



Common Sense Initiative

Mike DeWine, Governor
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Business Impact Analysis

Agency, Board, or Commission Name: Ohio Department of Commerce, Division of Financial Institutions

Rule Contact Name and Contact Information:

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Regulation/Package Title (a general description of the rules' substantive content):

Financial Literacy Education Fund

Rule Number(s): 1301-1-02

Date of Submission for CSI Review: 10/29/21

Public Comment Period End Date: 11/5/21

Rule Type/Number of Rules:

New/ rules

No Change/ rules (FYR?)

Amended/ 1 rules (FYR? _yes_)

Rescinded/ rules (FYR?)

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

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Reason for Submission

- 1. R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rule for CSI review.**

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule(s):

- Requires a license, permit, or any other prior authorization to engage in or operate a line of business.**
- Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.**
- Requires specific expenditures or the report of information as a condition of compliance.**
- Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.**

Regulatory Intent

- 2. Please briefly describe the draft regulation in plain language. The rule provides additional details pertaining to the use and distribution of the financial literacy education fund. The only amendment being proposed is to change the grant application deadline by an additional one month.**

Please include the key provisions of the regulation as well as any proposed amendments.

The rule provides additional details pertaining to the use and distribution of the financial literacy education fund established by R.C. 121.085. The Director of the Department of Commerce has delegated the administration of this fund to the Division of Financial Institutions. The only amendment being proposed is to change the grant application deadline by an additional one month.

- 3. Please list the Ohio statute(s) that authorize the agency, board or commission to adopt the rule(s) and the statute(s) that amplify that authority. R.C. 121.085 both authorizes and amplifies the rule.**

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4. **Does the regulation implement a federal requirement? No. Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program? No. *If yes, please briefly explain the source and substance of the federal requirement.***
5. **If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement. Not applicable.**
6. **What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)? R.C. 121.085 requires the agency to adopt rules governing the distribution and use of the fund.**
7. **How will the Agency measure the success of this regulation in terms of outputs and/or outcomes? Portions of the fund are distributed annually as part of financial literacy education grant. Success of the regulation is measured by the program results of the fund's grantees. The Division reviews the quarterly and annual reports submitted by grantees and also goes on site to observe the grant program offerings.**
8. **Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931? No. *If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation.***

Development of the Regulation

9. **Please list the stakeholders included by the Agency in the development or initial review of the draft regulation. *If applicable, please include the date and medium by which the stakeholders were initially contacted.***

The Department itself is the primary stakeholder, as it is tasked by R.C. 121.085 to adopt rules governing the distribution and use of the fund.

10. **What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency? The Division personnel charged with managing the fund and its corresponding grant program were consulted. Several changes were suggest, but due to the restrictions imposed by R.C. 121.95, only one of those suggestions is being proposed.**
11. **What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed? The Division is relying upon the reporting data submitted annually and quarterly by grantees, as well as its own observations made during the management of the fund.**

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- 12. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? None. If none, why didn't the Agency consider regulatory alternatives?** The Division is satisfied with the existing rule provisions as they have been successful thus far in safeguarding the use and distribution of the financial literacy education fund.
- 13. Did the Agency specifically consider a performance-based regulation? Yes. Please explain.** The rules sets forth minimum grant application requirements, but the structure of the grant programs themselves are left to each applicant.
Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.
- 14. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?** This is the only regulation in existence pertaining to the financial literacy education fund.
- 15. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.** The rule's provisions are incorporated into the grant application guidelines. The existence of the grant is publicized annually through press releases, the Department's website, and social media.

Adverse Impact to Business

- 16. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:**
- a. Identify the scope of the impacted business community;** The impacted community consists of the grant applicants and eventual grant awardees **and**
 - b. Identify the nature of all adverse impact (e.g., fees, fines, employer time for compliance,);** Grant applicants are likely to spend time and resources in preparing their grant application. Grant recipients will incur a minimal amount of time and resources in preparing the quarterly and annual reporting required by the rule. **.and**
 - c. Quantify the expected adverse impact from the regulation.** Based upon the Division's observations from its management of the fund, the amounts will vary depending on the size, sophistication, and available resources of each organization.
The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a "representative business." Please include the source for your information/estimated impact.

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17. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community? The minimal adverse impact is justified by the need to ensure the fund is used appropriately and for its statutory purpose.

Regulatory Flexibility

18. Does the regulation provide any exemptions or alternative means of compliance for small businesses? No, as certain minimum requirements must be in place to properly safeguard these public funds. However, the Department's grant review committee historically has awarded grants to organizations of all sizes. **Please explain.**

19. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation? The regulation does not provide for any penalties.

20. What resources are available to assist small businesses with compliance of the regulation? The Division's Office of Consumer Affairs manages the fund and is in direct contact with all grant applicants and awardees throughout the process.