

LSC Greenbook

Analysis of the Enacted Budget

Board of Motor Vehicle Collision Repair Registration

*Jason Phillips, Budget Analyst
Legislative Service Commission*

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ATTACHMENT:

Budget Spreadsheet By Line Item

Board of Motor Vehicle Collision Repair Registration

- Budget provides funding of \$288,745 per fiscal year, 13.8% less than the FY 2009 appropriation
- Priority on enforcement against unregistered collision repair shops and consumer outreach

OVERVIEW

Agency Overview

The Board of Motor Vehicle Collision Repair Registration (CRB) was established in 1997 and is responsible for the registration of motor vehicle collision repair operators who perform five or more collision repairs in a 12-month period. CRB's mission is to protect the public and to create a level playing field for all collision repair facilities by ensuring that all facilities are in compliance with state and federal taxation, employment, and environmental laws. The Board makes efforts to register all independent collision repair facilities through mailings, presentations, newspaper and trade magazine articles, and on-site appearances. Nevertheless, some establishments fail to comply with legal requirements and remain unregistered.

CRB's governing authority consists of seven members appointed by the Governor, including five motor vehicle collision repair operators, one member with expertise in mechanical motor vehicle repair, and one member representing the public who has no financial interest in the motor vehicle repair industry. The Board is required to meet at least four times per year. Members receive a per diem amount fixed by state law when attending to CRB matters and are compensated for expenses incurred in the discharge of their duties.

The day-to-day operations are the responsibility of an executive director who is appointed by the Board. Including the executive director, CRB has three full-time employees. The Board receives no GRF moneys; it is entirely supported by registration fees.

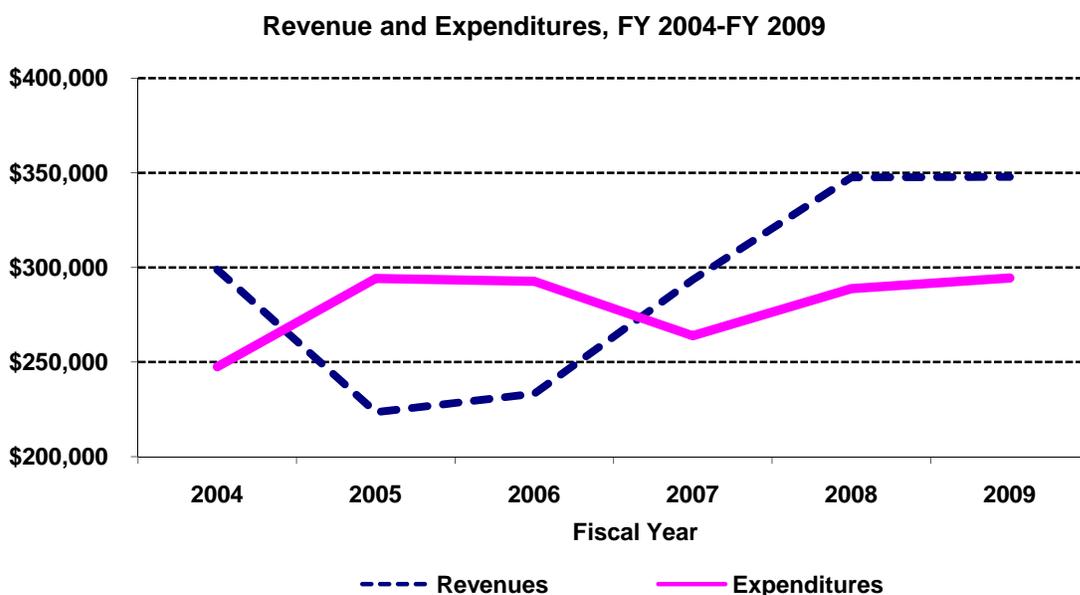
Appropriation Overview

The budget provides funding of \$288,745 in each year of the FY 2010-FY 2011 biennium, an amount that is 13.8% lower than the FY 2009 appropriation and equal to FY 2008 expenditures.

Fee Revenue and Fund 4K90

The fees collected by CRB are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90) established by H.B. 152 of the 120th General Assembly. In addition to CRB, 27 other occupational licensing and regulatory boards and commissions use Fund 4K90 as their primary operating account. Each participating licensing board or commission is expected to be self-sufficient by generating enough revenue to cover expenses.

The chart below shows CRB's revenues and expenditures from FY 2004 to FY 2009. Although expenses outpaced revenues in FY 2005 and FY 2006, the operating deficit was eliminated by an increase in the shop registration fee from \$150 to \$225, approved by the Controlling Board in October 2006. Since then, the Board has run surpluses. The number of registered shops has varied from 1,369 to 1,522 in recent years.



One factor that could affect revenues in the FY 2010-FY 2011 biennium is the weak economy and its impact on collision repair shops. In a poor economy, vehicle owners might delay or forego repairs after an accident if a vehicle is drivable. Consumers might also raise their deductibles in order to lower their insurance premiums. If so, they might not have the funds to pay out-of-pocket for repairs. The other alternative is that consumers might simply opt to spend their insurance checks on items other than vehicle repair. Any of these factors could affect the health of the collision repair business. Although not clear evidence of a trend, 107 registrants went out of business while only 67 new businesses sought registration in FY 2008.

Enforcement Efforts

Media Outreach

In order to increase registration compliance, the emphasis continues to be on increased field contacts, registration of the facilities that have avoided registration, collection of registration fees for prior years, and prosecution of unregistered and noncompliant facilities. In early 2007, CRB began outreach efforts to consumers and insurers through public service announcements on local radio, cable television, and mailings to various government entities that maintain vehicle fleets. The focus was on reminding these groups that collision repairs must be performed by registered collision repair shops. The cost for this initiative has been minimal.

Legal Actions

CRB has attempted to encourage registration by educating collision repair shop owners about the resources it makes available to shop owners, including product information, recalls, legislation affecting the industry, guidance for obtaining liability insurance, consumer protections, and access to laws and regulations within the industry. When this does not work, CRB works with the Office of the Attorney General to bring formal legal actions against facilities that are persistently noncompliant.

To date, CRB has focused its legal actions in five counties where it has found the highest rates of noncompliance: Hamilton, Butler, Clermont, Lorain, and Franklin. There are plans to expand these efforts to six counties in eastern and central Ohio. Legal proceedings against noncompliant establishments can take up to two years from start to finish, during which time noncompliant shops either register or go out of business.

ANALYSIS OF ENACTED BUDGET

CRB's operations are funded by a single line item appropriation from the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the appropriated funding for the line item.

Appropriations for the Board of Motor Vehicle Collision Repair Registration				
Fund	ALI and Name		FY 2010	FY 2011
General Services Fund Group				
4K90	865609	Operating Expenses	\$288,745	\$288,745

This line item supports all of CRB's operating expenses. The budget reduces annual funding for the Board by \$46,250 (13.8%) compared to the previous biennium level of \$334,995 per fiscal year. To operate within this funding level, CRB plans to reduce the number of board meetings to the minimum of four per year, discontinue overnight travel, out-of-state travel, subscriptions, outside training and seminars, and eliminate spending on office temporary services. Other savings will be achieved through employee furloughs and a new office lease that is currently under negotiation.

In FY 2009, CRB registered 1,369 shops, conducted 803 shop visits, oversaw 341 pending prosecutions through the Board's assigned assistant attorney general, issued 185 violation notices, and investigated 147 complaints involving 180 businesses. The table below illustrates these enforcement and investigation activities for FY 2008 and FY 2009.

CRB Enforcement and Investigation Activities, FY 2008-FY 2009		
Activity	FY 2008	FY 2009
Shops Registered	1,522	1,369
Shops Visited	814	803
Pending Prosecutions	368	341
Violation Notices Issued	169	185
Complaints Investigated	93	147

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FY 2010 - 2011 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2008	FY 2009	FY 2010 Appropriations	% Change FY09 - FY10	FY 2011 Appropriations	% Change FY10 - FY11
Report For: Main Operating Appropriations Bill			Version: Enacted					
CRB Board of Motor Vehicle Collision Repair Registration								
4K90	865601	Operating Expenses	\$ 288,745	\$ 294,415	\$ 288,745	-1.93%	\$ 288,745	0.00%
General Services Fund Group Total			\$ 288,745	\$ 294,415	\$ 288,745	-1.93%	\$ 288,745	0.00%
Board of Motor Vehicle Collision Repair Registration Total			\$ 288,745	\$ 294,415	\$ 288,745	-1.93%	\$ 288,745	0.00%