

# **State Board of Examiners of Architects and State Board of Examiners of Landscape Architects**

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst*

*Legislative Service Commission*

*April 21, 2005*

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**LSC Redbook**  
**for the**  
**State Board of Examiners of Architects and**  
**State Board of Examiners of**  
**Landscape Architects**

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*April 21, 2005*

# State Board of Examiners of Architects and State Board of Examiners of Landscape Architects

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- Two boards share professional staff
  - Increase of nearly 5% in licensed individuals from FY 2003 to FY 2004
  - Planned consolidation into the Department of Commerce in FY 2007

## OVERVIEW

The State Board of Examiners of Architects and the State Board of Examiners of Landscape Architects are 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.

The State Board of Examiners of Architects and the State Board of Examiners of Landscape Architects are two separate boards that operate under a combined budget and share staff and facilities. Each Board meets independently. Both Boards protect the public by licensing and regulating the professions of architecture and landscape architecture.

### *Executive Recommendation of FYs 2006-2007*

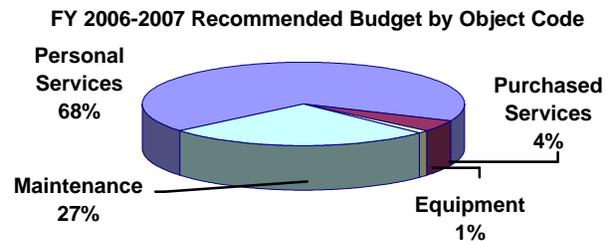
The executive budget recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommends no funding in FY 2007 for the boards and commissions. The specifics of the consolidation plan will be addressed 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 service in the manner in which they were appointed.

The Executive recommended funding for the Board of \$489,197 for FY 2006, representing an increase of 2.0% over estimated FY 2005 spending of \$479,574. The Executive recommends no appropriation in FY 2007 as the Boards are slated for consolidation within the Department of Commerce.

Both Boards renew their individual licenses on a biennial basis in odd calendar years. Firms renew their licenses annually. The Boards’ combined revenue for the FY 2004-2005 biennium was \$1,131,935. The Boards do not anticipate a change in fees and expects revenue to remain stable in the next biennium.

<b>ARC Revenues and Expenditures by Biennium</b>		
	<b>FYs 2002-2003</b>	<b>FYs 2004-2005 (est.)</b>
<b>Revenue</b>	\$1,107,476	\$1,131,935
<b>Expenditures</b>	\$798,425	\$929,911
<b>Net</b>	\$309,051	\$202,024

The Boards’ combined expenditures for the FY 2004-2005 biennium were \$929,911. The Boards’ net gain for this renewal cycle was \$202,024. The following pie chart illustrates the Boards’ expenses by object code for the FY 2006-2007 biennium. Like many other occupational licensing and regulatory boards, personal services spending comprise the vast majority of the Boards’ expenditures. While the executive recommendation for FYs 2006-2007 reduces personal services spending by 3.4% over estimated FY 2005 levels, increases in personal services spending has driven total expenditure increases recently.



**Increased Costs**

The expenditures of the Boards are expected to rise due to increases in payroll and health care costs in addition to fees charged by the Central Services Agency in the Department of Administrative Services for centralized support services. Offsetting these charges now are lower costs for the executive director, a reduction of overhead by regularly scheduling investigators and inspections, and a more proactive enforcement method, which has lead to an increase in the number of licensees. In addition, the Boards are researching legislation that would grant them fining authority. The Boards state that if such authority is granted, fines could potentially generate new revenue to the General Revenue Fund.

**Increase in Licenses – Increased Revenue**

According to the Boards, prices for construction commodities such as steel, concrete, lumber, wallboard, and oil soared in 2004, negatively impacting the profitability of architectural firms. Because of this situation, architecture firms have been more likely to hire staff and seek reciprocal licensure from other states to solicit business. Economic downturns and firm layoffs also lead to the creation of more firms due to the increase in sole proprietors. The number of firms licensed by the Boards in 2004 increased dramatically over 2003 and the Boards believe that the trend will continue in 2005, a trend that has a positive effect on agency revenues.

**Staffing Levels**

The architecture board meets about eight to ten times per year, while the landscape architecture board meets four to five times. The Boards are researching adding a public board member, as they are one of the few architects boards in the nation that do not include a member of the general public.

<b>State Boards of Examiners of Architects and Landscape Architects Staffing Levels</b>						
<b>Program Series/Division</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<i>Estimated</i>	
					<b>2006</b>	<b>2007</b>
Board Members- Architecture	5	5	5	5	5	5
Board Members- Landscape Architects	5	5	5	5	5	5
Administrative Staff	3	3	3	3	3	*
Investigators	1	1	1	1	1	*
<b>Totals</b>	14	14	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

Combined, the Boards licensed nearly over 8,000 professional architects, landscape architects, and firms in FY 2004. More precisely, the Boards licensed 6,816 architects, 608 landscape architects, and issued 860 certificates of authorization to architectural firms to practice in Ohio in FY 2004. Compared to FY 2003, the Boards saw an increase of 4.9% in the number of licensed individuals. The Board attributes the increase to greater awareness on the part of firms due to pro-active enforcement efforts and an improving economy where more construction has led to more architecture firms.

**ARC Licensees by License Type for FYs 2003-2004**

License Type	FY 2003	FY 2004	% Change 2003-2004
Certificate of Qualification - Architect	6571	6816	3.7%
Certificate of Authorization - Architect	701	809	15.4%
Certificate of Qualification - Landscape Architect	588	608	3.4%
Certificate of Authorization - Landscape	36	51	41.7%
<b>TOTAL LICENSES - ALL TYPES</b>	<b>7896</b>	<b>8284</b>	<b>4.9%</b>

### Fee Schedule

Each Board renews its licenses on a biennial basis. Fees for landscape architects were last increased in October 1999. The table below includes each category of licensure and the amount of the fee. The only difference in fees between the Architects Board and the Landscape Architects Board is the certificate fee, with architects paying \$20 and landscape architects paying \$10.

**ARC Licenses and Fees**

Fee	Architects	Landscape Architects
Application/Exam	\$50	\$50
Application/Reciprocity	\$200	\$200
Application/Certificate of	\$100	\$100
Renewal/Registration	\$120	\$120
Renewal/Certificate of Authorization	\$50	\$50
Certificate	\$20	\$10
Reinstatement*	varies	varies
Replace Certificate	\$20	\$20
Replace Renewal Card	\$10	\$10

\* Reinstatement fees are based on the renewal fee plus the penalty for each year license lapsed (max. \$500)

## ANALYSIS OF EXECUTIVE PROPOSAL

### State Board of Examiners of Architects and State Board of Examiners of Landscape Architects

**Purpose:** License and regulate the professions of architecture and landscape architecture

The following table shows the line items that are used to fund the State Boards of Examiners of Architects and Landscape Architects as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Services Fund</b>				
4K9	891-609	Operating Expenses	\$489,197	\$0
<b>Total Funding: State Board of Examiners of Architects and State Board of Examiners of Landscape Architects</b>			<b>\$489,197</b>	<b>\$0</b>

**Program Description:** In accordance with Chapter 4703. of the Revised Code, the Board of Examiners of Architects and the Board of Examiners of Landscape Architects protect the public health, safety, and welfare through the regulation of the practice of architecture and landscape architecture, respectively.

**Funding Source:** GSF Fund 4K9

**Line Items:** 891-609, Operating Expenses

**Implication of Executive Recommendation:** The Executive's recommendation allows the State Board of Examiners of Architects and State Board of Examiners of Landscape Architects to maintain current service levels for FY 2006 and provides an additional \$9,623 to help offset the costs of the CAVU licensing system.

**Temporary Law:**

**Board Consolidation (Section 315.03).** The Executive's recommendation includes a provision that consolidates the State Board of Examiners of Architects and State Board of Examiners of Landscape Architects into the Department of Commerce beginning in FY 2006. The provision also includes the creation of a transition team to ensure the consolidation occurs smoothly and on schedule. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

## **REQUESTS NOT FUNDED**

The Board's program budget request was fully funded for FY 2006 with an additional \$9,623 to help cover costs associated with implementing the CAVU licensing system. There is no appropriation for FY 2007, as the Boards are slated for consolidation within the Department of Commerce under the Governor's recommendations. An operating appropriation for FY 2007 would likely be made when this plan is finalized in FY 2006.

## General Services Fund Group

### 4K9 891-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$413,976	\$384,448	\$450,337	\$479,574	<b>\$489,197</b>	<b>\$489,197</b>
	-7.1%	17.1%	6.5%	<b>2.0%</b>	<b>0.0%</b>

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

**Legal Basis:** ORC 4703.01 and 4743.05; Section 16 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:** Funds are used for general operating expenses, including payroll, supplies, and equipment.

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

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2005</i>	<i>As Introduced 2006</i>	<i>House Passed 2006</i>	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	<i>House Passed 2007</i>	<i>% Change House 2006 to House 2007</i>
<b>ARC</b>		<b>Architects, State Board of Examiners of</b>							
4K9	891-609	Operating Expenses	\$479,574	\$ 489,197	\$ 489,197	2.0%	\$ 0	\$ 489,197	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 479,574</b>	<b>\$ 489,197</b>	<b>\$ 489,197</b>	<b>2.0%</b>	<b>\$ 0</b>	<b>\$ 489,197</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 479,574</b>	<b>\$ 489,197</b>	<b>\$ 489,197</b>	<b>2.0%</b>	<b>\$ 0</b>	<b>\$ 489,197</b>	<b>0.0%</b>

## As Introduced (Executive)

## As Passed by the House

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**(CD-892-ARC) State Boards of Examiners of Architects Imposing Fines Against Certificate Holders**

No provision.

**R.C. 4703.15**

Permits the State Boards of Examiners of Architects, in addition to disciplinary actions the Boards may take against holders of a certificate of qualification that violate the Boards' rules, to also impose a fine against a certificate holder, which may not be more than \$1,000 for each offense. The total fine cannot exceed \$5,000, regardless of the number of offenses the certificate holder has committed between the time the fine is imposed and the time any previous fine was imposed.

Fiscal effect: Potential increase in revenue to the Occupational Licensing and Regulatory Fund (Fund 4K9) as a result of fines being assessed against certificate holders.

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**As Introduced (Executive)****As Passed by the House****(CD-420-ARC) Consolidation of Regulatory Boards****Section: 315.03**

Consolidates the occupational licensing boards into the departments of Health, Public Safety, or Commerce not later than July 1, 2006. In the case of the State Boards of Examiners of Architects, the Board will be consolidated into the Department of Commerce. The directors of Budget and Management, Administrative Services, Commerce, Health, and Public Safety shall appoint representatives to a transition team. The team shall develop a plan for the smooth and timely consolidation of the boards and shall also address the details of the consolidation. The team shall submit a report containing recommendations and the details of the consolidation not later than December 31, 2005 to the Governor, Speaker of the House, and President of the Senate. A bill will be introduced in fiscal year (FY) 2006 that will include the necessary statutory changes and appropriations for consolidation. (See the item entitled "Consolidation of Regulatory Boards" in the Department of Commerce).

Fiscal effect: The Board will receive no appropriation in FY 2007. The total fiscal effect is unknown at this time since the specifics of the transfer will not be addressed until FY 2006.

**Sections: 315.03, 203.36**

Removes the Boards of Examiners of Architects and Landscape Architects from the proposal to consolidate certain regulatory boards into the departments of Commerce, Health, and Public Safety.

Fiscal effect: Establishes appropriations for FY 2007 at FY 2006 recommended levels. It may be that costs for central services may increase as there would be fewer boards benefiting from cost-pooling for human resources, accounting, and IT support services managed by DAS-Central Services Agency.