

Board of Embalmers and Funeral Directors

House Agriculture and Development Subcommittee

Jason Phillips, Budget Analyst

Legislative Service Commission

February 23, 2005

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LSC Redbook

for the

Board of Embalmers and Funeral Directors

House Agriculture and Development Subcommittee

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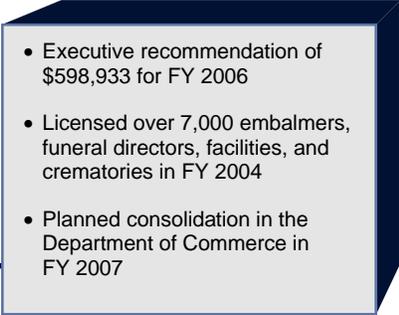
Legislative Service Commission

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February 23, 2005

Board of Embalmers and Funeral Directors

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- Executive recommendation of \$598,933 for FY 2006
 - Licensed over 7,000 embalmers, funeral directors, facilities, and crematories in FY 2004
 - Planned consolidation in the Department of Commerce in FY 2007

OVERVIEW

The Board of Embalmers and Funeral Directors is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the Fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

Embalmers have been licensed in the state since 1902. Beginning in 1933, funeral directors were required to be licensed. In 1984, Ohio required funeral homes also to be licensed. Most recently, crematories were added to the umbrella of licensees and facilities regulated by the Board of Embalmers and Funeral Directors.

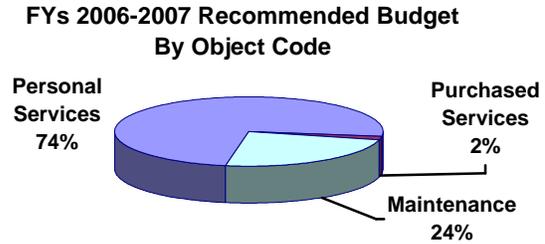
Executive Recommendation for FYs 2006-2007

The executive budget recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommends no funding in FY 2007 for the boards and commissions. The specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM's *Blue Book*, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each agency will be retained and continue to serve in the manner in which they were appointed.

The Executive recommended funding for the Board of \$568,126 for FY 2006, representing an increase of 2.4% over FY 2005 estimated spending. The Executive recommends no appropriation in FY 2007 as the

Board of Embalmers and Funeral Directors is slated for consolidation within the Department of Commerce.

The adjacent pie chart illustrates the Board of Embalmer and Funeral Director’s executive recommendation for FYs 2006-2007 by object code. Like many other licensing and regulatory boards, the vast majority of the Board’s expenses are for personal services, such as payroll, health care, and fringe benefit costs. The Governor’s recommendation includes an increase in personal service spending of 3.4% in FY 2006 over FY 2004 levels.



Revenues and Expenditures

The adjacent table illustrates the Board’s revenue and expenditures from FY 2001 to FY 2004. The Board of Embalmers and Funeral Directors changed from an annual renewal cycle to a biennial renewal cycle in FY 2003. Licenses were renewed most recently in December 2004 for the years 2005 to 2006. For clarity of presentation, the Board’s revenues and expenditures for FYs 2001 and 2002 have been combined to make a comparison with the most recent renewal cycle during FYs 2003 and 2004. Revenues for the FY 2003-2004 period were \$1,061,967.

FUN Revenues and Expenditures by Renewal Cycle

	FYs 2001-2002	FYs 2003-2004
Revenues	\$1,065,855	\$1,061,967
Expenditures	\$912,242	\$1,056,140
Net	\$153,613	\$5,827

According to data submitted to LSC in October 2004 for the *Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2004*, the Board’s expenditures for the FY 2003-2004 renewal cycle were \$1,056,140. Compared with revenue of \$1,061,967, the Board realized a net gain of \$5,827 for the two-year span. In addition to increased payroll expenses, implementation of the CAVU licensing system will create additional expenses for the Board that it had not previously incurred. The share of the CAVU cost the Board must bear (based on the number of licenses in its database) is approximately \$2,738 for FY 2006. However, the Governor’s recommendation includes additional funding above estimated FY 2005 levels to offset these charges. The Board is also in the position of having to absorb increased Department of Administrative Services (DAS) charges for central service support. Charges for FY 2004 were \$11,056 and are estimated at \$13,455 for FY 2005.

Staffing Levels

The Board added a new position of administrative assistant in July 2004. The new employee handles compliance and complaint issues and works with the entire staff on the new licensing system.

Board of Embalmers and Funeral Directors Staffing Levels						
Program Series/Division	2002	2003	2004	2005	<i>Estimated</i>	
					2006	2007
Board Members	7	7	7	7	7	7
Administrative Staff	4	4	5	5	5	*
Investigators	2	2	2	2	2	*
Totals	13	13	14	14	14	*

* In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, significant staff reductions are expected as a result of the implementation of a hiring freeze and early retirement incentives. Remaining staff will be transferred to the departments of Health, Commerce, or Public Safety in FY 2007. Board and commission members will be retained.

FACTS AND FIGURES

Licenses

Currently the Board licenses over 7,000 embalmers, funeral directors, facilities, and others in the profession. Biennial renewal began October 2003.

FUN Licenses by License Type for FYs 2002-2004

License Type	FY 2002	FY 2003	FY 2004
Funeral Homes	1,261	1,234	1,232
Funeral Directors	3,194	3,118	3,105
Funeral Director Registration	100	83	69
Funeral Director Apprentice	129	85	79
Embalmers	2,455	2,370	2,361
Embalmers Registration	64	49	44
Embalmers Apprentice	70	56	48
Embalmers Facility	0	0	0
Crematory	69	74	73
Total	7342	7069	7011

Fee Schedule

In FY 2004, the Board increased fees for initial licenses and renewals for embalmers and funeral directors by \$20, an increase of 16.7%.

FUN Fees by License Type

License	Fee
Funeral Director/Embalmer- Initial	\$140
Funeral Director/Embalmer- Renewal	\$140
Funeral Home- Initial	\$250
Crematory/Embalmers Facility- Initial	\$200
Funeral Director/Embalmer Registration	\$25
Funeral Director/Embalmer - Apprentice	\$10

ANALYSIS OF EXECUTIVE PROPOSAL

Board of Embalmers and Funeral Directors

Purpose: License and regulate the professions of embalmer and funeral director and facilities including funeral homes and crematories

The following table shows the line items that are used to fund the Board of Embalmers and Funeral Directors as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4K9	881-609	Operating Expenses	\$598,933	\$0
Total Funding: State Board of Embalmers and Funeral Directors			\$598,933	\$0

Program Description: In accordance with Chapter 4717. of the Revised Code, the Board of Embalmers and Funeral Directors licenses and regulates embalmers, funeral directors, funeral homes, and crematories and resolves complaints against any of those who are regulated.

Funding Source: GSF Fund 4K9

Line Items: 881-609, Operating Expenses

Implication of Executive Recommendation: The executive recommendation does not fully fund the Board of Embalmers and Funeral Directors’ budget request. The Governor’s proposal recommends FY 2005 level spending (estimated to be \$594,870) with an additional \$4,063 to help offset costs associated with the implementation of the CAVU licensing system and its firewall. Currently, the Board has not made any decisions concerning its plans with the funding recommended by the Governor. The Board states that longer response times to inspections and complaints and delays in licensing individuals and facilities might occur as a result of the Governor’s recommended funding.

Temporary Law: Board Consolidation (Section 315.03) The Executive's recommendation includes a provision that consolidates the Board of Embalmers and Funeral Directors into the Department of Commerce beginning in FY 2006. The provision also includes the creation of a transition team to plan and effectuate the proposed merger of the Board within the Department of Commerce. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

REQUESTS NOT FUNDED

Board of Embalmers and Funeral Directors- Operating Expenses						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
881-609	\$615,831	\$598,933	(\$16,898)	\$626,502	\$0	(\$626,502)

The Board submitted an Extended Program Budget Request to OBM to maintain current service levels. However, this extended request was not funded. Currently, the Board has not made any decisions concerning its plans with the funding recommended by the Governor. As the Board is to merge with the Department of Commerce according to the Governor's plan, no appropriation is planned for FY 2007 in this budget bill.

General Services Fund Group

4K9 881-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$475,335	\$505,321	\$499,150	\$594,870	\$598,933	\$0
	6.3%	-1.2%	19.2%	0.7%	-100.0%

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4717.02 and 4743.05; Section 44 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation is used to support general operating expenses, including payroll, supplies, and equipment for the Board of Embalmers and Funeral Directors of Ohio. The Board protects consumers by regulating the funeral services profession through the licensure of embalmers, funeral directors, funeral homes, crematories, and embalming facilities.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<i>FUN Embalmers and Funeral Directors, State Board of</i>								
4K9	881-609	Operating Expenses	\$ 499,150	\$594,870	\$ 598,933	0.7%	\$ 0	-100.0%
General Services Fund Group Total			\$ 499,150	\$ 594,870	\$ 598,933	0.7%	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 499,150	\$ 594,870	\$ 598,933	0.7%	\$ 0	-100.0%