

CSI - Ohio

Cutting Red Tape
Creating Jobs

Strategic Plan

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Mission Statement

To promote an attitude in state government that recognizes the value of all stakeholders and leads to the development and implementation of common sense state business regulations that effectively achieve their objectives, minimize the cost and complexity of compliance, and promote economic development.

Introduction

On January 10, 2011, Governor John R. Kasich signed Executive Order 2011-01K establishing the Common Sense Initiative (CSI) Office and assigning this important task to Lieutenant Governor Mary Taylor. The Common Sense Initiative is a process for independently evaluating the economic impact of state agency regulations on Ohio businesses.

The Executive Order stated explicitly that Ohio’s business community is a partner in the state’s success. As such, while regulations play an important role in promoting fair competition and protecting the public, regulations should also facilitate economic growth. Ohio’s regulatory process should be built on the foundations of transparency, accountability, and performance. Finally, the priority of a strong regulatory system should be *compliance*, not *punishment*.

In implementing the Executive Order, Lieutenant Governor Taylor has placed a premium on the principles of transparency and accountability. The CSI Office has been designed to function as a partnership between the Administration, state agencies, the business community, and the public to develop a regulatory framework that balances the important need for regulation with the equally important need to promote economic development and job creation. As such, Lieutenant Governor Taylor has committed to developing and publicly reporting specific objectives for the CSI Office, as well as strategies for achieving the objectives in its strategic plan.

This strategic plan is the vehicle for reporting the objectives of the CSI Office. The CSI Office will formally report twice each year on its activities and on its progress toward meeting these objectives.

Note: On March 4, 2011, Senate Bill 2 was signed into law, codifying much of Executive Order 2011-01K, and adding additional provisions to ensure accountability in the CSI review process.

Vision

The work of the Common Sense Initiative (CSI) Office will be based on the following four principles:

1. Regulations should facilitate, not hinder, economic growth.
2. Regulations should be transparent and responsive.
3. Compliance should be as easy and inexpensive as possible.
4. Regulations should be enforced fairly and consistently.

Values

The Common Sense Initiative Office believes that success will be viewed less in terms of specific regulations and more in terms of an attitude in state government that is focused on partnership, that values economic development, and that regulates based on articulated goals and measurable outcomes.

We believe that public protection and economic development are not mutually exclusive.

We believe that transparency, accountability, and input from diverse stakeholders are critical to ensuring the long-term success of our efforts.

And we know that our success depends on attracting staff who are experienced, analytical, creative thinkers and who are encouraged to challenge assumptions and pursue bold solutions in search of a better way of doing business.

1. Establish legal authority for the CSI Office

Description: Through executive order and/or legislation, the CSI Office should be established with clear objectives and authority. The scope of the office should be articulated, and state agencies should be compelled to comply with the directives of the office. The legal authority should include mechanisms for enforcement of the CSI process and accountability for agencies and for the CSI Office itself.

Target Implementation Date: May 1, 2011

Status: Complete

- On January 10, 2011, Governor Kasich signed Executive Order 2011-01K, creating the CSI Office under the authority of the Lieutenant Governor. The executive order outlines the authorities and responsibilities of the Lieutenant Governor in implementing this initiative. It also requires agencies to comply with the directives of the Lieutenant Governor and outlines specific principles that should be prioritized in the development and review of agency regulations.
- On March 4, 2011, Governor Kasich signed into law Senate Bill 2, which codified much of Executive Order 2011-01K. Senate Bill 2 also established new JCARR authority to invalidate agencies' proposed rules based on their adverse impact to businesses as identified through the CSI process. Finally, Senate Bill 2 required each state agency to develop customer service standards that are to be incorporated into its administrative processes (policy manuals, job descriptions, and employee evaluations).

2. Establish a fully-operational CSI Office

Description: The CSI Office was established by Executive Order 2011-01K. It is the intention of Lieutenant Governor to begin impacting business regulations from day one. However, there are several administrative tasks that must be completed before the CSI Office will be fully operational. These organizational tasks include the following:

- ***Develop a formalized review process*** – An important component of the CSI process is the review of draft rules being proposed by state agencies. To maximize efficiency and effectiveness, a regular process must be established for agencies to develop draft regulations, conduct an analysis of the regulatory benefits and impacts on businesses, engage the CSI Office, and obtain public input into the regulations.
- ***Establish a technological infrastructure*** – Part of the review process described above requires an information technology platform through which agencies will conduct the CSI analysis, communicate with the CSI Office and the public about draft rules, and track completion of all required steps in the process. A SharePoint site was

- established in the previous administration for implementation of the e-Notification process for rule reviews. However, based on input from agency users, a new or significantly revised system will be necessary for the CSI process to be effective.
- ***Develop a business impact analysis instrument*** – The business impact analysis will be central to the CSI review process, as it will be the mechanism through which agencies will explain the intent of the proposed regulations, the degree to which stakeholder input shaped the regulation, and the potential impact of the regulation on Ohio businesses. In short, the business impact analysis will be the basis for determining whether the public purpose of the proposed regulation justifies the adverse impact to the regulated businesses. The business impact analysis instrument will be developed with considerable input from state agency users and from business stakeholders to help ensure that it is as easy as possible to use and that it fleshes out all relevant information for determining the balance described above. The business impact analysis instrument will be piloted with rules from specific agencies to help identify areas for improvement before it is applied to all reviews.
 - ***Create a public contact mechanism*** – Another important aspect of the CSI Initiative will be to receive information from the business community and the public about existing regulations that don't meet the “Common Sense” test and/or that are implemented in a way that is unduly burdensome on businesses. It is also extremely important that the operations of the CSI Office be transparent in order to ensure that it is as effective as possible and that the message of improving Ohio's business climate is communicated to the public. To those ends, the CSI Office will establish a web site that will be a vehicle for communicating with the public about important CSI actions, as well as receiving input from the public about regulatory areas that need to be reviewed. The web site will include multiple means of communication between the CSI Office and the public.
 - ***Identify a CSI liaison in each of 13 business-facing agencies*** – In order to make agency compliance with the CSI process as easy as possible, and to ensure cooperation at all levels of the agency, the CSI Office will ask each agency that has significant regulatory contact with businesses to designate a CSI liaison to serve as a primary contact to help facilitate regulatory issues involving the CSI Office.

Target Implementation Date: July 1, 2011

Status: In Progress

- Draft versions of the CSI review process and business impact analysis instrument have been prepared and are being piloted with two draft rules from the Ohio EPA. Additional pilots will be forthcoming to help make improvements to the process and the analysis instrument.
- A CSI web site has been established (www.governor.ohio.gov/CSI) that features updates on the progress of the CSI Initiative as well as a contact form and e-mail address (CSIOhio@governor.ohio.gov) for the public to offer ideas for improved

regulations as well as to comment generally on the CSI initiative. The web site went live on February 9, 2011.

- Pursuant to Section 8 of Senate Bill 2, the CSI Office is to be in operation by August 15, 2011.

3. Consolidate business regulatory reform efforts under the CSI Office

Description: Past efforts at regulatory reform in Ohio have created pockets of state government that are dedicated to this function. For example, in the previous administration, 13 “business-facing” agencies were required to designate a regulatory ombudsperson within their offices. The Ohio Department of Development has a Small Business Office that has certain functions that may overlap or duplicate functions of the CSI Office. Through the budget process and the process of establishing Jobs Ohio, any areas of state government duplicating efforts of the CSI Office will be eliminated and/or consolidated under the CSI Office.

Target Implementation Date: July 1, 2011

Status: In Progress

4. Establish Small Business Advisory Council

Description: Executive Order 2011-01K authorized the Lieutenant Governor to establish a Small Business Advisory Council to offer the Lieutenant Governor the perspectives of the small business community and provide guidance into the mission and direction of the CSI Office.

Target Implementation Date: June 1, 2011

Status: In Progress

- Senate Bill 2 codified the Small Business Advisory Council in ORC 107.63. The Council is to consist of nine members who are representative of small businesses and who represent diversity in size, industry, and geography. Five members of the Council are to be appointed by the Lieutenant Governor, two by the Speaker of the House, and two by the President of the Senate.

The Council is to meet at least quarterly. Pursuant to Section 8 of the bill, the CSI Office is to be in operation by August 15, 2011.

Goal 1: Develop a CSI process that is efficient, credible, and effective

Description: The foundation of the Common Sense Initiative will be a process for reviewing agency regulations – both new and existing – to determine whether their regulatory intent justifies their adverse impact on Ohio businesses.

In establishing the CSI review process, we are attempting to hold the CSI Office to the same standards that we will hold state agencies to. Specifically, we want to develop a process that is as easy as possible to comply with. We want to ensure that each requirement we place on agencies serves a purpose toward achieving our goal. We want to seek the input of all stakeholders in the development, implementation, and periodic review of our process. And we want to be transparent and responsive in our dealings with agencies, regulated businesses, and the public. Specific action steps include the following:

- Development of a formal process diagram outlining the CSI review process. The process should be developed with input from state agencies, the business community, and the Small Business Advisory Council; and should be tested through pilot projects on specific rules.
- Along with inviting constant feedback, the CSI Office should conduct annual surveys of internal and external stakeholders to determine the effectiveness of the review process and to identify opportunities for improvement.
- The CSI Office should track data related to the measurables listed below to report on its performance in achieving this goal and to seek opportunities for improvement of the review process.

Measurables:

1. Number of regulations reviewed
2. Number of CSI recommendations issued
3. CSI turnaround times – this will measure the average number of days for the CSI Office to evaluate the draft regulations and business impact analyses prepared by the agencies and to issue any recommendations to the agencies. Some regulations will be more lengthy and more complex than others, so some variance in this measure is expected. Moreover, the CSI Office will generally not issue a response until the completion of the agency’s public comment period, so that time will be factored into the measure as well. However, tracking (and seeking improvement in) turnaround times will help measure the efficiency of the process.
4. Percentage of recommendations implemented – after recommendations are issued by the CSI Office, agencies will be asked to respond and explain which recommendations were implemented and which were not. Tracking the numbers in each category will help the CSI Office measure the effectiveness and utility of its review process, and make changes to ensure that the process is leading to improved regulations.

Goal 2: Impact a significant number of regulations based on the Vision statement for the CSI Office

Description: The CSI Office will impact regulations through the review process described in Goal 1, through suggestions from the business community and the public about problematic regulations, and through targeted partnerships with state agencies. Regardless of the process, regulations changed (or eliminated) through the CSI Office should have a tangible impact on either the effectiveness of the regulation, the impact on the regulated businesses, or both.

In many cases, the true impact of CSI’s actions may be impossible to quantify, or at least to quantify fully. However, every effort should be made to understand the impact of our actions. Doing so will help predict the potential impact of future actions, understand the areas in which CSI is having the most benefit, lead to process improvements that could improve outcomes, and communicate with the public about the effectiveness of the CSI Initiative.

Measurables:

1. Number of regulations impacted – this measure will include all of the different ways that CSI might affect a regulation, and will track the number of regulations where the CSI process led to a significant change in the substance of the regulation or the method of implementation.
2. Outcomes of the impacted regulations – the CSI Office will work with the agencies to keep track of the measurable outcomes of the regulations to identify whether the regulation (and the CSI’s impact on the regulation) produced quantifiable benefits. Such benefits can include, but are not limited to, quicker permitting times, achievement of specific regulatory goals, etc.
3. Jobs created or retained – while not all CSI action will lead directly to job creation, and in some cases it may be difficult to show a cause-effect relationship, the CSI Office should attempt to track wherever possible the impact its actions have had on job creation or retention in Ohio.

Goal 3: Change the culture in agencies to be consistent with the CSI principles

Description: Improving regulation is as much about attitude as it is about any specific regulation. The success of the CSI Initiative will ultimately be based on our ability to incorporate the CSI values within the regulating agencies themselves so that regulators are practicing these values in their daily activities. Just as the regulatory processes will be more effective through compliance than through enforcement, the CSI process will be more effective if it becomes a part of the agency cultures than if it relies on the CSI Office to “fix” regulations.

Measurables:

1. CSI initiatives by agencies independent of CSI Office –the CSI process allows agencies to initiate improvements to their regulations on their own. While the CSI Office does not have to be involved in every CSI initiative, we will ask agencies to report on those initiatives so that we can keep track of the CSI efforts that are occurring organically within the agencies.
2. Compliance among agencies – as agencies become familiar with the CSI process and the expectations of the CSI Office, we would expect to see draft rules and business impact analyses that have addressed unnecessary business impacts prior to being submitted for review. As such, tracking the number of CSI recommendations will help identify whether this understanding is occurring or not.
3. Public comments – although not a scientific measure, there is no doubt that the frequency of public complaints about a specific regulation or a specific agency provides some indication of the agency’s relationship with its stakeholders. Tracking the suggestions and complaints received by the CSI Office will help identify the degree to which each agency is incorporating the CSI principles into its regular operations.

Goal 4: Communicate CSI's successes to the public

Description: Perception is reality. As long as the public believes that Ohio's regulatory climate is unfriendly to business, it will be difficult to attract and retain jobs. As a result, it is important that the CSI Office effectively communicate its successes and its failures so that stakeholders have an accurate perception of Ohio's regulations. Communication flowing in both directions is critical to the success of the Initiative.

Measurables:

1. Ideas received through the CSI contacts (web site, e-mail, phone)
2. Results of annual survey described in Goal 1
3. Number of speaking engagements to deliver the message about regulatory reform

Goal 5: Improve Ohio’s business regulatory climate to promote a true balance between public safety and economic development

Description: This is ultimately the purpose of the CSI Initiative – to fix the perception and the reality that Ohio’s regulatory climate makes the state unwelcoming to business. This goal may also be the most difficult to measure, as regulatory reform is but one piece of the state’s overall economic development efforts, and by itself will not fix Ohio’s economy. However, there are performance indicators that can help identify whether the CSI Initiative is having an impact, and the CSI Office will constantly seek to identify additional measures that can help judge the overall impact of its efforts.

Measurables:

1. Increased compliance, fewer enforcement actions – as identified throughout this plan, increased compliance will demonstrate that agencies have developed regulations that are simpler and more business- friendly, and likely will mean that the regulations are more effective. Enforcement will not (and should not) be eliminated entirely, but a shift in the regulatory balance toward compliance will demonstrate that the CSI initiative is having an impact.
2. Survey results – as described in Goal 1, the CSI Office should conduct an annual survey of internal and external stakeholders. Although not scientific, if the right questions are asked, this survey can help track opinions about changes to Ohio’s regulatory climate as well.
3. Improved business climate measures – again, it is unrealistic to expect that the CSI Initiative by itself will fix Ohio’s economy and rehabilitate Ohio’s reputation in terms of attracting jobs. However, CSI is a part of this effort, so it is important to continually evaluate where Ohio stands, the role that regulations play in the perception of our state, and any impact the CSI Initiative on that perception.