

## Section I: Revenues, Expenditures, and Year-End Fund Balances

### Year-end fund balances

In FY 2014, 39 different boards and commissions regulated and licensed various occupations and professions in the state of Ohio. These boards and commissions did not receive any funding from the General Revenue Fund (GRF). Rather, their operations were supported by license fees, fines, penalties, and other assessments deposited into 24 different non-GRF funds.<sup>1</sup> This section of the report presents a review of cash balances in 21 of these funds at the close of FY 2014 (Table 1),<sup>2</sup> as well as operating income and expenditures for each board by fund over the course of their licensing cycles (Table 2). This information helps indicate whether these licensing and regulatory boards and commissions are financially self-supporting.

Table 1 is a simplified cash balance statement covering 21 of the state funds that are used primarily by the boards and commissions. As of July 1, 2013, the first day of FY 2014, these funds had a combined cash balance of \$91.9 million. During FY 2014, a total of \$84.1 million in receipts (including transfers) were deposited into the funds and a total of \$90.5 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2014, the last day of FY 2014, these 21 funds had a combined cash balance of \$85.5 million and outstanding encumbrances of \$4.1 million, leaving the funds with a combined, unobligated cash balance of \$81.4 million. All of the 21 funds finished FY 2014 with positive unobligated cash balances.

In FY 2014, of the \$90.5 million in expenditures made by boards and commissions, \$59.1 million (65.3%) was used for operations and \$31.4 million (34.7%) was transferred out. Of the amount expended for operations, \$44.2 million (74.7%) was for personal services, which includes payroll, fringe benefits, and purchased personal services, \$9.7 million (16.5%) was for supplies and maintenance, \$4.3 million (7.3%) was for subsidies for training and education programs, and the remaining \$0.9 million (1.5%) was for equipment and other miscellaneous expenditures.

Of the \$31.4 million transferred out of the funds used by boards and commissions in FY 2014, the largest transfer was \$25.0 million from the Division of Securities Fund (Fund 5500) to the GRF. A transfer from Fund 5500 to the GRF is generally made each year in accordance with law based on the amount of fees collected

---

<sup>1</sup> One fund has been added to this year's report: the Board of Executives of Long-Term Services and Supports Fund (Fund 5MT0), which was established in the Department of Aging when the Board of Executives of Long-Term Services and Supports (previously known as the Board of Examiners of Nursing Home Administrators) was transferred from the Department of Health.

<sup>2</sup> Table 1, which shows fund cash balances, does not include the three funds that are used mainly for purposes other than board activities: the General Operations Fund (Fund 4700) used by the Department of Health, the Bureau of Motor Vehicles Fund (Fund 4W40) used by the Department of Public Safety, and the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce.

by the Division of Securities that are determined by the Director of Commerce and the Director of Budget and Management to be in excess of the Division's expenses. Of the \$3.2 million transferred from the Trauma and Emergency Medical Services Fund (Fund 83M0) used by the State Board of Emergency Medical, Fire, and Transportation Services (EMS) within the Department of Public Safety, \$2.0 million was transferred to the State Bureau of Motor Vehicles Fund (Fund 4W40) and \$1.2 million was transferred to the Emergency Management Agency Service and Reimbursement Fund (Fund 4V30) based on operational needs. Approximately \$40,000 from the Auctioneers Fund (Fund 5B80) was transferred to the Auction Recovery Fund (Fund 5U10), both used by the Department of Agriculture.

About \$3.2 million was transferred out of the Occupational Licensing and Regulatory Fund (Fund 4K90). Of this amount, \$2.2 million was transferred to funds used by boards for education assistance programs for nurses (Fund 5AC0) and accountants (Fund 4J80). About \$0.9 million was transferred to the Nursing Education Assistance Fund (Fund 6820), used by the Board of Regents, to provide financial assistance to Ohio students enrolled in at least half-time study in approved prelicensure or postlicensure nurse education programs.

#### **Occupational Licensing and Regulatory Fund (Fund 4K90)**

The largest of the 21 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as an operating fund for 25 of the boards and commissions covered in this report. Fund 4K90 finished FY 2014 with a cash balance of \$32.1 million, an increase of \$3.1 million (10.7%) from the beginning cash balance of \$29.0 million. Taking into account the year-end encumbrance of \$0.9 million, Fund 4K90 finished FY 2014 with an unobligated cash balance of \$31.3 million.<sup>3</sup>

Fund 4K90 receipts totaled about \$35.7 million in FY 2014, a decrease of \$4.7 million (11.6%) from FY 2013 receipts of \$40.4 million. Much of this decrease is due to differences in renewal cycles. The majority of biennial licenses issued by several larger boards and commissions are renewed in odd-numbered fiscal years. Fund 4K90 expenditures and transfers out for FY 2014 totaled \$32.6 million, an increase of \$1.8 million (5.8%) from FY 2013 expenditures of \$30.8 million. The difference in expenditures is partially due to the differences in amounts transferred out of Fund 4K90 in each year. When transfers are excluded, expenditures totaled \$29.5 million in FY 2014, about \$611,000 (2.1%) more than FY 2013 expenditures of \$28.8 million.

---

<sup>3</sup> The Fund 4K90 balance reflects the combined cash balance of all boards and commissions operating out of the fund, including the contribution of the State Board of Career Colleges and Schools, which is otherwise not covered in this report.

**Table 1. Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2014**

Fund Name	Fund Code	Beginning Cash Balance	Revenues (Including transfers in)	Expenditures (Including transfers out)	Ending Cash Balance	Year-End Encumbrances	Unobligated Ending Cash Balance
Occupational Licensing and Regulatory Fund	4K90	\$29,008,916	\$35,737,089	\$32,623,602	\$32,122,404	\$861,172	\$31,261,232
Division of Securities Fund	5500	\$22,240,839	\$17,875,502	\$28,957,688	\$11,158,653	\$612,306	\$10,546,347
Trauma and Emergency Medical Services Fund	83M0	\$11,122,537	\$7,621,705	\$8,900,757	\$9,843,485	\$1,514,858	\$8,328,627
Investor Education and Enforcement Expense Fund	5GK0	\$7,422,301	\$259,364	\$29,776	\$7,651,888	\$44,122	\$7,607,766
Consumer Finance Fund	5530	\$6,326,281	\$3,694,548	\$3,461,009	\$6,559,821	\$139,467	\$6,420,354
State Medical Board Operating Fund	5C60	\$2,976,390	\$9,271,961	\$8,144,383	\$4,103,968	\$328,854	\$3,775,114
Division of Real Estate Operating Fund	5490	\$2,969,006	\$3,019,006	\$3,446,878	\$2,541,134	\$194,757	\$2,346,377
Private Investigator and Security Guard Provider Fund	5B90	\$1,817,532	\$1,396,767	\$1,336,352	\$1,877,947	\$191,860	\$1,686,087
Real Estate Appraiser Operating Fund	6A40	\$1,180,162	\$618,857	\$656,653	\$1,142,366	\$47,334	\$1,095,032
Real Estate Recovery Fund	5480	\$1,011,198	\$54,181	\$3,116	\$1,062,264	\$0	\$1,062,264
Real Estate Appraiser Recovery Fund	4B20	\$898,224	\$28,750	\$100	\$926,874	\$0	\$926,874
Nurse Education Grant Program Fund	5AC0	\$893,311	\$2,010,492	\$1,208,156	\$1,695,648	\$0	\$1,695,648
Manufactured Homes Commission Regulatory Fund	5MC0	\$830,897	\$754,430	\$557,955	\$1,027,372	\$146,860	\$880,512
Real Estate Education and Research Fund	5470	\$812,459	\$58,516	\$16,960	\$854,014	\$26,234	\$827,780
CPA Education Assistance Fund	4J80	\$768,415	\$349,480	\$222,088	\$895,808	\$0	\$895,808
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$589,138	\$16,876	\$86,680	\$519,333	\$9,455	\$509,878
Motor Vehicle Dealers Board Fund	5390	\$310,633	\$211,137	\$12,187	\$509,583	\$21,846	\$487,737
Auctioneers Fund	5B80	\$461,096	\$321,538	\$354,605	\$428,028	\$2,000	\$426,028
Board of Executives of Long-Term Services and Supports Fund	5MT0	\$0	\$774,102	\$442,745	\$331,357	\$0	\$331,357
Auction Education Fund	4D20	\$253,075	\$29,014	\$28,711	\$253,377	\$0	\$253,377
Veterinary Student Loan Program Fund	5BU0	\$10,706	\$39,360	\$21,600	\$28,466	\$0	\$28,466
<b>Total</b>		<b>\$91,903,114</b>	<b>\$84,142,675</b>	<b>\$90,512,001</b>	<b>\$85,533,790</b>	<b>\$4,141,125</b>	<b>\$81,392,665</b>

Data Source: The Ohio Administrative Knowledge System

## Revenues and expenditures

After examining a fund's year-end cash balance, it may be helpful to examine a fund's revenue and expenditure patterns without taking into account the beginning cash balance. While a sufficient beginning cash balance may help a board or commission to absorb an operating deficit during a given year, a board or commission with an annual expenditure level consistently exceeding its annual revenue level may eventually have to reduce its expenditures, increase its license fees, or both. Table 2 lists revenues and expenditures for each board and commission at the fund level. It also compares each fund's revenues and expenditures to determine whether the revenues generated during a given period were sufficient to cover the expenditures incurred in that period. Transfers in and transfers out are excluded from this table in order to view board finances only pertaining to operations.<sup>4</sup> Nearly all of the revenue received by the boards and commissions covered in this report comes from license fees.<sup>5</sup> This means that license renewal cycles (generally one, two, or three years) can have a significant effect on annual revenue.

In order to provide a more complete picture of revenue and expenditure patterns for those boards and commissions issuing annual licenses, Table 2 lists their FY 2014 revenues and expenditures by fund. For those boards and commissions issuing biennial licenses, the table lists total revenues and expenditures by fund over the FY 2013-FY 2014 period. Likewise, for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2012-FY 2014 period. Some boards and commissions with biennial or triennial license renewal cycles stagger their license renewal periods to avoid larger fluctuations in revenues and expenditures from year to year.

### Annual renewal cycles

As shown in Table 2, in FY 2014, 12 boards and commissions on annual renewal cycles registered higher revenues than expenditures. The Division of Securities of the Department of Commerce, which regulates the sale of securities and licenses security professionals, registered the largest overall surplus of \$14.1 million. The Division uses two funds: the Division of Securities Fund (Fund 5500), which had a surplus of \$13.9 million, and the Investor Education and Enforcement Expense Fund (Fund 5GK0), which had a surplus of \$229,588. The State Board of Pharmacy registered the next highest revenue surplus of \$546,562 across its five funds. The Board's portion of Fund 4K90 had the largest surplus among boards with annual renewal cycles. The third largest surplus of \$454,134 was registered by the Ohio Construction Industry Licensing

---

<sup>4</sup> Table 2 excludes funds that are primarily used to disburse grants (and are therefore, not used for general board operations): the CPA Education Assistance Fund (Fund 4J80), the Nurse Education Grant Program Fund (Fund 5AC0), and the Veterinary Student Loan Program Fund (Fund 5BU0).

<sup>5</sup> The main exception is the State Board of Emergency Medical, Fire, and Transportation Services, which is primarily funded by fees and fines, such as a portion of moneys collected from seat belt law violations.

Board in the Industrial Compliance Operating Fund (Fund 5560), which is utilized by the Division of Industrial Compliance within the Department of Commerce.

Five boards and commissions on annual renewal cycles registered expenditures at levels higher than their revenues in their portion of Fund 4K90: the Ohio Athletic Commission (\$113,045), the Board of Orthotics, Prosthetics, and Pedorthics (\$37,354), the Motor Vehicle Repair Board (\$32,709), the Hearing Aid Dealers and Fitters Board (\$27,992), and the Board of Sanitarian Registration (\$13,398).

### **Biennial renewal cycles**

In FY 2014, 18 boards and commissions that operate mainly on biennial renewal cycles registered higher revenues than expenditures. The Board of Nursing's portion of Fund 4K90 had the largest surplus of \$7.9 million followed by the State Board of Cosmetology with \$2.4 million. The largest deficit (\$131,997) was registered by Ohio Manufactured Homes Commission in their portion of Fund 4K90, which the Commission uses for operations related to biennial licenses, including manufactured homes installers, dealers/brokers, and salespersons. The State Board of Embalmers and Funeral Directors also had a two-year deficit (\$121,479) in their portion of Fund 4K90.

### **Triennial renewal cycles**

Two of the boards that mainly renew licenses on a triennial basis each registered surpluses over their three-year licensing period: the Board of Emergency Medical, Fire, and Transportation Services with a surplus of \$3.4 million in the Trauma and Emergency Medical Services Fund (Fund 83M0) and the Accountancy Board with a surplus of \$1.8 million in their portion of Fund 4K90. The Department of Commerce's Board of Building Standards registered a deficit of \$319,582 in Fund 5560, and its Division of Real Estate and Professional Licensing registered a deficit of \$960,221 in the Division of Real Estate Operating Fund (Fund 5490), which is used for triennial license renewals (most of the other licenses issued by this Division are renewed on an annual basis).

Table 2. Summary of Revenues and Expenditures by Agency by Fund				
Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>Annual Renewal Cycle, FY 2014</b>				
Division of Securities (Commerce)	Total	\$18,134,866	\$3,987,464	\$14,147,402
	5500	\$17,875,502	\$3,957,688	\$13,917,814
	5GK0	\$259,364	\$29,776	\$229,588
State Board of Pharmacy	Total	\$6,979,349	\$6,432,787	\$546,562
	4K90	\$6,723,546	\$6,076,276	\$647,270
	3BC0*	\$122,791	\$146,476	-\$23,685
	3EY0*	\$0	\$10,253	-\$10,253
	3CT0*	\$116,136	\$113,102	\$3,034
	4A50*	\$16,876	\$86,680	-\$69,804
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,319,373	\$865,239	\$454,134
Division of Industrial Compliance (Commerce)	5560	\$594,641	\$206,446	\$388,195
Division of Financial Institutions (Commerce)	5530	\$3,693,806	\$3,461,009	\$232,797
Ohio Manufactured Homes Commission	5MC0	\$754,430	\$557,955	\$196,475
Board of Executives of Long-Term Services and Supports (Aging)	5MT0	\$611,648	\$442,745	\$168,903
Division of Real Estate and Professional Licensing (Commerce)**	Total	\$760,304	\$676,829	\$83,475
	5480	\$54,181	\$3,116	\$51,065
	4B20	\$28,750	\$100	\$28,650
	5470	\$58,516	\$16,960	\$41,556
	6A40	\$618,857	\$656,653	-\$37,796
State Board of Optometry	4K90	\$410,165	\$337,553	\$72,612
Private Investigator/Security Guard Section (Public Safety)	5B90	\$1,396,767	\$1,336,352	\$60,415
Board of Dietetics	4K90	\$382,915	\$329,723	\$53,192
Ohio Optical Dispensers Board	4K90	\$370,870	\$351,973	\$18,897
State Board of Sanitarian Registration	4K90	\$131,280	\$144,678	-\$13,398
Hearing Aid Dealers and Fitters Licensing Board (Health)	4700	\$143,729	\$171,721	-\$27,992
Motor Vehicle Repair Board	4K90	\$442,276	\$474,985	-\$32,709
State Board of Orthotics, Prosthetics, and Pedorthics	4K90	\$108,930	\$146,284	-\$37,354
Ohio Athletic Commission	4K90	\$174,496	\$287,541	-\$113,045

\*These funds are grant funds, holding funds, or special law funds that do not collect license revenue.

\*\*The total shown for the Board does not include Fund 5490, which is used by the Board for licenses issued on a triennial basis.

**Table 2. Summary of Revenues and Expenditures by Agency by Fund**

Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>Biennial Renewal Cycle, FY 2013-FY 2014</b>				
Board of Nursing	4K90	\$21,721,141	\$13,866,022	\$7,855,119
State Board of Cosmetology***	4K90	\$9,295,056	\$6,911,818	\$2,383,238
State Medical Board	5C60	\$17,507,717	\$16,234,323	\$1,273,394
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	4K90	\$2,437,506	\$1,600,834	\$836,672
State Board of Registration for Professional Engineers and Surveyors	4K90	\$2,343,229	\$1,713,543	\$629,686
Architects Board and the State Board of Landscape Architect Examiners	4K90	\$1,401,616	\$928,505	\$473,111
Ohio State Dental Board	4K90	\$3,290,912	\$2,854,451	\$436,461
Motor Vehicle Dealer Licensing Board (Public Safety)	Total	\$735,334	\$342,198	\$393,136
	5390	\$415,863	\$25,424	\$390,439
	4W40	\$319,471	\$316,774	\$2,697
Veterinary Medical Licensing Board	4K90	\$1,009,650	\$642,665	\$366,985
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$2,725,150	\$2,392,157	\$332,993
State Board of Psychology	4K90	\$1,291,202	\$1,040,396	\$250,806
Board of Speech-Language Pathology and Audiology	4K90	\$1,097,070	\$909,491	\$187,579
Ohio State Barber Board	4K90	\$1,483,311	\$1,299,940	\$183,371
Respiratory Care Board	4K90	\$1,193,062	\$1,025,779	\$167,283
Chemical Dependency Professionals Board	4K90	\$1,014,858	\$860,678	\$154,180
State Chiropractic Board	4K90	\$1,285,020	\$1,142,612	\$142,408
Auctioneers Program (Agriculture)	Total	\$684,410	\$644,917	\$39,493
	5B80	\$630,916	\$583,313	\$47,603
	4D20	\$53,494	\$61,604	-\$8,110
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	4W40	\$113,117	\$67,516	\$45,601
State Board of Embalmers and Funeral Directors	4K90	\$1,314,881	\$1,436,360	-\$121,479
Ohio Manufactured Homes Commission****	4K90	\$686,750	\$818,747	-\$131,997

\*\*\*These amounts do not include \$55,935 in reinstatement fees from the Board's lapsed license amnesty program that were deposited directly into the GRF.

\*\*\*\*These amounts do not include revenues and expenditures related to manufactured home park operator licenses which are renewed annually (Fund 5MC0).

**Triennial Renewal Cycle, FY 2012-FY 2014**

Board of Emergency Medical, Fire, and Transportation Services (Public Safety)	83M0	\$17,200,815	\$13,844,940	\$3,355,875
Accountancy Board	4K90	\$4,588,202	\$2,761,522	\$1,826,680
Board of Building Standards (Commerce)*****	5560	\$242,163	\$561,745	-\$319,582
Division of Real Estate and Professional Licensing (Commerce)	5490	\$8,055,664	\$9,015,885	-\$960,221

\*\*\*\*\*These amounts only represent the Board's licensing activities and do not include other Board activities related to regulating building standards.