

Manufactured Homes Commission

Senate Finance and Financial Institutions Committee

Jason Phillips, Budget Analyst

Legislative Service Commission

May 12, 2005

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LSC Redbook for the Manufactured Homes Commission

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TABLE OF CONTENTS

Overview	1
<i>Executive Recommendation for FYs 2006-2007</i>	1
<i>Composition of Commission</i>	2
<i>Licensing</i>	2
<i>Investigations and Fining Authority</i>	2
<i>Staffing Levels</i>	3
Analysis of Executive Proposal	4
Requests Not Funded	5
Attachments:	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item: Executive to House Passed	
Compare Document: Permanent and Temporary Law	

May 12, 2005

Ohio Manufactured Homes Commission

- Created in 2004 by S.B. 102 of the 125th General Assembly
- Executive recommendation of \$272,000 in FY 2006
- Planned consolidation within the Department of Commerce in FY 2007

OVERVIEW

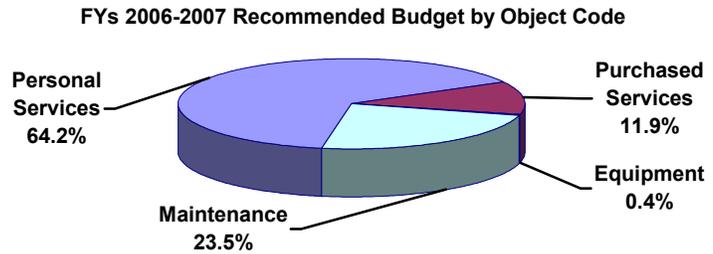
S.B. 102 of the 125th General Assembly established the Ohio Manufactured Homes Commission (MHC). The Manufactured Homes Commission received funding of \$218,330 to begin operations through the Controlling Board on November 15, 2004. The Commission regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems. However, the Department of Health inspects the installation of manufactured housing in manufactured home parks and must determine compliance with the installation, foundation, and base support system standards for manufactured housing located in manufactured home parks. The Commission is also empowered to review the design of and plans for manufactured housing installations, foundations, and support systems and to inspect a sample of homes at a percentage the Commission determines to evaluate the construction and installation of manufactured housing installations, foundations, and support systems to determine compliance with the adopted standards.

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 recommends funding for the Commission of \$272,500 for FY 2006, representing an increase of 24.8% over FY 2005 estimated spending. It should be noted that the FY 2005 amounts only represent spending planned for November 2004 through June 2005, due to the Commission's creation during the fiscal year. The Executive recommends no appropriation in FY 2007 as the Manufactured Homes Commission is slated for consolidation within the Department of Commerce.

The adjacent pie chart illustrates the Manufactured Homes Commission 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.



Composition of Commission

The Manufactured Homes Commission consists of nine members, six of which must be chosen from a list of recommendations provided by the Ohio Manufactured Homes Association. Each member serves a maximum of two four-year terms ending on December 31st. The Governor appoints a member that must represent the Board of Building Standards, a member that must represent the Department of Health and a member whose primary residence is a manufactured home. The President of the Senate appoints two manufactured housing installers that must have at least five years experience installing manufactured homes and one member who manufactures manufactured homes. The Speaker of the House appoints one member who operates a manufactured or mobile home retail business in Ohio, one member who is a manufactured home park operator or employee of an operator, and one member to represent the Ohio Manufactured Homes Association. The Commission is required to meet at least three times each calendar year. Commission members receive no compensation for serving on the Commission, but will be reimbursed for expenses, including travel expenses.

Licensing

The Manufactured Homes Commission renews its licenses on a biennial basis. Also, a licensee must show that he or she has complied with the requirements of the Commission, including meeting any continuing education requirements the Commission might establish. According to the latest data available from the Ohio Manufactured Homes Association, a nonprofit organization that represents the interests of manufacturers, retailers, community owners, and service providers to the manufactured housing industry in Ohio, 5,084 new manufactured homes were sold in 2002, and there are approximately 226,377 manufactured homes in the state of Ohio overall. The Ohio Manufactured Homes Association's membership consists of approximately 600 manufactured home retailers, suppliers, community owners, installers, service companies, financial institutions, and manufacturers.

Investigations and Fining Authority

S.B. 102 confers upon the Commission the ability to investigate complaints concerning violations of the Commission's standards that it has adopted or the conduct of any installer. The act gives the Commission power to conduct audits and inquiries of installers as appropriate for the enforcement of the rules it adopts. In addition, the Commission also has the authority to assess civil penalties of not less than \$100 and no more than \$500 for each violation. Fines collected are to be deposited into the Occupational Licensing and Regulatory Fund (Fund 4K9).

Staffing Levels

At the time of this writing, the Commission is still in the process of filling positions on its staff. An executive director was hired in the middle of January 2005 while the agency is also budgeted for an administrative assistant to be hired this fiscal year.

Manufactured Homes Commission Staffing Levels						
					<i>Estimated</i>	
Program Series/Division	2002	2003	2004	2005	2006	2007
Board Members	NA	NA	9	9	9	9
Administrative Staff	NA	NA	1	2	2	*
Totals	NA	NA	10	11	11	11

* In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. The MHC is to be absorbed by the Department of Commerce. 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.

ANALYSIS OF EXECUTIVE PROPOSAL

Manufactured Homes Commission

Purpose: Regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems

The following table shows the line items that are used to fund the Manufactured Homes Commission as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4K9	996-609	Operating Expenses	\$272,500	\$0
Total Funding: Manufactured Homes Commission			\$272,500	\$0

Program Description: In accordance with Chapter 4781. of the Revised Code, the Manufactured Homes Commission regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems. The Commission is also empowered to review the design of and plans for manufactured housing installations, foundations, and support systems and to inspect a sample of homes at a percentage the Commission determines to evaluate the construction and installation of manufactured housing installations, foundations, and support systems to determine compliance with the adopted standards.

Funding Source: Fees from licensed installers

Line Items: 996-609, Operating Expenses

Implication of Executive Recommendation: The Governor’s proposal recommends \$272,500 for the Manufactured Homes Commission in FY 2006. The executive recommendation does not fully fund the Manufactured Homes Commission's activities. The Commission indicates that \$637,500 in each fiscal year would be sufficient to carry out its responsibilities under the enabling legislation. These amounts would be used for implementation of foundation and engineering review (a mandate of S.B. 102); the writing of rules for installation and dispute resolution; training installers, retailers, manufacturers, and inspectors; as well as testing and licensing (federal mandates from the Manufactured Homes Improvement Act of 2000). This amount would also provide for office staff, office and overhead costs, central support services, and a pay back to the 4K9 rotary fund for start-up capitalization.

Temporary and Permanent Law Provisions: Board Consolidation (Section 315.03). The Executive's recommendation includes a provision that consolidates the Manufactured Homes Commission 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 Manufactured Homes Commission 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

The legislation that created the Manufactured Homes Commission became effective on August 6, 2004. As such, the MHC did not submit a budget request to the Office of Budget and Management under the normal executive budget-development process. It may be that these amounts are not sufficient to carry out the Commission's responsibilities.

General Services Fund Group

4K9 996-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$0	\$0	\$0	\$218,330	\$272,500	\$0
	N/A	N/A	N/A	24.8%	-100.0%

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

Legal Basis: ORC 4781.02 and 4743.05 (originally established by Sub. S.B. 102 of the 125th G.A.) Appropriation authority was approved by the Controlling Board on November 15, 2004.

Purpose: The funds in this line item are used for general operating expenses, including payroll, supplies and equipment for the Ohio Manufactured Homes Commission. The Commission regulates manufactured housing installers, the installation of manufactured housing, and manufactured housing foundations and support systems.

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>
MHC Manufactured Homes Commission									
4K9	996-609	Operating Expenses	\$218,330	\$ 272,500	\$ 272,500	24.8%	\$ 0	\$ 0	-100.0%
General Services Fund Group Total			\$ 218,330	\$ 272,500	\$ 272,500	24.8%	\$ 0	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 218,330	\$ 272,500	\$ 272,500	24.8%	\$ 0	\$ 0	-100.0%

As Introduced (Executive)

(CD-1109-MHC) Increased Appropriation Through Controlling Board

No provision.

As Passed by the House

Section: 206.99

Allows the Manufactured Homes Commission to seek Controlling Board approval for an increase of \$356,250 in appropriation item 996-609, Operating Expenses (Fund 4K9) in the general services fund group, in FY 2006.

Fiscal effect: Upon Controlling Board approval, increases the amount available for operating expenses in FY 2006.

As Introduced (Executive)

(CD-427-MHC) 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 Manufactured Homes Commission, the Commission 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.

As Passed by the House

Section: 315.03

Same as the Executive.