

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **State Board of Registration for Professional Engineers and Surveyors**

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**ATTACHMENT:**

Budget Spreadsheet By Line Item

# State Board of Registration for Professional Engineers and Surveyors

- Funding of \$902,772 in each fiscal year, 17.7% more than FY 2009 spending
- Amount is 14.7% lower than the FY 2009 appropriation
- New reciprocal license verification fee

## OVERVIEW

### Agency Overview

The State Board of Registration for Professional Engineers and Surveyors (ENG) regulates the professions of engineering and surveying to protect the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered, and that the services provided by these registrants are consistent with established standards and codes of ethics. ENG's governing body consists of five members appointed by the Governor, including four professional engineers (one of which must also be a professional surveyor) and one professional surveyor, each of whom must meet certain qualifications. The Board must meet at least twice per year, but normally meets monthly. Members receive a per diem amount fixed by state law when attending to Board matters and are compensated for expenses incurred in the discharge of their duties. ENG's day-to-day operations are handled by an executive director who is appointed by the Board. Including the Executive Director, ENG has eight full-time staff. The Board receives no GRF; it is entirely supported by fees.

### Appropriation Overview

The budget appropriates \$902,772 in each fiscal year, an amount that is 17.8% higher than FY 2009 spending of \$766,545 and equal to FY 2008 expenditures. The Board's appropriations in the FY 2008-FY 2009 biennium were approximately \$1.1 million per year.

### Fee Revenues and Fund 4K90

Table 1 below shows the current fees the Board charges to register professional engineers, professional surveyors, and professional engineering and surveying firms. Registrations must be renewed on an annual basis. The acronym NCEES stands for National Council of Examiners for Engineering and Surveying, a nonprofit organization made up of the engineering and surveying licensing boards across the United States

and its territories. This organization is responsible for the development, scoring, and administration of the examinations used for engineering and surveying licensure throughout the country.

<b>Table 1. License Fees</b>	
<b>License Fee</b>	<b>Amount</b>
Standard or NCEES Professional Surveyor Comity Application	\$455
NCEES Modal Law Professional Engineer Comity Application	\$450
Standard or NCEES Professional Engineer Comity Application	\$415
Principles and Practice of Engineering (PE) and Surveying (PS) Exam Application	\$75
Final Registration Fee for Engineers and Surveyors passing PE and PS Exam	\$50
Firm Certificate of Authorization Application Fee	\$50
Dual Registration Renewal (Professional Engineer and Professional Surveyor)	\$40
Fundamentals of Engineering (FE)/Fundamentals of Surveying (FS) Exam Application	\$25
Firm Certificate of Authorization Renewal Fee	\$25
Reciprocal License Verification Fee (new)	\$24
Professional Engineer/Professional Surveyor Renewal	\$20

ENG recently increased two fees and the budget adds a new fee. In August of 2008, the Principles and Practice of Engineering (PE)/Principles and Practice of Surveying (PS) exam application fee was raised from \$25 to \$75, and the final registration fee for individuals passing the PE or PS exams was increased from \$30 to \$50. The budget enacts a new fee of \$24 for reciprocal license verification. The fee amount is based on actual staff time involved in processing reciprocity applications and is expected to generate approximately \$30,000 each fiscal year. Seventeen other states and the District of Columbia have similar verification fees, ranging from \$10 to \$30.

Fees collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-eight occupational licensing and regulatory boards and commissions, including ENG, use Fund 4K90 as an operating account to support their activities. The expectation is for every board to be self-sufficient, generating enough revenues to cover expenses.

Table 2 below shows ENG's revenue and expenditure history from FY 2005 to FY 2009. Revenues have exceeded expenditures consistently. Because of a new requirement that professional engineers and professional surveyors complete 15 hours of continuing professional development each year, license fee revenue has been declining in recent years. Though FY 2008 license fee revenue dropped by over \$57,000 (5.7%), offsetting this loss was a reimbursement of \$67,632 in unused postage after ENG began using the state's mail services offered through the Department of Administrative Services. Estimated revenue is about \$1.09 million in FY 2010 and

\$1.11 million in FY 2011, though poor economic conditions, if they persist, may reduce the actual amount of revenue generated.

<b>Table 2. Revenues and Expenditures, FY 2005 to FY 2009</b>					
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Revenues	\$1,024,443	\$1,107,600	\$1,045,953	\$1,051,560	\$957,601
Expenditures	\$868,048	\$760,986	\$795,831	\$902,772	\$766,545
<b>Net</b>	<b>\$156,395</b>	<b>\$346,614</b>	<b>\$250,122</b>	<b>\$148,788</b>	<b>\$191,056</b>

## ANALYSIS OF ENACTED BUDGET

ENG's operations are funded by a single line item appropriation within the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the Board's funding for each year of the biennium.

<b>Appropriations for the State Board of Registration for Professional Engineers and Surveyors</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2010</b>	<b>FY 2011</b>
<b>General Services Fund Group</b>				
4K90	892609	Operating Expenses	\$902,772	\$902,772

This line item supports all of ENG's operating expenses. The funding provided for each year of the FY 2010 and FY 2011 biennium is identical to FY 2008 actual spending and represents a 14.7% decrease from annual appropriations for the FY 2008-FY 2009 biennium of approximately \$1.1 million. The annual appropriations for the FY 2010-FY 2011 biennium are 17.8% higher than FY 2009 spending of \$766,545. Lower spending in FY 2009 is related to timing issues with rent payment and one-time and ongoing savings in the areas of maintenance and postage.

For instance, FY 2009 rent, approximately \$53,000, posted in FY 2008. Also, like all other boards using the E-licensing system, ENG did not incur system maintenance costs during FY 2009, saving \$17,000. ENG will be billed for both of these costs during FY 2010. ENG also reduced postage and printing costs by using State Mail and State Printing, eliminated grade letters to candidates, which is now done electronically by examination administrator, and enhanced its web site with online forms, also resulting in reduced printing and mailing costs.

To operate within the FY 2010-FY 2011 appropriation levels, the Board will not seek to restore a ninth position in its personnel ceiling; will reduce board meetings, staff travel, equipment and supplies purchases, contracts for hearing and examination consultants; and will eliminate the contract for temporary office services and an E-licensing customization project.

### Licenses

Table 3 shows the number of active registrations issued by ENG as of the end of FY 2007, FY 2008, and FY 2009. The total number of active registrations decreased by over 17% from FY 2007 to FY 2009, due primarily to the new continuing professional development requirement that is described in more detail below.

Registration	FY 2007	FY 2008	FY 2009
Professional Engineer	30,087	25,118	24,684
Professional Surveyor	1,711	1,445	1,406
Dual Registration	984	798	763
Firm	2,034	1,970	2,002
<b>Total</b>	<b>34,816</b>	<b>29,331</b>	<b>28,855</b>

### Continuing Professional Development Audits

H.B. 322 of the 125th General Assembly mandated that professional engineers and surveyors complete 15 hours of continuing professional development (CPD) each year. Beginning in calendar year 2008, registrants seeking renewal were to have completed the required number of hours over the past year. For the FY 2010-FY 2011 biennium, the Board is working to increase the number of CPD audits conducted. The goal is to audit 5% to 10% of registrants to ensure that they are meeting the CPD requirement. Because of staffing constraints, only 100 registrants were audited in FY 2008, three of whom were found to have not completed the necessary coursework. During FY 2009, the Board conducted 259 audits. By statute, noncompliant registrants have up to six months to attend the necessary classes.

### Investigation and Enforcement Statistics

The Board's regulatory obligations also include investigating complaints that allege a violation of the Board's practice statute. Table 4 below summarizes the Board's enforcement statistics for FY 2008 and FY 2009.

Enforcement Action	FY 2008	FY 2009
Complaints Investigated	80	85
Complaints Closed	98	88
Formal Investigations Opened	11	25
Formal Investigations Closed	19	30
Disciplinary Hearings	7	6

### Professional Engineer or Surveyor Registration Verification

The budget provides the Board with the authority to charge a fee to verify applications for registration based on reciprocity agreements with other states. Under such agreements, any person may be registered as a professional engineer or professional surveyor in Ohio once the Board receives a verification form, which presumably would come from either the registrant or any other person or state. Based

on actual staff time required to process reciprocity applications, the Board set the fee at \$24. This is expected to generate approximately \$30,000 in additional revenue in each fiscal year that would be deposited in Fund 4K90.

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**FY 2010 - 2011 Final Appropriation Amounts**

**All Fund Groups**

<b>Line Item Detail by Agency</b>			<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010 Appropriations</b>	<b>% Change FY09 - FY10</b>	<b>FY 2011 Appropriations</b>	<b>% Change FY10 - FY11</b>
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>ENG State Board of Engineers and Surveyors</b>								
4K90	892609	Operating Expenses	\$ 902,772	\$ 766,545	\$ 902,772	17.77%	\$ 902,772	0.00%
<b>General Services Fund Group Total</b>			<b>\$ 902,772</b>	<b>\$ 766,545</b>	<b>\$ 902,772</b>	<b>17.77%</b>	<b>\$ 902,772</b>	<b>0.00%</b>
<b>State Board of Engineers and Surveyors Total</b>			<b>\$ 902,772</b>	<b>\$ 766,545</b>	<b>\$ 902,772</b>	<b>17.77%</b>	<b>\$ 902,772</b>	<b>0.00%</b>