

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

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst  
Legislative Service Commission*

*May 11, 2007*

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

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**ATTACHMENTS:**

Catalog of Budget Line Items  
LSC Budget Spreadsheet By Line Item: Executive to House Passed  
Comparison Document: Permanent and Temporary Law

*May 11, 2007*

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

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- Two boards share professional staff
- Governor's proposal funds initiatives to digitize licensing records and create a scholarship program for certain architecture students
- Executive recommendation of \$638,110 in FY 2008 and \$565,141 in FY 2009

## OVERVIEW

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

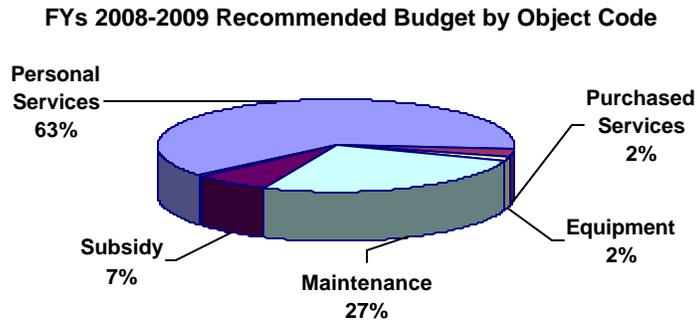
The State Board of Examiners of Architects and the State Board of Landscape Architect Examiners are part of the Occupational Licensing and Regulatory Fund (Fund 4K9), a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Before its creation, 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 its expenses. It is now quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

## Executive Recommendation for FYs 2008-2009

The executive recommends funding for the Boards of \$638,110 for FY 2008, representing an increase of 30.4% over FY 2007 appropriations of \$489,197. The increase for FY 2008 can be attributed to two main factors. First, there is a 45.5% increase for Board maintenance expenses, allowing the Boards to digitize licensing records. The cost for digitizing the licensing records is expected to be approximately \$69,000 in FY 2008. Second, the executive recommendation provides \$48,400 in FY 2008 for a new scholarship program for certain architecture students (see "New Initiatives" below).

The executive recommends \$565,141 for FY 2009, which is an 11.4% decrease over the recommended appropriation for FY 2008. This decrease reflects the reduction in maintenance expenses upon completion of the license digitization project. However, the amount recommended for FY 2009 includes funding for an increase in planned payroll costs from mandated salary increases and the reclassification of the Board's investigator to a higher pay range (totaling approximately \$30,000) and funding to continue the Boards' scholarship program (\$37,500).

The following pie chart illustrates the Boards' recommendation by object code for the FY 2008-2009 biennium. Like many other occupational licensing and regulatory boards, spending for personal services, such as payroll, health care, and fringe benefit costs, comprises the majority of the Boards' expenditures. Subsidy spending represents the amount the Governor recommends for a scholarship program for architectural students.



## Revenue and Expenditures

Both Boards renew their individual licenses on a biennial basis. Firms renew their licenses annually. The Boards' estimated revenue for the FY 2006-2007 biennium is \$1,335,762, exceeding original projections. This is due to an increase in the number of firms licensed (from 450 in FY 2004 to over 1,000 in FY 2007) as well as the implementation of fining authority. The Boards' combined expenditures for the FY 2006-2007 biennium are estimated to be \$947,316. Therefore, the Boards' estimated net gain for the current renewal cycle is \$388,446.

<b>Architects Boards Revenues and Expenditures by Biennium</b>		
	<b>FYs 2004-2005</b>	<b>FYs 2006-2007 (est.)</b>
<b>Revenue</b>	\$1,107,476	\$1,335,762
<b>Expenditures</b>	\$798,425	\$947,316
<b>Net</b>	\$309,051	\$388,446

## Summary of FYs 2008-2009 Budget Issues

### Operating Expense Increases

The expenditures of the Boards are expected to rise due to several factors. Payroll and fringe benefit costs are expected to increase by almost \$55,000 in the upcoming biennium from contractually mandated pay raises and reclassification of the Boards' investigator to a higher pay range. Also, the e-Licensing system has resulted in costs the Board did not anticipate. For example, FY 2006 expenses for the system were approximately \$18,000 over estimate. In addition, continuing education audits (which were mandated by Sub. H.B. 322 of the 125th General Assembly) will add to the Board's printing and postage expenses by approximately \$1,500 in the first year of each biennium. Finally, the Board will incur credit card processing fees from online license renewals via credit card, which occurred for the first time in FY 2006.

## New Initiatives

### Digitizing License Records

The State Board of Examiners of Architects and the State Board of Landscape Architect Examiners have two major initiatives for the upcoming biennium. The first initiative is to digitize licensing records. Currently, the Boards' paper files contain the only official repository of examination scores. Digitizing these records would safeguard the Board-certified examination scores against a loss of the data. If this information were somehow lost, it would be difficult for licensed professionals to obtain certification from the National Council of Architectural Registration Boards and reciprocal licenses from other states. This initiative is expected to take about one year to complete and will cost approximately \$69,000 in FY 2008 and only a minimal amount in future years. The Board noted that approximately 18,000 licensee records (about 751,000 images) would be digitized pursuant to a contract with the Department of Administrative Services' State Printing Service, which charges by the piece or image. Once this project is complete, Board staff will scan documents as they are received by using existing equipment.

### Scholarship Program

The Boards' second initiative is to create a new scholarship program. This program would pay the initial enrollment fee (\$100) for students at Ohio's four accredited schools of architecture in the mandatory Intern Development Program (IDP). This program is required in order to obtain professional licensure. A survey of architectural students conducted by three national architectural organizations indicated that the \$100 fee was a significant impediment to licensure, with 77% of interns saying they do not have financial support for this expense. The program will provide an incentive to enroll in the IDP as soon as they are eligible. In turn, this will encourage more students to seek professional licensure, encourage graduates to remain in Ohio, and ensure a stable number of licensed architects. The State Board of Examiners of Architects reported that, nationally, only half of architecture school graduates currently become licensed and, therefore, the number of licensed architects is not growing enough to meet future demand. The Board projects 484 students will be eligible for the program in FY 2008 and approximately 324 students eligible in subsequent years based on Ohio Board of Regents supplied enrollment projections for Ohio's accredited schools of architecture. The Governor's proposal includes \$48,400 in FY 2008 and \$37,500 in FY 2009 for the program.

## Staffing Levels

State Boards of Examiners of Architects and Landscape Architect Examiners Staffing Levels						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
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	3
Investigators	1	1	1	1	1	1
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

## FACTS AND FIGURES

### Active Licenses

Combined, the Boards licensed over 8,300 professional architects, landscape architects, and firms in FY 2006. Making this total were 6,797 architects, 640 landscape architects, and 907 certificates of authorization to architectural firms to practice in Ohio in that fiscal year.

ARC Licensees by License Type, FY 2003-FY 2006				
License Type	FY 2003	FY 2004	FY 2005	FY 2006
Certificate of Qualification - Architect	6,571	6,812	7,074	6,797
Certificate of Authorization - Architect	701	703	846	857
Certificate of Qualification - Landscape Architect	588	667	645	640
Certificate of Authorization - Landscape Architect	36	49	46	50
<b>Total Licenses</b>	<b>7,896</b>	<b>8,231</b>	<b>8,611</b>	<b>8,344</b>

### Fee Schedule

Each Board renews its certificate of qualifications for individual architects and landscape architects on a biennial basis and its certificate of authorizations for architectural and landscape architectural firms on an annual basis. The State Board of Examiners of Architects increased certain fees for architects by rule in November 2005. The State Board of Landscape Architect Examiners last increased fees for landscape architect firms in May of 2001 and fees for individuals in October 1999. The table below includes each category of licensure and the amount of the fee.

ARC Licenses and Fees		
Fee	Architects	Landscape Architects
Reciprocal Certificate of Qualification	\$250	\$200
Certificate of Qualification Renewal	\$125	\$125
Firm Certificate of Authorization Application	\$125	\$100
Firm Certificate of Authorization Renewal	\$100	\$50
Application for Cert. of Qualification via Exam	\$50	\$50

## ANALYSIS OF EXECUTIVE PROPOSAL

### Single Program Series

### Operating Expenses

**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 Board of Examiners of Architects and the State Board of Landscape Architect Examiners as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Services Fund</b>				
4K9	891-609	Operating Expenses	\$638,110	\$565,141
<b>General Services Fund Group Subtotal</b>			<b>\$638,110</b>	<b>\$565,141</b>
<b>Total Funding: State Board of Examiners of Architects and State Board of Landscape Architect Examiners</b>			<b>\$638,110</b>	<b>\$565,141</b>

**Program Description:** In accordance with Chapter 4703. of the Revised Code, the State Board of Examiners of Architects and the State Board of Landscape Architect Examiners 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 fully funds the State Board of Examiners of Architects and State Board of Landscape Architect Examiners' budget request for FYs 2008 and 2009. The Governor's proposal allows the Boards to digitize historical licensing records to prevent catastrophic loss of this information and also allows the State Board of Examiners of Architects to implement a scholarship program to provide enrollment fees for architectural students in the mandatory Intern Development Program (IDP).

### Permanent Law Provisions

**Creation of the Architecture Education Assistance Program (R.C. 4703.071).** Current law requires any person engaging in the practice of architecture to be certified by the State Board of Examiners of Architects. One prerequisite for certification is that applicants have completed an internship program (R.C. 4703.07, which is not in the bill). A permanent law provision in the bill establishes an architecture education assistance program to pay applicant enrollment fees for the required internship program. The amounts budgeted for this program are \$48,400 in FY 2008 and \$37,500 in FY 2009.

## **REQUESTS NOT FUNDED**

The Executive's recommendation fully funds the State Board of Examiners of Architects and State Board of Landscape Architect Examiners' budget request at \$638,110 in FY 2008 and \$565,141 in FY 2009. The Governor's proposal allows the Boards to digitize historical licensing records to prevent catastrophic loss of this information and also allows the State Board of Examiners of Architects to implement a scholarship program to provide enrollment fees for architectural students in the mandatory Intern Development Program (IDP).

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## General Services Fund Group

### 4K9 891-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$450,337	\$399,376	\$458,120	\$489,197	<b>\$589,710</b>	<b>\$527,641</b>
	-11.3%	14.7%	6.8%	<b>20.5%</b>	<b>-10.5%</b>

**Source:** GSF: Remuneration including license, registration, and judgment fees collected by the state's professional and occupational licensing boards.

**Legal Basis:** ORC 4703.01 and 4743.05 (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 State Board of Examiners of Architects and the State Board of Landscape Architect Examiners, which are two separate boards that operate under a combined budget and share staff and facilities. While each board meets independently, both boards protect the public by licensing and regulating the professions of architecture and landscape architecture.

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund ALI ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
<b>ARC Architects, State Board of Examiners of</b>							
4K9 891-609 Operating Expenses	\$489,197	\$ 638,110	\$ 589,710	20.5%	\$ 565,141	\$ 527,641	-10.5%
<b>General Services Fund Group Total</b>	<b>\$ 489,197</b>	<b>\$ 638,110</b>	<b>\$ 589,710</b>	<b>20.5%</b>	<b>\$ 565,141</b>	<b>\$ 527,641</b>	<b>-10.5%</b>
<hr/>							
<b>Total All Budget Fund Groups</b>	<b>\$ 489,197</b>	<b>\$ 638,110</b>	<b>\$ 589,710</b>	<b>20.5%</b>	<b>\$ 565,141</b>	<b>\$ 527,641</b>	<b>-10.5%</b>

## As Introduced (Executive)

## As Passed by the House

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**1 (CD-472-ARC) Architecture Education Assistance Program****R.C. 4703.071**

Establishes an architecture education assistance program to pay the applicant enrollment fee (\$100) for the mandatory Intern Development Program (IDP).

**Fiscal effect: The Executive budget provides \$48,400 in FY 2008 and \$37,500 in FY 2009 for this program.**

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No provision.