

Optical Dispensers Board

Senate Finance and Financial Institutions Committee

Wendy Risner, Budget Analyst

Legislative Service Commission

April 19, 2005

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LSC Redbook

for the

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April 19, 2005

Optical Dispensers Board

- The Board licensed 3,365 opticians, 13 ocularists, and 1,159 apprentices in FY 2004.
- The Board received no funding in FY 2007 and will be absorbed into the Department of Health that year.

OVERVIEW

The Ohio Optical Dispensers Board (ODB) 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.

The Ohio Optical Dispensers Board was established in 1979 to maintain standards in the industry by the issuance of spectacle, contact lens, and ocularist licenses. The Board seeks to maintain industry standards by establishing licensure requirements for people entering these fields. In addition to licensing opticians, ocularists, and apprentices, the Board is responsible for establishing continuing education requirements and investigating complaints, with discipline as necessary.

As of July 2004, the Board licensed 3,365 opticians (optical dispensers), 13 ocularists, and 1,159 apprentices. These numbers have decreased slightly since FY 2003 when the Board licensed 3,393 opticians, 12 ocularists, and 1,190 apprentices. Revenue is generated from new and renewal license fees, which are collected annually. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Expenditures and revenue for FY 2004 were \$247,921 and \$343,925, respectively. The Board contributed \$96,004 more to Fund 4K9 than it expended during FY 2004. However, expenditures outmatched revenues in FY 2003 by \$38,441. Much of the net in FY 2004 was due to an increase in the renewal fees for opticians, as well as the fact that the executive director was on disability for six months, so expenditures were slightly lower.

Fee Increase in FY 2004

Beginning in FY 2004, the annual renewal fee for opticians was increased from \$65 to \$97.50. As a result of this fee increase, the Board received an additional \$100,000 (approximate) per fiscal year. This was the Board's first fee increase in eight years.

Administrative Fees

During the past few years, occupational licensing boards absorbed increased administrative costs charged by other state agencies. Many boards have contracted for services that were once provided for free such as lock-box services and computer technical support. The Optical Dispensers Board will be charged \$2,843 in each fiscal year in the upcoming biennium for computer technical support, which once was provided by DAS. Additionally, the Optical Dispenser Board will be charged approximately \$757 per fiscal year for computer firewall protection. The Board also estimates a 4% rent increase in FY 2004.

Increases in Salary

Payroll expenditures for the Board, as well as other state boards and agencies, will increase in this biennium as a result of the negotiated 4% increase in salary for state employees.

CAVU Licensing System

The Board, in partnership with the Department of Administrative Services, implemented the web-based multi-board CAVU licensing system during FY 2004. Each board is responsible for their share of the costs, which come out of Fund 4K9. The costs for the CAVU system will be \$3,782 in each fiscal year for the Optical Dispensers Board.

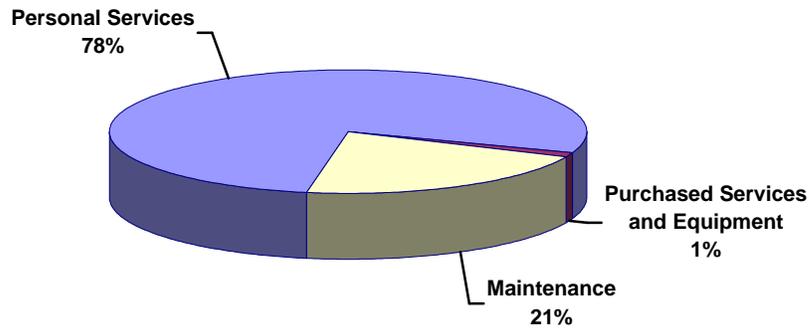
Cost Cutting Measures

The Board instituted many cost control measures to balance expenditures and revenue. The Board has reduced operating costs by making important information and forms available on their website, which has reduced paper, phone, and printing costs. Travel expenses are scrutinized and when possible the Board uses phone calls for investigative work rather than traveling to sites. Finally, the Board has attempted to handle violations on an informal basis when feasible. This allows the Board to reach a resolution without holding a formal hearing. The informal resolutions are less costly and results are often the same as a hearing.

Governor's Recommendations

The Governor recommended funding of \$316,517 in FY 2006 and \$0 in FY 2007. The Board requested \$312,656 in FY 2006 and \$312,656 in FY 2007. The Executive recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommended no funding in FY 2007 for the Boards. In the case of the Optical Dispensers Board, the Board and its duties will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentive will be offered to regulatory board staff. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board members will be retained.

Total Budget by Object Code for FY 2006



As shown in the chart above, the primary expense for FY 2006 for the Board is for personal services. Personal services for the Board are expected to increase by 3.6% for FY 2006 over estimated FY 2005 levels.

Staffing Levels

Optical Dispensers Board Staffing Levels						
Program Series/Division	2002	2003	2004	2005	Estimated	
					2006	2007
Board Members	9	9	9	9	9	9*
Board Staff	3	3	3	3	3	3*
Totals	12	12	12	12	12	12*

*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, it is expected that some staff reductions will occur as a result of the implementation of a hiring freeze and early retirement incentive. Remaining staff for the Board will be transferred to the Department of Health in FY 2007. Board members will be retained.

The Board Members are budgeted at 92 hours per year.

FACTS AND FIGURES

Current License Fees

The Board increased optician renewal fees in FY 2004. The Board licenses annually.

	Renewal Fees
Optician	\$97.50
Ocularist	\$135
Apprentice	\$10

Number of Licensees

License Type	FY 2002	FY 2003	FY 2004
Optician	3,348	3,393	3,365
Ocularist	13	12	13
Apprentice	1,223	1,190	1,159

Source: *Ohio's Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2004*

Revenue and Expenditures

Fund 4K9	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Revenues	\$267,407	\$271,179	\$271,265	\$235,534	\$246,717	\$343,925
Expenditures	\$238,606	\$257,599	\$249,866	\$284,642	\$285,158	\$247,921
Net	\$28,801	\$13,580	\$21,399	(\$49,108)	(\$38,441)	\$96,004
Two-Year Net	\$42,381		(\$27,709)		\$57,563	

ANALYSIS OF EXECUTIVE PROPOSAL

Optical Dispensers Board

Purpose: Regulate the practice of Opticianry and Ocularistry, through examination, continuing education and license enforcement

The following table shows the line items that are used to fund the Optical Dispensers Board, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
GSF	894-609	Operating Expenses	\$316,517	\$0
General Services Fund Subtotal			\$316,517	\$0
Total Funding: Optical Dispensers Board			\$316,517	\$0

Optical Dispensers Board

Program Description: In accordance with sections 4725.40 and 4725.99 of the Ohio Revised Code, the Ohio Optical Dispensers Board issues licenses to optical dispensers, ocularists, and registers apprentices, all on an ongoing manner. The Board also investigates and disciplines as necessary and prosecutes the unlicensed work of opticianry or ocularistry.

Funding Source: General Services Fund Group (Fund 4K9). All revenue from 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Line Items: 894-609, Operating Expenses

Implication of Executive Recommendation: The Board requested \$312,656 in each fiscal year. The Executive recommended funding of \$316,517 in FY 2006 and \$0 in FY 2007. The recommended funding for FY 2006 will allow the Board to carry out its mission and allow for the 4% increase in payroll. The Board received an extra \$3,861 in FY 2006 to cover costs for the CAVU licensing system. In FY 2007, the Board will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

Temporary and Permanent Law Provisions: The Executive's recommendation includes a provision that consolidates the Board into the Department of Health beginning in FY 2007. 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

Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
898-609	\$312,656	\$316,517	\$3,861	\$312,656	\$0	(\$312,656)
TOTALS	\$312,656	\$316,517	\$3,861	\$312,656	\$0	(\$312,656)

In FY 2006, the Board received \$3,861 more than requested for CAVU licensing system costs. In FY 2007, the Board requested funding of \$312,656 for operating expenses for things such as licensure and enforcement. The Executive recommended funding of \$0. The Board will be absorbed into the Department of Health. Specifics of this transfer will be addressed by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

General Services Fund Group

4K9 894-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$284,642	\$285,916	\$243,545	\$312,656	\$316,517	\$0
	0.4%	-14.8%	28.4%	1.2%	-100.0%

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

Legal Basis: ORC 4725.42 and 4743.05 (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. The appropriated amount may be increased a maximum of 10% with Controlling Board approval.

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>
<i>ODB Optical Dispensers Board, Ohio</i>									
4K9	894-609	Operating Expenses	\$312,656	\$ 316,517	\$ 316,517	1.2%	\$ 0	\$ 0	-100.0%
General Services Fund Group Total			\$ 312,656	\$ 316,517	\$ 316,517	1.2%	\$ 0	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 312,656	\$ 316,517	\$ 316,517	1.2%	\$ 0	\$ 0	-100.0%

As Introduced (Executive)**As Passed by the House****(CD-589-ODB) 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 Ohio Optical Dispensers Board, the Board will be consolidated into the Department of Health. 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.

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.

Section: 315.03

Same as the Executive.

Fiscal effect: Same as the Executive.