

# CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

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## MINUTES OF THE NOVEMBER 15, 2004 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 2:00 p.m. Serving on the Controlling Board were Senator Bill Harris, Representative Charles Calvert, Senator Jay Hottinger, Representative Jim Hoops, Senator Tom Roberts and Representative Sylvester Patton.

The minutes of the November 1, 2004, meeting were distributed. A motion to approve the minutes was made by Senator Harris, seconded by Representative Calvert and approved by the Board members.

Attached is the November 15, 2004, meeting agenda. President Dodge said Items 16, AGR099-05 and Item 27, DEV921-05 have been deferred. Item 3, OSU024-05 has been revised to correct the amount released to \$27,107.74, Item 41, DOH146-05 revised to correct agency name on agenda to Health and Item 59, PUC052-05 revised to correct a typo in required information, question three.

A motion for blanket approval of all items not held for questions was made by Representative Calvert and seconded by Senator Harris and approved by all Board members.

The following Items were discussed and acted upon as stated.

Item 1, AGO516-05 was held by Representative Patton. Representative Patton asked how many staff attorneys are in the Attorney General's Office. Kari Hertel, Director of Special Counsel, Attorney General's Office said between 300 and 400. Representative Patton asked whether the staff attorneys take on any of the responsibilities of the Special Counsel. Ms. Hertel said to a great extent yes, they do. Senator Roberts asked why these Special Counsel were not added to the Controlling Board request approved by the Board in October. Ms. Hertel said the Attorney General's Office keeps a running list of where they are budget-wise with each of the many special counsel requests and these didn't show themselves as necessary to come before the board at that time. The item was approved without objection.

Item 5, OSU029-05 was held by Senator Harris. Senator Harris asked whether the Kinnear Road Renovation project is an on-going project or new Capital Improvement project. Anne Pensyl, Office of Facilities Planning and Development, Ohio State University said this is one of the university's designated projects out of the 2003-2004 Basic Renovation money. President Dodge asked whether this is a project that the university contemplated during the current Capital Biennium. Ms. Pensyl said yes, the university goes through an internal university process to prioritize the projects and maximize the dollars to get as many projects out as they can. President Dodge asked if the Kinnear Road Renovation project was something that the university contemplated in the current Capital Biennium. Ms. Pensyl said yes. President Dodge said the concern is that the university came in the Capital Bill and asked for x amount of dollars for the Basic Renovations line but this was not a project that was prioritized as one of the projects and now I think the concern is that rather than coming through the next capital bill they are just adding this project on to the fiscal year 2003-04 list. Ms. Pensyl said no, that is not the case. They are not adding a project, The Kinnear Road project has always been a project that was part of the internal prioritized process at the university when they select projects for the Basic Renovation line. It

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has always been on the list and was always a designated project out of that Capital Bill, we are just now getting it going. Senator Harris asked what plans the university has for this project in the next Capital Budget. Ms. Pensyl said the university is going through that process right now for fiscal year 2005-06. She doesn't believe this project is on the 2005-06 Basic Renovation or any follow-up project to this particular building for fiscal year 2005-06. She doesn't have that information with her today but will forward the information to the members. The item was approved without objection.

Item 14, DAS508-05 was held by Representative Calvert. Representative Calvert asked how much funding has been gleaned from eligible bargaining unit employees. Jana Patchen, Interim Manager, Workforce Development, Department of Administrative Services said they receive about \$138,000.00 each pay from the bargaining unit employees. The item was approved without objection.

Item 21, DEV911-05 was held by Senator Harris. Senator Harris asked why Columbus Steel Castings Company is requesting the 166 Direct Loan after declining the loan in May 2003. Mike Suver, Deputy Director, Department of Development said after the loan was approved to purchase new machinery and equipment, the company reconsidered and opted not to take the loan because they thought that they would be able to use the equipment on site. The company has since determined that because the on-site machinery and equipment is in such a state of disrepair they will need to utilize the loan after all to purchase new machinery and equipment. Senator Harris asked whether other circumstances have changed that caused Columbus Steel Castings Company to reconsider taking the loan. Mr. Suver said the department is not aware of any other consideration that they might have for coming back now. The item was approved without objection.

Item 35, DEV932-05 was held by Senator Harris, Senator Roberts and Representative Patton. Senator Harris inquired about the goals of the Ohio Business Development Coalition (OBDC) in relation to the department's Broadband and e-Business initiative. Mike Suver, Deputy Director, Department of Development said the OBDC would help the State of Ohio track new business and expand existing business. OBDC will develop sales presentations for each of the identified targeted industries and communicate, develop, maintain and contact Ohio companies to share with them what is good about Ohio. Senator Harris asked how many states use a similar marketing approach to attract new business and industry and what's the range those other states appropriate for these services. Mr. Suver said the department knows of three other states that have formed these private non-profit organizations to market economic development efforts: Virginia, Utah and Florida. He stated that he did not have the amount of dollars that those organizations are using for those efforts with him. Senator Harris asked the name of the corporation doing research on the project and if it is reasonable to expect that their research will be done by mid-December. Mr. Suver said the corporation is Deloitte & Touche and it is a study that is being funded by Texall of Cincinnati. They are to have an Executive Summary of their report to Texall by December 6 and the final report itself in its entirety will be submitted in mid-January and then that information will be shared with the Business Development Coalition.

Senator Roberts asked whether any of the \$8.1 million is going to Deloitte & Touche to do this study. Mr. Suver said no. The Deloitte & Touche study was funded separately through a request that came before Controlling Board back in July. Senator Roberts asked what the deliverables are. Mr. Suver said they are not going to see specific deliverables until they know what projects they will want to take on as a coalition to promote economic development in the state. Once they decide on what that is going to be

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then the department will look for those deliverables in any contract that they have with the OBDC. Senator Roberts asked what assurances does the Department have that these 35 business organizations will stay together and have deliverables. Mr. Suver said the very fact that they have put in the time and effort that they already have done suggests that they are going to take this seriously and that they are going to generate a work product based on the goals and objectives that is good for the State of Ohio.

Representative Patton expressed his concern of the department not having a business plan, deliverables, an idea about the budget, or source of revenue to maintain the existence of the project, and also that there is no oversight. Mr. Suver said what the department knows is that the OBDC is not going to receive any money unless they do the work. They have complete control in that they can develop a business plan, a sales and marketing plan but at the same time if they want to get paid for it or tap into the \$8.1 million they have to demonstrate to the Department of Development that it's viable and if they don't they are not going to get the money. Representative Patton asked if the department would give the Controlling Board members updates on the progress of the project. Mr. Suver said the department will provide the members with updates. The item was approved without objection.

Item 37, EDU368-05 was held by Representative Patton. Representative Patton questioned the purpose of House Bill 567 legislation to change the regional delivery system and this proposal to develop new strategies. Susan Tavakolian, Executive Director, Department of Education said there are two different purposes. House Bill 567 structures and creates a regional system. This particular proposal does not create a regional system but provides opportunities for professional development, the components of districts that would be part of some kind of regional structure. Senator Roberts asked for clarification that the request is simply addressing the issue of professional development and is not doing anything at this point that will realign or change until the Legislature has finished with its deliberations. John Williams, Assistant Director, Department of Education said that is correct. Representative Hoops asked whether this is in line with what they are trying to do with the Regional Service Centers. Mr. Williams said the level at which these dollars are focused is at the district and building level and prepares them to be a part of the regional system whatever it turns out to be and he does not think the purpose of the dollars being focused here is in anyway in opposition or not aligned with the regional system as it exist now nor the regional system as it may exist after the legislation has been approved. The item was approved without objection.

Item 44, INS502-05 was held by Senator Hottinger. Senator Hottinger inquired about the scoring of the five proposals received. Doug Anderson, Attorney, Department of Insurance said there were seven criteria that the department used. (1) Qualifications, experience and credentials. (2) Ability to do the scope of work. (3) Sources and methods for collecting data. (4) Format and content of the final report. (5) The actuarial certainty with which they would offer their opinions. (6) Staffing and work plans provided by the consultant and (7) The value quoted in relation to the work they agreed to perform. Leif Associates, Inc. received the highest score and quoted the lowest price. They also would do everything the department asked for without reservation not to exceed \$125,000.00 including coming to Ohio to present their report and answer questions. The item was approved without objection.

Item 47, JFS105-05 was held by Senator Hottinger. Senator Hottinger asked why a Request For Proposal (RFP) was not done for this request. Christopher Carlson, Deputy Director, Department of Job

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and Family Services said the department determined not to issue an RFP in this situation because of the needs and configuration of the department. They were looking for a broad based multi-channel publishing software package that needed to interface and reside across the entire network and also be able to interface and do the publishing, not only web publishing but CD-ROM publishing that the department needed. The department reviewed 14 separate software packages. The review was conducted by MIS staff or IT staff as well as the business services staff who are charged with the development and distribution of these manuals and publications. Through that thorough analysis it was determined that there were only two products on the market that did the multi-channel publishing. Quotes were obtained from the two that the department felt met all the requirements, and would sit on the network. Enigma was deemed to be more suitable for the department's need but also was significantly less in cost. The item was approved without objection.

Item 51, DMH458-05 was held by Senator Hottinger. Senator Hottinger asked whether the department is confident that the contractors can do the work at the price quoted. Paul Morganski, Department of Mental Health said Electrical, Mechanical and General contractors are very difficult to get for small projects because all contractors are required to have at least a \$1,000,000.00 bond which cost several thousand dollars. The biggest dilemma on smaller projects is the overhead is significant. Further, paying for the state's bonding capacity, a lot of the smaller companies that might bid on a \$30,000.00 type project can't because they don't have the ability to afford that type of bonding capacity. The department thinks the bid is very good. The item was approved without objection.

Item 56, DNR493-05 was held by Representative Hoops. Representative Hoops asked what the department is looking for when patrolling the Canadian border. Chris George, Legislative Liaison, Department of Natural Resources said they do a lot of work in conjunction with the Department of Homeland Security and other law enforcement agencies. With ODNR law enforcement officers for instance, on Lake Erie in particular they will do border patrols. Some of ODNR officers are cross-commissioned with the U. S. Customs Service so they are able to cite customs violations, as they would arise. Also with patrol around power plants and the two nuclear plants along Lake Erie and other targets identified by the Department of Homeland Security or other terrorist targets they would patrol those as part of Homeland Security efforts in addition to the normal patrols for fish and game violations, and watercraft violations. Representative Hoops asked whether they are stepping on each other with all the law enforcement agencies out there. Mr. George said they have a Memorandum of Understanding with the Coast Guard in particular that the Department of Natural Resources does have primary enforcement responsibility on Lake Erie. The item was approved without objection.

Item 62, TUP002-0506 was held by Senator Harris and Representative Calvert. Senator Harris thanked the director and his staff and the foundation staff for their willingness to work with his office with their original request. Senator Harris asked why three additional employees are needed. Michael Renner, Executive Director, Tobacco Use Prevention and Control Foundation said in the last year our programming activity in the State of Ohio has increased about 45%. As our programs grow our agency needs to be able to have the infrastructure to manage the programs all across the State of Ohio. Specifically we have a request here for 3 individuals to be added to our staff one of which is a Director of Evaluation and Research. We are doing the best we can with the very professional staff that we have but none of us have been trained in evaluation and research. Secondly our program activity has grown enormously in just the last year. As our numbers have grown our present number of program managers

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is seven and that is what it was when we had 71 grantees, we now have nearly 100 grantees across the state and we are now asking to add one more program manager as we build the staff. Finally we have two support staff in the foundation trying to help all our prevention and decisions professionals to accomplish their goals, we find they are spending a lot of their time doing administrative and file work and we strongly believe an additional support person will allow them to focus more of their attention on the delivery of the services. Senator Harris asked why the foundation is not at the statutory 5% administrative limitation. Director Renner said all of their employees are state employees and as such they need to be paid through the state payment system, which requires an appropriation from the legislature. The appropriation comes out of the funds that the foundation has in its endowment. It doesn't come from any of the other general revenues of the State of Ohio but there needs to be an appropriation at the present time. The appropriation is only sufficient to account for the 2-½% that they are spending for personnel. Representative Calvert asked why the Commission is requesting appropriations from fiscal year 2006 from the Controlling Board rather than through the next budget process. Director Renner said their next budget process is not this coming spring but the following spring because they are on the cycle that is similar to the Capital Budget. At the present time they have a \$53,000,000.00 program budget without an evaluator or research team on board. They are operating with a lot of their program managers working 50 to 60 hours a week in order to keep up with the grantees all across Ohio who are working to help Ohioans reduce tobacco use. This is something that absolutely needs to be done and that's why they wanted to have the opportunity to present to this Board and ask for help to get it done now. The item was approved without objection.

President Dodge asked if there was a motion to waive the seven-day rule to add JFS101-05 and JFS103-05 to the agenda. Senator Harris moved and Representative Calvert seconded.

Item 66, JFS101-05. Christopher Carlson, Department of Job and Family Services said the reason for the waiver of the seven day rule to add JFS101-05 and JFS103-05 to today's agenda is because the department was working with OBM very closely to identify the source of the funds that will fund these requests, particularly those involved in JFS103-05. The largest part of the discussion with OBM was around the amount of state fiscal year 2004 funds that the department was proposing to use. An agreement was finally reached with OBM last week. These two items are the last two Controlling Board pieces that are planned to help resolve the consolidated allocation of the Temporary Assistance to Needy Families (TANF) funding problem that has been identified and widely publicized JFS101 is the companion piece to what was the August Controlling Board. It is moving additional money off the TANF Block Grant to Title XX to back stop county spending in the social services arena. There will be sufficient funds to cover county spending in that arena. Item 103 is the same kind of funding for the back stop of overspending at the county level in Medicaid and Food Stamp eligibility determinations. These are the last two pieces that will be brought to the Controlling Board. Representative Calvert asked how the Controlling Board has the authority to change the formula for distribution of the remaining base funds. Mr. Carlson said the statute cited in the requests, 5101.46(c) (2) specifically says just that. The statute allows for JFS to seek Controlling Board approval to alter the statutorily established formula. The items were approved without objection.

With no further business before the board, the meeting was adjourned at 3:30 p.m.

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Respectfully submitted,

Francene Johnson  
Controlling Board Executive Secretary

*11/15/04 Minutes approved by the Board:*

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