

# **LSC Greenbook**

**Analysis of the Enacted Budget**

**Architects Board**

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**ATTACHMENT:**

Budget Spreadsheet By Line Item

# Architects Board

- Funding of \$522,055 in FY 2010 and \$550,718 in FY 2011
- Focus on increasing awareness of education assistance scholarship

## OVERVIEW

### Agency Overview

The Architects Board and the State Board of Landscape Architect Examiners (ARC) are two separate boards that operate under a combined budget and share staff and facilities. The governing authority of the Architects Board consists of five members appointed by the Governor, all of whom must be architects who have at least ten years of active practice in this state. The governing authority of the State Board of Landscape Architect Examiners consists of five members appointed by the Governor, including three registered landscape architects, one licensed design professional, and one individual representing the public. Board members receive a per diem in an amount fixed pursuant to state law as well as reimbursement for actual and necessary expenses incurred as part of their duties. The day-to-day operations of both boards are the responsibility of a combined staff of four, including an executive director, two other administrative staff members, and an investigator. The boards receive no GRF moneys; they are entirely supported by fees.

### Appropriation Overview

The budget provides funding of \$522,055 in FY 2010, a 1.6% increase from FY 2009 spending of \$513,893. Funding for FY 2011 is \$550,718, a 5.5% increase over the appropriation for FY 2010.

### Fee Revenue and Fund 4K90

ARC issues certificates of qualification to registered architects and landscape architects, which require biennial renewal, and certificates of authorization to architectural and landscape architectural firms, which require annual renewal. Firms may also receive a dual certificate of authorization that authorizes both architectural and landscape architectural design services. The table below shows current fee amounts. Fees for landscape architectural firms were increased in October, 2008 in order to provide parity with the fees paid by architectural firms.

<b>License Type</b>	<b>Fee</b>
Individual Registration by Reciprocity	\$250
Dual Firm Registration	\$225
Dual Firm Registration Renewal	\$150
Individual Registration Renewal	\$125
Initial Firm Registration	\$125
Firm Registration Renewal	\$100
Initial Individual Registration by Exam	\$50

Fees collected by ARC are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-eight occupational licensing and regulatory boards and commissions, including ARC, use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Although Fund 4K90 is a shared operating pool, each licensing board or commission is expected to be self-sufficient by generating enough revenues to cover its expenses.

Table 2 below shows the revenue and expenditures for ARC over the last five fiscal years, from FY 2004 to FY 2009. As seen in the table, ARC's biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in even-numbered fiscal years. The "on" year of the two-year renewal cycle covers the deficit created in the "off" year when little license fee revenue is received. As the table shows, over recent two-year renewal cycles, ARC's revenues have consistently exceeded expenditures.

	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Revenue	\$996,551	\$144,025	\$1,101,215	\$235,350	\$1,094,737	\$249,872
Expenditures	\$450,336	\$399,376	\$458,120	\$428,187	\$532,275	\$513,893
<b>Net</b>	<b>\$546,215</b>	<b>(\$255,351)</b>	<b>\$643,095</b>	<b>(\$192,837)</b>	<b>\$562,462</b>	<b>(\$264,021)</b>

## ANALYSIS OF ENACTED BUDGET

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

Appropriations for the Architects Board				
Fund	ALI and Name		FY 2010	FY 2011
<b>General Services Fund Group</b>				
4K90	891609	Operating Expenses	\$522,055	\$550,718

This line item is used to pay the operating expenses of both boards under the administrative umbrella of ARC. The amount provided for FY 2010 represents a 1.6% increase from FY 2009 spending of \$513,893 but a 7.6% decrease from FY 2009 appropriations of \$565,141. The amount provided for FY 2011 increases by 5.5% to \$550,718.

The decline in FY 2010 appropriations compared to those of FY 2009 is due to the implementation of two initiatives that were funded in H.B. 119, the main operating appropriations act for FY 2008-FY 2009. That bill provided increased funding for a one-time project to digitize license records; a project that was completed under the amount budgeted for it. The Board's FY 2008-FY 2009 budget also included funding for a program to reimburse students enrolled in one of the state's four accredited architecture schools for the cost of their participation in their intern development programs (IDPs). Participation in that reimbursement program has been less than expected.

The increase in FY 2011 is due mainly to budgeted increases in purchased personal services and personnel, though it is important to note that FY 2010 and FY 2011 amounts budgeted for payroll and fringe benefits are lower than the cost incurred for these purposes in FY 2009. There are two primary reasons for this. First, in some cases current employees are working at lower costs than their predecessors. Second, there is a decline in board member hours due to travel restrictions. Some of the difference can also be attributed to possible differences in the way certain expenses are coded. Overall, the appropriations for FY 2010-FY 2011 allow the Board to continue current service and staffing levels.

### Licenses

To carry out its regulatory responsibility, ARC establishes standards for qualified practitioners and firms. Table 3 shows the number of active licenses issued by ARC as of the end of FY 2007 through FY 2009. The total number of active licenses decreased by

9.3% from FY 2007 to FY 2008, due largely to mandatory continuing education requirements. All Ohio registered architects and landscape architects are now required to earn 24 hours of continuing education every two years in order to renew their licenses. Although active licenses have fallen in the short-term, the number of active licenses at the end of FY 2009 was only 1.4% behind the number at the end of FY 2007.

<b>License Type</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>Percent Change</b>	<b>FY 2009</b>	<b>Percent Change</b>
Architect Certificate of Qualification (individuals)	7,183	6,344	(11.7%)	6,778	6.8%
Architect Certificate of Authorization (firms)	944	1080	14.4%	1,127	4.4%
Landscape Architect Certificate of Qualification	664	523	(21.2%)	623	19.1%
Landscape Architect Certificate of Authorization	51	52	2.0%	86	65.4%
Dual Firm (ARC/LA) Certificate of Authorization	0	22	N/A	31	40.9%
Emeritus Architect	0	0	N/A	72	N/A
<b>Total</b>	<b>8,842</b>	<b>8,021</b>	<b>(9.3%)</b>	<b>8,717</b>	<b>8.7%</b>

### Investigation and Enforcement Statistics

The Boards' regulatory obligations also include investigating complaints concerning alleged violations. Common violations include illegally advertising architectural services by nonarchitects, improper use of a title, code of conduct violations, and offering architectural services through a firm not holding a certificate of authorization. A total of 42 such cases were opened and 40 cases were closed in FY 2008. In FY 2009, 23 cases were opened while 21 were closed. Most cases are resolved by obtaining voluntary compliance or reaching settlement agreements. In FY 2009, there was one revocation. In some cases, no violation is found.

ARC has statutory authority to issue fines against registered architects for various violations or criminal acts. The Revised Code limits the fines to a maximum of \$1,000 for each offense and no more than \$5,000 regardless of the number of offenses a person has committed between the time the fine is imposed and the time any previous fine was imposed. ARC collected \$26,125 in fine revenue in FY 2007. This figure decreased to \$15,225 in FY 2008 and only \$3,000 in FY 2009. ARC attributes the significant decline in fine revenue to the passage of H.B. 285 of the 127th General Assembly, which waived fines or penalties for first-time paperwork violations committed by small businesses.

**FY 2010 - 2011 Final Appropriation Amounts**

**All Fund Groups**

<i>Line Item Detail by Agency</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010 Appropriations</i>	<i>% Change FY09 - FY10</i>	<i>FY 2011 Appropriations</i>	<i>% Change FY10 - FY11</i>
<b>Report For: Main Operating Appropriations Bill</b>		<b>Version: Enacted</b>				
<b>ARC Architects Board</b>						
4K90 891609 Operating Expenses	\$ 532,275	\$ 513,893	\$ 522,055	1.59%	\$ 550,718	5.49%
<b>General Services Fund Group Total</b>	<b>\$ 532,275</b>	<b>\$ 513,893</b>	<b>\$ 522,055</b>	<b>1.59%</b>	<b>\$ 550,718</b>	<b>5.49%</b>
<b>Architects Board Total</b>	<b>\$ 532,275</b>	<b>\$ 513,893</b>	<b>\$ 522,055</b>	<b>1.59%</b>	<b>\$ 550,718</b>	<b>5.49%</b>