

# Management Efficiency

Ohio's leaders must constantly strive to make state government smaller, more efficient and more effective. With these goals in mind, Gov. John R. Kasich worked with the General Assembly in 2011 to enact a budget that cut taxes, streamlined regulations, and reformed government. The result? Ohio went from being almost dead-last in job creation to one of the nation's top job-creators, our unemployment rate has decreased 50 percent faster than the nation's and responsible fiscal management has earned Ohio a "stable" credit outlook from all three rating agencies.

To continue this rapid pace of much-needed progress, Kasich vowed not to wait until the FY2014-15 budget process to seek additional needed changes but instead to unveil another major reform package in 2012. True to his word, his Administration conducted a top-to-bottom review of state government operations referred to as the Mid-Biennium Review (MBR). The product of this effort was a 3,400-page package of reforms building on last year's success and furthering efforts to create a jobs-friendly climate in Ohio by, among other things, boosting education and workforce training programs, streamlining and improving management of government agencies and establishing a first-of-its-kind state energy policy.

## **HB 487: MANAGEMENT AND BUDGET FOR GOVERNMENT PROGRAM AND HEALTH SYSTEM OPERATIONS**

As a key component of the MBR, Gov. Kasich instructed his cabinet directors to carefully analyze spending and seek reductions wherever possible. Instead of imposing an across-the-board cut, the governor urged a thoughtful review of the circumstances of individual state agencies. As a result, agencies identified significant General Revenue Fund (GRF) and non-GRF savings, and HB 487 as enacted produces an overall reduction in spending for FY2013. The majority of the "Management Efficiency Plan" (MEP) was included in House Bill 487, and contains a number of appropriation changes related to proposed program reforms. While increases in a few agency programs were also identified to meet unanticipated needs, the result has been a net reduction in agency appropriations in FY2013.

### **Program Rationalization and Reform**

Items in the MEP will improve state programs and regulations, consolidate duplicative efforts and remove unnecessary bureaucracy in ways that save taxpayers' money and make government more efficient. A few examples:

- **School Facilities/State Architect:** Merging the State Architect's Office with the School Facilities Commission into a new Facilities Construction Commission will reduce costs and align related authority and resources within a single, responsive commission with oversight responsibility for all state non-transportation construction.
- **Eliminating Duplication and Improving Efforts to Protect the Environment:** Consolidating two Department of Natural Resources programs – recycling/litter prevention and scrap tire regulation – into closely related programs in the Ohio EPA will create a more efficient, less costly state program for material and waste management, while opening better opportunities to leverage matching grant programs.
- **Reducing Costs to Administer Driver's License Examinations:** Transferring license examinations from the Highway Patrol to the Bureau of Motor Vehicles and consolidating part-time examination stations with full-time Deputy Registrar offices will yield immediate, long-term cost savings and improve customer service.
- **Giving County Job and Family Service Agencies the Option of Cost-Saving Consolidation:** Expanding the authority to consolidate operations of county Departments of Job and Family Services (CDJFS) from three pilot counties to the entire state will allow every CDJFS to optimize public services and reduce costs.
- **Consolidating Regulation of Manufactured Home Parks:** Combining related responsibilities now held by the Department of Health and a separate Manufactured Homes Commission under the authority of the Commission will improve oversight and free up funds for the Department of Health to meet other critical needs.

### **Better Services, Better Operations, Better Value**

The MEP implements a large number of program improvements and updates to help state agencies provide better services to Ohioans who need them and better value to taxpayers. Highlights include:

- Aligning Assisted Living Eligibility Requirements: By eliminating residency requirements for eligibility in the Home First program, this provision corresponds with similar changes to assisted living waiver requirements made in HB 153.
- Helping Counties Better Manage Community-Based Programs for Juvenile Offenders: Improving formulas for determining how the Department of Youth Services distributes funding to Ohio counties through its RECLAIM Ohio program will provide more stability and predictability for local planning efforts.
- Strengthening Protections for Ohioans Receiving Home- and Community-Based Health-Care Services: Current laws for criminal background checks and past convictions for home health care workers are inconsistent, making it possible for dangerous criminals to potentially work with vulnerable Ohioans who receive health care at home from private contractors or who are driven to and from medical appointments by private medical transport contractors. The MEP resolves gaps and inconsistencies to create tough, uniform standards that will protect vulnerable Ohioans.
- Making it Easier for State Agencies to Communicate with Ohioans: The MEP tears down several barriers in order to make it easier for state agencies to communicate electronically with Ohioans, instead of current outdated and more costly methods.

### **Better Health System Performance**

Targeted improvements in Ohio's health and human services programs build on the major reforms of the Jobs Budget to enhance program performance, create better health outcomes for individuals and provide employers with a healthier workforce.

- Pay for Performance—Promoting Better Health Outcomes for Ohioans: The Administration worked closely with hospitals when writing the Jobs Budget to adopt payment reforms for Medicaid inpatient hospital reimbursement. The MEP will expand this effort by linking some of the funds in the hospital reimbursement pool to meeting or exceeding new quality benchmarks. This pay-for-performance initiative will ensure that available funds are distributed to hospitals and promote better health outcomes for individuals in hospital settings.
- Targeting Regional "Hot Spots"—Investing in Most-Needed Mental Health Services: The Ohio Department of Mental Health has initiated a new funding approach that targets "hot spots" in the system and rewards local innovation and collaboration. The MEP allocates \$3 million in additional resources to fund community mental health services that will create better outcomes for high-cost and difficult-to-serve populations. The new process has garnered support of advocates representing consumers and families.
- Enhancing Statewide Data Sharing—Tearing Down Walls Between Agencies: Current law requires the state agencies that administer health and human services to enter into cumbersome agreements just to share basic data that is needed to inform decisions and implement program improvements. The MEP will authorize the sharing of data, personnel, funding, and other operating resources among designated state agencies in support of cross-agency work for health transformation purposes. The language will facilitate the seamless and efficient implementation of health transformation activities.
- Simplifying Eligibility Determination Systems: Current eligibility processes for health and human services in Ohio are fragmented, overly complex and rely on outdated technology, resulting in duplication, inefficiency and excessive cost for state and local governments. The MEP language extends the authority granted in the Jobs Budget to simplify Medicaid eligibility systems to federal entitlement programs other than Medicaid.

### **HB 490: VETERANS SERVICES**

Ohio's veterans have made sacrifices like no other, and the very least state government can do is operate a system that helps them gain access to important services in the simplest way possible. House Bill 490 makes several improvements to the veterans services system.

- Simplifying the Report Publishing Process: This change removes a requirement that DVS to print and distribute thousands of pages of reports every year, allowing the Department to adopt electronic mechanisms to distribute their reports to veterans groups across the state,
- Providing Spouses with Tuition Assistance: Grants in-state tuition for non-resident spouses and dependents of veterans on active duty,

- Working with Local Governments to Streamline the Record Release Process: HB 490 changes the laws guiding how a county recorder releases a veteran's records so that Veterans Service Officers can more easily get veterans in touch with the benefits they deserve.

### **HB 508: MODERNIZING OHIO'S TAX SYSTEM**

The MBR process uncovered several archaic items buried throughout Ohio's tax system. Changes implemented through HB 508 will:

- Improve and modernize the administration of Ohio's tax system,
- Closes a loophole that allowed a sales tax exemption on big ticket items like planes or boats,
- Make a number of updates and clarifications to Ohio's tax statute,
- Modernize laws to increase the use electronic tax filing and notifications.

### **HB 509: LOCAL GOVERNMENT COST SAVINGS**

Over the past several months, local government officials were encouraged to offer their ideas to improve government efficiency and identify areas for cost savings. Several items proposed through the Management Efficiency Plan (MEP) and passed through House Bill 509 act on many of these suggested solutions. These additional tools will allow Ohio's local governments and schools to continue the historic transformation of the way they provide services which began last year in the governor's Jobs Budget. [*See separate fact sheet*]

### **BOTTOM LINE:**

Ohio and its state government have urgent needs than cannot wait for the next biennial budget cycle in 2013. The many reform policies originally housed in the Management Efficiency Plan and adopted by the General Assembly through these various pieces of legislation accelerate Governor Kasich's reform agenda by helping government streamline operations, reduce costs and improve delivery of services for Ohio taxpayers and veterans.

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