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Office of Research and Drafting

Legislative Budget Office

H.B. 645
136th General Assembly

Bill Analysis

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Version: As Reported by House Finance

Primary Sponsor: Rep. Dovilla

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SUMMARY

- Establishes zero-based budgeting requirements for the Office of Budget and Management (OBM) Director and select state agencies beginning with the 138th General Assembly (2029-2030).
- Requires the Senate Finance Committee Chairperson or the House of Representatives Finance Chairperson, on a rotating basis, to select at least ⅓ of the state agencies to submit their estimates to OBM using zero-based budgeting.
- Exempts elected officials, the General Assembly, and the Supreme Court from the zero-based budgeting requirements.

DETAILED ANALYSIS

Zero-based budgeting

The bill establishes zero-based budgeting requirements for the OBM Director and state agencies. Zero-based budgeting is a method of calculating a budget that starts at zero and justifies all requested or proposed appropriations based on the purposes of the expenditures without reference to the prior year appropriations.

Beginning with the 138th General Assembly session (2029-2030), and each General Assembly convening thereafter, when preparing for the operating budgets for the subsequent fiscal biennium:

1. Each selected agency (see below) must prepare its revenue and expenditure estimates using zero-based budgeting principles.[1]

[1] R.C.126.025.

2. The OBM Director must provide the selected agencies with budget request forms that require estimates based on zero-based budgeting and prepare and submit budget estimates to the Governor using zero-based budgeting.
3. The Governor's budget submission to the General Assembly for the selected agencies must be based on zero-based budget principles.[2]

The zero-based budgeting requirements apply to all the operating budgets, which are: main operating, transportation, Bureau of Workers Compensation, and Industrial Commission.

Select agencies

The bill requires, by June 30 of each even-numbered year, the Senate Finance Committee chairperson or the House of Representative Finance Chairperson, starting with the House Chairperson and alternating each General Assembly after, to do both of the following:

- Select at least one-third of the state agencies to submit their estimates to OBM using zero-based budgeting. Each Chairperson may add agencies to the list, at the Chairperson's discretion.
- Notify, in writing, the Senate President, the Speaker of the House, the Director of the Legislative Service Commission, and the OBM Director of the state agencies that are selected.

The bill exempts the following from the zero-based budgeting requirements:

- Elected officials;
- The General Assembly, including any legislative agency; and
- The Supreme Court, including any judicial agency.

Background

Under current law, OBM, in the middle of each even-numbered year, initiates the operating budget process for the subsequent biennium. It submits to agencies receiving appropriated funds "budget guidance," the detailed instructions on the process and formats they are to follow in preparing their budget requests. As part of this guidance, OBM asks a series of questions regarding the state funds that support the agency's duties and responsibilities. In addition, current law requires OBM to incorporate principles of zero-based budgeting into the guidance for each agency.

After completing its instructions, each agency must submit its budget request to OBM. OBM and each agency discuss the agency's needs. Following these discussions and meetings with the Governor's Office, OBM publishes the executive budget recommendations. Finally, each

[2] R.C. 107.03.

agency must, prior to December 1 of that year, file with the chairperson of the finance committees of the Senate and House of Representatives the agency's budget request.[3]

HISTORY

Action	Date
Introduced	01-12-26
Reported, H. Finance	06-03-26

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[3] R.C. 107.03, 126.02, 126.13, and 126.27.