

- The Department of Health (DOH) is required to hire an epidemiologist to serve as a liaison to AGR and the local boards of health. This additional position could lead to additional costs for the Department if it needs to hire an additional FTE.
- DOH and AGR will equally bear the expenses associated with the Retail Food Safety Council, consisting of the Directors of Health and Agriculture plus 12 additional members. The members receive compensation for actual and necessary expenses and the departments are required to provide administrative support to the Council. These costs, in addition to costs associated with training and the biennial conference, would likely be covered by the GRF and the General Operations fund.
- The bill outlines where fines for violating the provisions of this bill are to be deposited. When the licensor of the establishment is AGR, 50 percent of fines are to be deposited in the Food Safety Fund (ORC 915.24). When the licensor of the establishment is DOH, 50 percent of fines are to be deposited in the General Operations Fund (ORC 3701.83). The remaining 50 percent is credited to the general fund of the political subdivision in which the case is prosecuted.

Local Fiscal Highlights

LOCAL GOVERNMENT		FY 1999	FY 2000	FUTURE YEARS
Counties				
Revenues	Potential minimal gain in fine revenue for violations of the Basic Food Code	Potential gain in fine revenue for violations of the Basic Food Code	Potential gain in fine revenue for violations of the Basic Food Code	Potential gain in fine revenue for violations of the Basic Food Code
Expenditures	Potential minimal increase in court costs	Potential increase in court costs	Potential increase in court costs	Potential increase in court costs
Local Health Departments				
Revenues	Gain in revenue from licensing activity and from fine revenue for violations of the Basic Food Code	Gain in revenue from licensing activity and from fine revenue for violations of the Basic Food Code	Gain in revenue from licensing activity and from fine revenue for violations of the Basic Food Code	Gain in revenue from licensing activity and from fine revenue for violations of the Basic Food Code
Expenditures	Offsetting increase associated with licensure and inspection activities plus minimal startup costs for some local health districts	Offsetting increase associated with licensure and inspection activities plus minimal startup costs for some local health districts	Offsetting increase associated with licensure and inspection activities plus minimal startup costs for some local health districts	Offsetting increase associated with licensure and inspection activities

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill outlines where fines for violating the provisions of this bill are to be deposited. When the licensor of the establishment is a local board of health, 50 percent of fines are to be deposited in an appropriate fund created for the board's use in administering the provisions of this chapter and the rules adopted under it applicable to retail food establishments. The remaining 50 percent is credited to the general fund of the political subdivision in which the case is prosecuted.
- For local health departments (LHDs) currently inspecting food establishments, the provisions in this bill will be revenue neutral. For LHDs not currently performing this activity, there will be some start-up costs, but in the long run, the activities will be revenue neutral. The fees charged by LHDs for licensing the

establishments under this bill will be uniform statewide and determined jointly by the Departments of Health and Agriculture.

Detailed Fiscal Analysis

Licensing Retail Food Establishments and the Role of the Department of Agriculture

Current Food Establishment Licensure Process

Under current law grocery stores are required to seek several licenses from both the Ohio Department of Agriculture (AGR) and local health departments. AGR licenses bakery items, frozen foods and desserts, water dispensers, and ice machines stationed on premises. The following is a fee schedule for items typically available at grocery stores:

Product	License Fee
Bakery/Baked Goods	\$30 annually
Frozen Foods	\$25 annually
Frozen Desserts	\$25/machine annually
Water/Bagged Ice	\$100/machine annually

Local health departments, meanwhile, issue separate licenses for sandwiches, pizza, and other foods prepared on site, as well as restaurants within grocery stores. Under current law, local health departments are also responsible for licensing the entire retail operation. As a result, the inspection and licensure criteria vary widely from jurisdiction to jurisdiction.

Proposed Retail Food Establishment Licensure Process

The bill consolidates the retail food licensing process by 1) replacing multiple licenses with a single certificate; and 2) authorizing qualified health departments to license retail food establishments in place of AGR. Under this system the current license fee structure would not support the agency’s Division of Food Safety. Table 2 below shows the number of licenses issued and the fee income generated from the Division of Food Safety’s licensure and inspection program from FY 1995 to FY 1999.

Table 1. AGR licensure data and fee income, AGR’s Food Safety Fund, FY 1995-1998

	FY 1995	FY 1996	FY 1997	FY 1998
Licenses	10,651	9,632	10,694	10,208
Fee Income	\$325,331	\$322,007	\$317,237	\$324,933

The bill would alter the licensing process significantly for typical grocery stores located across the state. First, Section 3717.25(A) would authorize health departments to establish licensure and renewal fees that are sufficient to administer and enforce the food establishment licensure program. To avoid widely disparate fees from jurisdiction to jurisdiction, the bill requires AGR and the Department of Health (DOH) to jointly establish uniform guidelines to calculate these fees.

Second, Section 3717.25(C) permits the Director of Agriculture to determine a supplemental fee that the local licensing authority would collect and pass on to the Department of Agriculture to cover the administrative and operating expenses associated with the program. For example, the local health department may determine that the licensing fee for a grocery store is \$150. The bill permits the local health department to collect an additional fee on behalf of AGR. This fee would then be deposited in the existing Food Safety Fund. A Food Safety Division official anticipates that the income from this supplemental assessment would be sufficient to keep the proposed changes to the state's food safety licensure program "revenue neutral."

Costs Related to the Ohio Basic Food Code and Other Training Responsibilities

AGR's Division of Food Safety employs 22 food safety inspectors whose responsibilities would vastly change as a result of the bill. The bill would curtail the number of inspections and licenses issued by the Division, but would increase the Division's role in training local boards of health in the latest inspection techniques.* Another provision requires AGR to develop rules concerning retail food establishments that would be adopted in the "Ohio Basic Food Code." The Code, which would be developed in conjunction with DOH, would reflect the most current food safety standards imposed by the U.S. Food and Drug Administration. These federal guidelines are revised every two years, and thus the provision would require the Division to provide its staff with ongoing training.

Section 3717.08(B) specifies other training requirements and programs that would impose additional costs on AGR as well as DOH. First, the bill would require both agencies to sponsor training programs for agency staff, boards of health, and representatives from the grocery and restaurant businesses. An AGR official estimates that the costs associated with these conferences would be confined to in-kind expenses such as providing the meeting space and staff support, and that the agency would not charge a registration fee for those attending. The bill does not specify the scope of these conferences, but directs AGR and DOH to develop separate, but coordinated training programs.

Both AGR and DOH would also be required to co-sponsor a biennial statewide food conference. According to the Division of Food Safety, this conference would be patterned after the National Conference for Food Protection. The purpose of these meetings is to convene experts in food safety training, technology, and regulation, and forward their recommendations on to the FDA. Those attending the statewide food conference would pass on their recommendations or concerns to AGR and DOH. It is unclear how much it would cost to sponsor these conferences.

Retail Food Safety Council

The bill establishes the 14-member Retail Food Safety Council. In addition to the Directors of Health and Agriculture, the Council will consist of 12 individuals representing various groups related to food safety and the food industry. The Departments of Health and Agriculture are required under the bill to equally pay for the actual and necessary expenses of the Council members, as well as provide administrative support.

* The Division conducts between 23,000 to 27,000 inspections annually, the bulk of which involves grocery stores. Note that AGR would continue to inspect and license the state's 2,500 soft drink bottlers, canners, syrup manufacturers, and dry goods warehouses.

According to the Department of Health, the expenses associated with the Council should be minimal. Using figures for the Public Health Council as a guide, total annual cost for the Council should total no more than \$10,000. This is based on four meetings per year and associated costs related to meetings and activities required under the bill for the Council.

DOH Expenses

Epidemiologist

Under the bill, DOH and AGR are required to each employ an epidemiologist to serve as a liaison with the other department and with other state agencies, local boards of health, representatives of retail food establishments and food service operations, and the federal government. According to AGR, the position described in section 3717.06 of the bill already exists and is filled. For the Department of Health, however, it is unclear if a new position would need to be established and/or filled. If DOH is unable to satisfy the requirements of this provision with existing staff, it will bear the costs associated with this position.

The pay range for an Epidemiology Investigator 1 starts at \$13.14 per hour (\$27,331 annually). The last step in this range has a salary of \$16.61 per hour (\$34,549 annually). The following table details the potential salaries for the three classes of epidemiologists. In addition to base salary, total payroll costs also include 30 percent in fringe benefits.

Table 2. Salary Ranges for Epidemiologists

Class Title	Range	Step 1 salary	30% Fringe / Total Payroll Cost	Last Step salary	30% Fringe / Total Payroll Cost
Epidemiology Investigator 1 (65761)	29	\$13.14/hour \$27,331/year	\$8,199 in fringe \$35,530 total annual payroll	\$16.61/hour (Step 7) \$34,549/year	\$10,364 in fringe \$44,913 total annual payroll
Epidemiology Investigator 2 (65762)	32	\$16.61/hour \$34,549/year	\$10,364 in fringe \$44,913 total annual payroll	\$23.15/hour (Step 8) \$48,152/year	\$14,445 in fringe \$62,597 total annual payroll
Epidemiology Investigator 3 (65763)	33	\$18.21/hour \$37,877/year	\$11,363 in fringe \$49,240 total annual payroll	\$25.46/hour (Step 8) \$52,957/year	\$15,887 in fringe \$68,844 total annual payroll

Local Health Department Assessments

Under section 3717.11 of the Revised Code, as contained in the bill, the Department of Health is required to determine whether a local health department is qualified and has the capacity to administer and enforce the proposed Chapter 3717. of the Revised Code (the Ohio Basic Food Code). These assessments must be conducted at least once every three years.

According to DOH, assessments similar to those required under the bill are already performed, which would lead to only minimal increases in expenditures, if any. For boards of health deemed incapable of enforcing the Basic Food Code, an alternate licenser will be found to cover the required activities until such time as the local board of health has the resources to perform the required activities.

Courts Activity

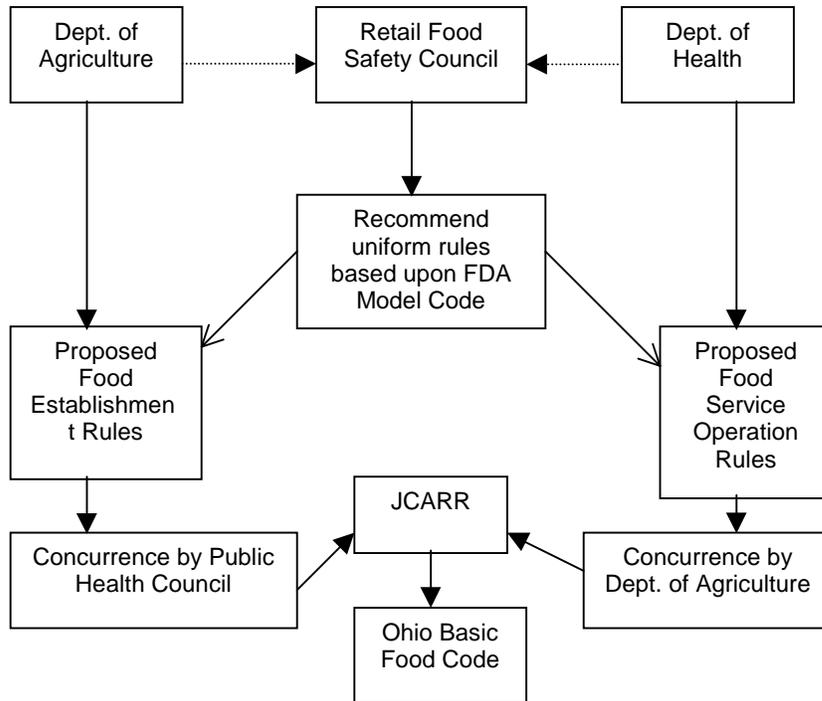
The bill outlines the proper location for the deposit of fines levied for violations of the proposed Chapter 3717. of the Revised Code. For all fines collected, 50 percent shall be credited to the general fund of the political subdivision in which the case is prosecuted. The remaining 50 percent is deposited in one of the following three places:

- 1) For situations when the licensor of a retail food establishment is a local board of health, the remaining 50 percent shall be deposited in an appropriate fund created for the board's use in administering the provisions of Chapter 3717. of the Revised Code and the rules adopted under it applicable to retail food establishments.
- 2) For situations when the licensor of a retail food establishment is the Department of Agriculture, the remaining 50 percent shall be deposited into the state treasury to the credit of the Food Safety Fund created in section 915.24 of the Revised Code.
- 3) For violations involving food service operations, when the licensor is a local board of health, the remaining 50 percent go to the same location as noted in item 1 above. If the licensor of the food service operation is the Department of Health, the remaining 50 percent shall be deposited into the state treasury to the credit of the General Operations Fund created under section 3701.83 of the Revised Code.

In addition to receiving this new potential fine revenue, local courts will have increased expenditures related to court activities in prosecuting violators of the Ohio Basic Food Code.

Process to Establish the Ohio Basic Food Code

The following chart, adapted from the final report of the Ohio Food Safety Council, illustrates the process to be followed by AGR and DOH in establishing the Ohio Basic Food Code.



□ LBO staff: Jeffrey M. Rosa, Budget/Policy Analyst
Nelson D. Fox, Budget/Policy Analyst

\\Budget_office\isis_vol1.lbo\FN123\HB0223in.doc