

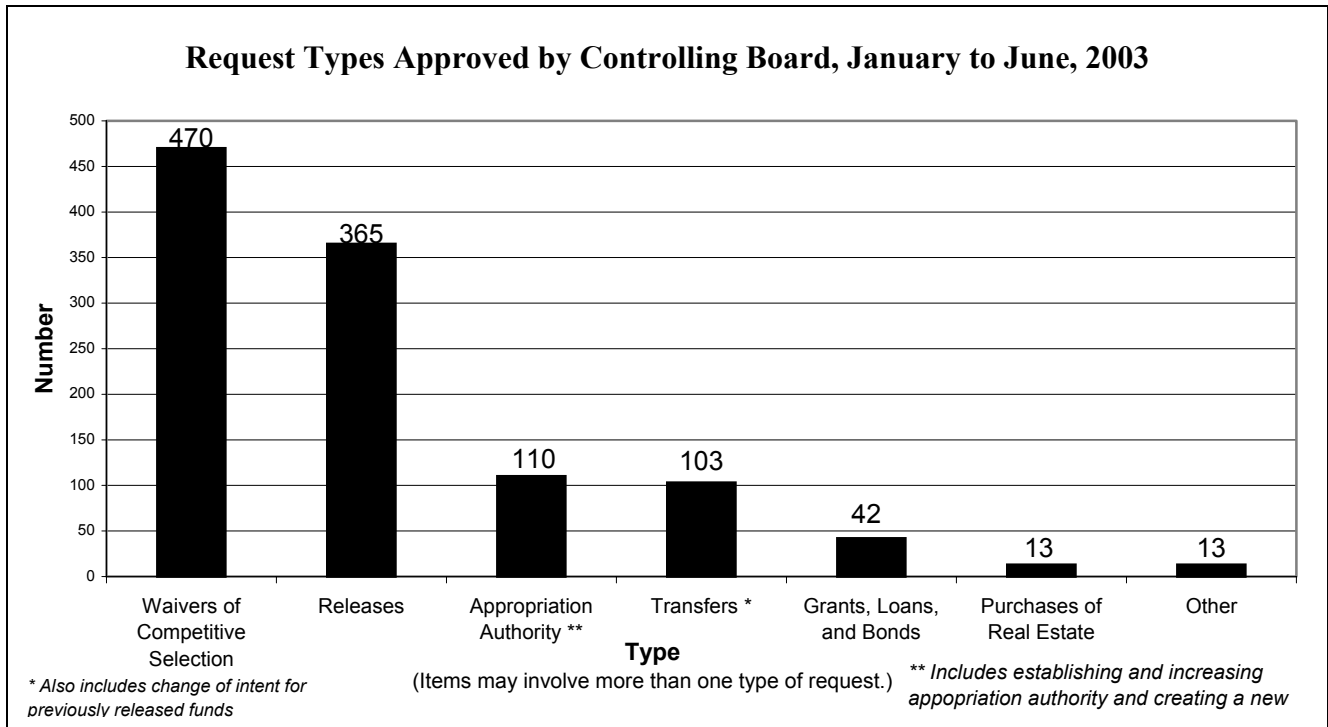
OHIO'S STATE CONTROLLING BOARD: AN UPDATE

Policy Matters Ohio released an analysis of the State Controlling Board in April 2003, including data covering calendar 2002. This summary updates that analysis, covering board actions from January through June 2003 – the last half of the 2003 fiscal year.

During that period, the board became more aggressive and focused in questioning witnesses. However, it continued to give no-questions-asked approval to most requests.

As shown in Chart 1, during the last half of fiscal 2003, the Controlling Board approved more waivers of competitive selection than any other kind of request.

Chart 1



The Department of Development, which had ranked second to universities and colleges among agencies receiving board approvals during calendar 2002, was the leader in the first half of 2003. Most of these were releases, including such requests as one for \$100,000 to a unit of retailer Limited Brands associated with moving 51 jobs to the state. The Department of Administrative Services ranked third in requests approved, mostly because of a large number of leases it renewed for space occupied by various state agencies. Board approvals of requests by agency are shown in Chart 2:

Chart 2

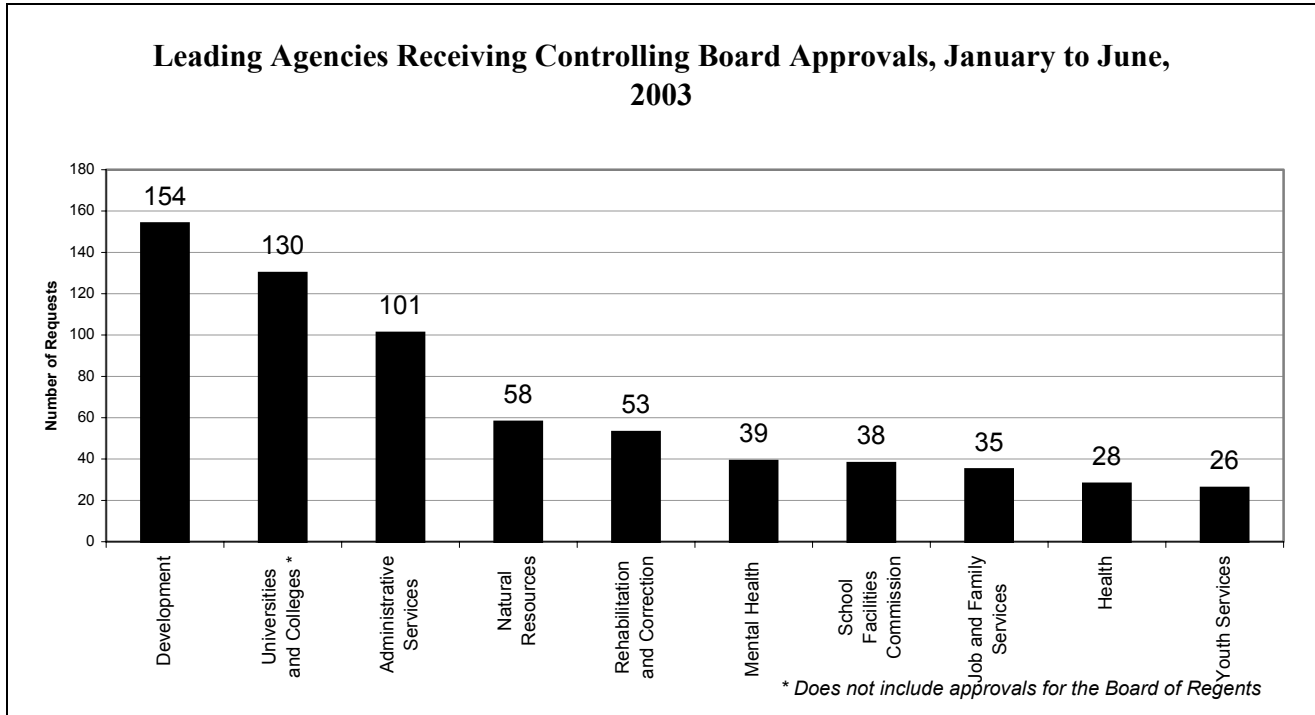
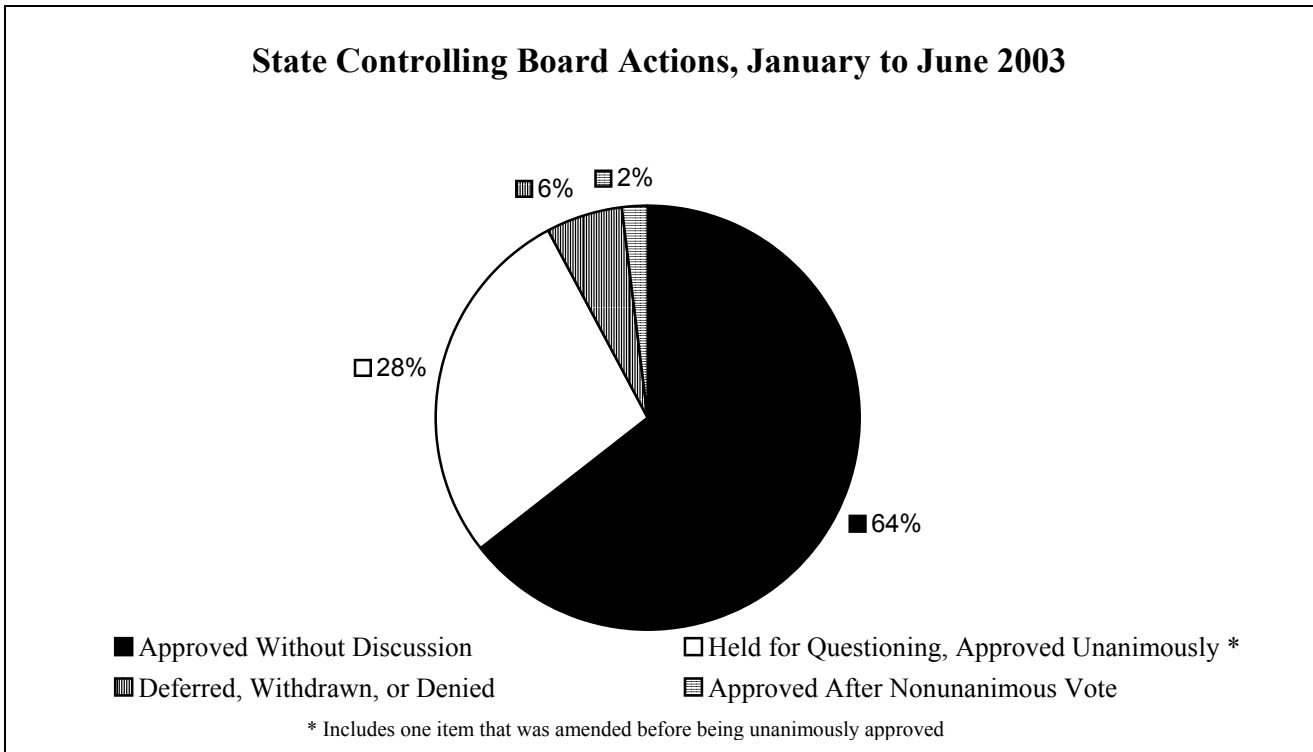


Chart 3 illustrates that the board continued to grant unanimous, blanket approval to most items, without any questions. However, members more aggressively questioned some agency representatives, and action was deferred on more items (56) than during all of last year (52). Most of these items were eventually approved.

Chart 3



One item of the 979 originally placed on the board agenda in the last half of fiscal 2003 – a request by the Department of Natural Resources for a \$30,482 design contract with Korda/Nemeth Engineering of Columbus – was voted down. Another 18 items were deferred after discussion. These included 11 requests deferred at the request of the House and Senate majority caucuses at the February 10 meeting.

Table 1 shows requests that were deferred or withdrawn after board discussion during the last half of fiscal 2003 (Some of these deferred requests have been considered again since then).

Table 1

DEFERRALS AFTER BOARD DISCUSSION, JANUARY TO JUNE 2003				
Agency	Request Type and Amount*	Description	Company or Seller	Agenda Date and Result
Ohio University	P- \$40,000	Purchase of real estate as an addition to the Southern Campus	E. Steenberg	02/10/2003 – Did not return by 6/16
Adjutant General	R - \$13,200	The heating, ventilation, and air conditioning renovation project for the Ohio National Guard Armories in several	N/A	02/10/2003 – Did not return by 6/16

Ohio's State Controlling Board: An Update

		counties		
Education	A - \$3,225,000	Increase in appropriation authority for Vocational Education	N/A	02/10/2003 – Approved 04/07/2003
Environmental Protection Agency	A - \$200,000	Increase in appropriation authority for the Water Pollution Control Administration	N/A	02/10/2003 – Did not return by 6/16
Job and Family Services	W - \$137,462	Ohio Family Health Survey	Macro International, Inc.	02/10/2003 – Approved 02/24/2003
Natural Resources	T, R - \$309,282	Statewide Trails Program to Buck Creek State Park for a scenic bike trail	N/A	02/10/2003 – Approved 04/07/2003
Natural Resources	W - \$52,525	Scanning services for the Division of Mineral Resources Management	Computer Systems Company, Inc.	02/10/2003 – Approved 02/24/2003
Youth Services	T, R - \$168,472	Gym Expansion Cuyahoga Hills to General Institutional Renovations for the HVAC Systems Modifications Project at Scioto Juvenile Correctional Facility	N/A	02/10/2003 – Approved 02/24/2003
Youth Services	R - \$2,268,000	The Sandusky/Multi-County Juvenile Detention Center Project	N/A	02/10/2003 – Approved 02/24/2003
Natural Resources	T, R - \$373,000	State Park Renovations to Cowan Lake State Park for the construction of a new visitor center	N/A	03/10/2003 – Approved in amended form on 3/24
University of Cincinnati	T, R - \$370,000	Basic renovations to Armory Fieldhouse Remediation	N/A	03/24/2003 – Did not return by 6/16
University of Cincinnati	R - \$785,168	The Van Wormer Administration Building Project	N/A	03/24/2003 – Did not return by 6/16
Attorney General	W - \$98,762	Purchase of an Integrated Predictive Dialer for the Attorney General's Collections Enforcement Section	Columbia Ultimate	04/07/2003 – Approved 05/05/2003
Ohio University	T - \$447,950	Day Care Center to Proctorville Planning & Site Improvements, Land Acquisition, and Horse Park Improvements	N/A	05/05/2003 – Did not return by 6/16
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	A - \$76,641	Increase in appropriation authority	N/A	05/05/2003 – Approved 05/19/2003

Natural Resources	W - \$0	Internet License Sales System allows customers to purchase Ohio Hunting and Fishing licenses and permits through a Web-based interface	GreatLodge.com, Inc.	05/19/2003 – Did not return by 6/16
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* **Request Type Key:** R=Release; W=Waiver; P=Purchase; T=Transfer; A=Increase in Appropriation Authority

The 20 largest waivers of competitive selection approved by the board during the last half of fiscal 2003 are shown in Table 2. There are good reasons for many waivers. Contrary to what one might think, under state purchasing rules a vendor may well have been selected using a request-for-proposal, request-for-quotation or other competitive process even though a waiver is required. In other instances, such as purchases of certain scientific equipment by universities, only one vendor may have been available. In dozens of other requests, however, an agency selected a contractor or renewed an existing contract without any indication that it had used a competitive process. This shows a lack of accountability to the public and a lack of control by the board.

Table 2

LARGEST WAIVERS OF COMPETITIVE SELECTION, JANUARY TO JUNE 2003					
	Agency	Amount	Description	Corporation	Approved
1	Aging	\$498,600,000*	Administration of PASSPORT program	13 agencies	06/02/2003
2	Administrative Services	\$80,000,000*	Telecommunication utility services	None listed in agenda	06/02/2003
3	Transportation	\$52,500,000	Construction contract plans, bridge and construction inspections, right of way acquisition, asbestos testing, and environmental investigations	47 consulting firms	03/10/2003
4	Lottery	\$48,664,732*	Integrated on-line and instant gaming systems	GTECH Corporation	06/02/2003
5	Job and Family Services	\$43,820,768*	Operation of the Food Stamp Electronic Benefits Transfer system	Citicorp Electronic Financial Services Inc.	05/19/2003
6	Rehabilitation and Correction	\$43,779,944*	Operation of the Lake Erie Correctional Institution	Management and Training Corporation	06/02/2003

Ohio's State Controlling Board: An Update

7	Administrative Services	\$30,910,000	Medical care for State of Ohio employees	6 health maintenance organizations	06/16/2003
8	Rehabilitation and Correction	\$26,963,049*	Operation of the North Coast Correctional Facility	Management and Training Corporation	06/02/2003
9	Administrative Services	\$18,796,873*	5 commercial real estate leases for office and storage space for the Ohio Environmental Protection Agency	Various landlords	06/02/2003
10	Lottery	\$18,000,000*	Television media placement services, secure carrier station contracts for the Ohio Lottery game show, daily drawings, and management of sponsorships involving television media	Marcus Thomas, LLC	05/05/2003
11	Administrative Services	\$14,462,449*	15 commercial real estate leases for the Bureau of Workers' Compensation	Various landlords	06/02/2003
12	Administrative Services	\$14,207,743*	19 commercial real estate leases for the Department of Job and Family Services	Various landlords	06/02/2003
13	Job and Family Services	\$14,000,000*	Medicaid Supplemental Third Party Liability Recovery Project	Health Management Systems, Inc.	06/16/2003
14	School Facilities	\$12,172,906	Coordination of the administration of 6 Classroom Facilities Assistance Programs and two Exceptional Need Program Projects	5 construction management entities	05/19/2003
15	Administrative Services	\$11,000,000	Universal fleet fuel card for the purchase of fuel, petroleum products, and emergency repairs by state agencies	Voyager Fleet Systems, Inc.	06/16/2003
16	Administrative Services	\$10,000,000*	Training and counseling services for state employees	Non-state supported educational institutions and private vendors	06/02/2003
17	Job and Family Services	\$10,000,000	Child support genetic testing	4 genetics testing firms	05/19/2003

18	Lottery	\$10,000,000*	Statewide creative advertising and marketing services	Liggett-Stashower, Inc and Stern Advertising, Inc.	06/02/2003
19	Rehabilitation and Correction	\$9,713,230*	Physician services at various institutions	Clinicare Consultants, Inc. and other contractors	06/02/2003
20	Lottery	\$8,054,800*	Deployment, delivery, installation, training, repair, maintenance services, and marketing and consulting services for instant ticket vending machines	Interlott Technologies, Inc.	05/05/2003

* Waiver amount covers spending for both FY 2004 and FY 2005.

Table 3 shows the largest 20 transfers approved by the board during the last half of fiscal 2003:

Table 3

LARGEST TRANSFERS, JANUARY TO JUNE 2003				
	Agency	Amount Transferred	Description	Approved
1	Budget and Management	\$149,647,746	Budget stabilization fund to General Revenue Fund, and increase line item for Ohio Medicaid Program	06/02/2003
2	Board of Regents	\$33,000,000	Instructional and Data Processing Equipment to various institutions for Instructional and Data Processing Equipment Projects	03/24/2003
3	Job and Family Services	\$32,426,082	Various appropriation line items to Ohio Medicaid Program	06/02/2003
4	Education	\$18,574,524	Student Intervention Services FY02 to FY03	01/27/2003
5	Budget and Management	\$12,600,000	Elementary School Program, Seat Belt Education Program, and Financial Responsibility Compliance to State Highway Safety; Financial Responsibility Compliance to Bureau of Motor Vehicles	05/19/2003
6	Development	\$10,000,000	Energy Efficiency Revolving Loan Fund to Universal Service Fund	05/05/2003
7	Board of Regents	\$8,190,000	Ohio Library and Information Network to Wright State University's Library Access and Consolidation System project	04/07/2003
8	Education	\$8,000,000	Disadvantaged Pupil Impact Aid to Change-Off Supplement	03/24/2003

9	Board of Regents	\$2,780,998	Research Facility Action and Investment Fund to Ohio State University, University of Cincinnati, Wright State University, and University of Akron	03/24/2003
10	Natural Resources	\$2,710,200	State Park Campgrounds, Lodges and Cabins to West Branch State Park for Second Phase of Campground Improvements	02/24/2003
11	University of Cincinnati	\$2,390,000	Classroom Renovations and Central Campus Renovations to Phase I for the Baldwin Hall Rehabilitations Project	03/24/2003
12	Board of Regents	\$2,250,000	Eminent Scholar Capital Grants to specific programs	03/10/2003
13	Central Ohio Technical College	\$2,209,867	COT J. Gilbert Reese Center to OSU J. Gilbert Reese Center	05/19/2003
14	Rehabilitation and Correction	\$1,991,837	Various line items to New Exterior Recreation United at Ohio State Penitentiary	01/27/2003
15	Natural Resources	\$1,762,000	State Park Campgrounds, Handicapped Accessibility, State Park Maintenance, and Wastewater to Hocking Hills State Park for Construction of Commissary	01/27/2003
16	Job and Family Services	\$1,628,275	Adoption Services to Disability Assistance	05/05/2003
17	Rehabilitation and Correction	\$1,400,000	Construct Dining Hall to Perimeter Fence Upgrade at Southeast Correctional Institution	04/07/2003
18	Medical College of Ohio	\$1,237,065	Basic Renovations to the Campus Waterproofing Project	05/19/2003
19	University of Cincinnati	\$1,200,000	Classroom/Teaching Laboratory to College of Applied Science Classroom	05/05/2003
20	Ohio State University	\$950,000	Basic Renovations to Research Center HVAC System Improvements	06/16/2003

Tables and charts in this update reflect Policy Matters Ohio analysis of information from the State Controlling Board. Contributors to this update included Policy Matters staff, as well as Matthew Resseger, Mark Baumgartner and Simone Morgen.