law or the changing financial requirements of the state, its employees and vendors. All OBM rules and amendments are approved by the Director of Budget and Management prior to being proposed.

Authorization or Requirement for OBM’s Rule-Making Authority to Achieve Its Regulatory Mission. The authority of or requirement for OBM to adopt rules is provided in a number of sections of the Ohio Revised Code.

General Authority: Under Section 126.08 the Director of Budget and Management may adopt rules for the purpose of carrying out any of the powers granted by Chapter 126. of the Revised Code.

Prompt Payment Requirement: Under Section 126.08 OBM adopted a rule amplifying the requirement in Section 126.30 of the Revised Code that a state agency make prompt payment for all equipment materials, goods, supplies, or services which it purchases, leases, or otherwise acquires from any vendor, and establishing the rate of and method by which interest shall be calculated in the event that it fails to promptly pay a proper invoice (Rule 126-3-01).

Public Notice Rule: Revised Code Section 119.03 (A)(4) requires that each state agency shall adopt a rule setting forth in detail the method that the agency shall follow in giving public notice as to the adoption, amendment, or recession of rules. The rule requires the agency to provide the public notice required by statute to any person who requests it and pays a reasonable fee, not to exceed the cost of copying and mailing. The Office of Budget and Management has promulgated a rule meeting these statutory requirements (Rule 126-1-01).

Travel Reimbursement: Section 126. 31 of the Revised Code requires the Director of the office of Budget and Management to adopt rules under Section 111.15 establishing the rates and requirements for the reimbursement of actual and necessary travel expenses and other expenses to the spouse of the Governor and certain officers, members, employees of, or consultants to state agencies whose compensation is paid in whole or part from state funds. The rates and requirements for the reimbursements permitted by

this section are contained in a rule that is commonly known as the “Travel Rule” (Rule 126-1-02).

Reimbursement of Interviewing and Moving Expenses: Section 126.32 of the Revised Code provides that under Section 111.15 the Director of the Office of Budget and Management shall establish the manner and rates at which persons interviewing for specified positions with the state that and persons who are appointed to certain high level positions with the state may be reimbursed for interviewing or moving expenses. OBM has promulgated a rule providing for the rates and requirements for the reimbursements permitted by Section 126.32 of the Revised Code (Rule 126-1-03).

Personal Information System: Under Section 111.15 the Office of Budget and Management adopted a rule as required by Section 1347.05 (B) that provides for the operation and maintenance of the personal information system of in accordance with the applicable provisions of Chapter 1347. of the Revised Code (Rule 126-1-04).

Lack of Funds: Section 124.321 of the Revised Code requires the Director of the Office of Budget and Management to promulgate rules under Chapter 119. of the Revised Code, for agencies whose employees are paid by warrant of the Auditor of State, for determining whether a lack of funds exists (Rule 126-2-01).

Solvency Assistance Fund: Section 3316.20 requires the Director of Budget and Management to adopt rules specifying the criteria and procedures necessary for administering solvency assistance payments from the School District Solvency Assistance Fund and to adopt rules, after consulting with the Superintendent of Education, that apply to recommendations made by the Superintendent for grants from the Catastrophic Expenditures Account of the Solvency Assistance Fund. The statute does not require Chapter 119. rules (Rule 126-5-01).

Financial Indicators and Standards: Section 3345.73 of the Revised Code requires the Office of Budget and Management to work with the Auditor of State, the Board of Regents, and two representative of state colleges and universities to adopt rules under Section 111.15 to establish the financial indicators and standard for using those indicators to determine whether a state university or college under fiscal watch is experiencing sufficient fiscal difficulties to warrant appointing a conservator and whether the university is experiencing sufficient fiscal stability to warrant terminating that governance authority (Rule 126: 3-1-01).

OBM’s Rule-Making Process. OBM adopts, amends, and rescinds rules in accordance with both Section 111.15 and Chapter 119. of the Revised Code. Two of OBM’s current rules, Lack of Funds and Prompt Payment Requirements, were adopted under Chapter 119. although only the Lack of Funds rule must be adopted under Chapter 119.

If an OBM rule affects a state agencies, once the rule is drafted and proposed, the proposed rule is sent to the directors and fiscal officers of affected state agencies, along with the notice of the time and place of the public hearing if the rule is required to be adopted under Chapter 119. Comments on the proposed rule may be solicited from the state agencies at the time directors and fiscal officers are notified of the proposed changes to the rule. If the rule is adopted pursuant to Chapter 119., a public hearing is scheduled

and notices of the hearing are published as required by law. After the public hearing on the proposed rule by OBM, the Joint Committee on Agency Rule Review (JCARR) places the rule on its hearing agenda. Assuming there are no objections to the rule, it is then adopted by OBM.

Public Participation during OBM's Rule-Making Process. The public may participate in OBM's rule-making process at the public hearing scheduled under Chapter 119. by attending the hearing in person or by submitting comments in writing through the end of the business day on the day the hearing is scheduled. The public may also participate in OMB's rule-making process by attending in person the hearing on the proposed rule scheduled by JCARR. Because OBM's rules typically affect primarily state agencies, OBM seldom receives any comments from the general public on its proposed rules.

In addition to the formal hearings on proposed rules, informally at any time OBM will take comments regarding its rules from agencies, employees, and vendors of the state as well as the general public. Such comments are considered the next time that OBM rule is amended.

OBM: MEF 6/26/02