

# **State Board of Registration for Professional Engineers and Surveyors**

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst  
Legislative Service Commission*

*May 2, 2007*

*Additional copies are available on our web site at [www.lsc.state.oh.us](http://www.lsc.state.oh.us)  
Click on 'Budget Documents' then 'Redbooks'*

**LSC Redbook**  
**for the**  
**State Board of Registration for**  
**Professional Engineers and Surveyors**

**Senate Finance and Financial Institutions Committee**

*Jason Phillips, Budget Analyst*

*Legislative Service Commission*

**TABLE OF CONTENTS**

<b>OVERVIEW.....</b>	<b>1</b>
Executive Recommendation for FYs 2008-2009.....	1
Revenues and Expenditures .....	2
Summary of FYs 2008-2009 Budget Issues.....	2
Increased Costs.....	2
Continuing Professional Development Requirements .....	2
Cost Savings Measures .....	3
Staffing Level.....	3
<b>FACTS AND FIGURES.....</b>	<b>4</b>
Licenses .....	4
Fee Schedule .....	4
<b>ANALYSIS OF EXECUTIVE PROPOSAL.....</b>	<b>5</b>
<b>Operating Expenses .....</b>	<b>5</b>
<b>REQUESTS NOT FUNDED.....</b>	<b>6</b>
<b>ATTACHMENTS:</b>	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item: Executive to House Passed	

*May 2, 2007*

# State Board of Registration for Professional Engineers and Surveyors

---

- Licensed 34,369 individuals and 1,941 firms in FY 2006
- Executive recommendation of \$1,058,881 for FY 2008 and \$1,058,881 for FY 2009

## OVERVIEW

Pursuant to Chapter 4733. of the Revised Code, the State Board of Engineers and Surveyors regulates the professions of engineering and surveying to protect the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered, and that the services provided by these licensees are consistent with established standards and codes of ethics.

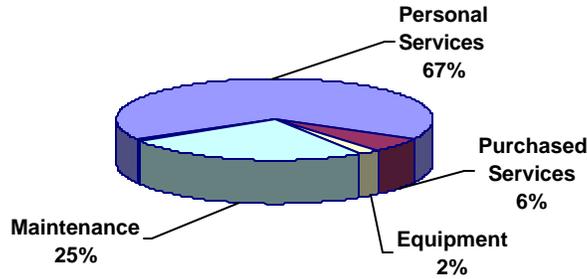
To become a licensed engineer or surveyor, an individual must possess at least a bachelor's degree in engineering or surveying, have four years of practical experience, and pass two national examinations. The first examination tests an individual's fundamental knowledge of the subject area. The second examination, taken after the individual has completed four years of experience, tests the individual's knowledge of the principles and practices of engineering or surveying. The Board oversees the licensure of over 36,000 professionals and firms, 87% of whom are professional engineers.

The State Board of Registration for Engineers and Surveyors is part of the Occupational Licensing and Regulatory Fund (Fund 4K9). This fund is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards, and 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 operating needs. 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.

## Executive Recommendation for FYs 2008-2009

The executive recommends \$1,058,881 for FY 2008 and the same amount for FY 2009, representing flat funding for the biennium and no increase or decrease from FY 2007 appropriations. The following pie chart illustrates the Board's expenses by object code for FYs 2008-2009. Like many other licensing and regulatory boards, the majority of the Board's expenses are for personal services, namely payroll, health care, and fringe benefit costs. Although the Governor's proposal holds the Board's total funding flat through the upcoming biennium, personal services spending increases 12.1% in FY 2008 based on FY 2007 appropriations and another 7.2% in FY 2009 compared to FY 2008. To accommodate the increases in payroll costs, the Board is reducing maintenance spending primarily by limiting computer and equipment purchases in the upcoming biennium.

FYs 2008-2009 Recommended Budget by Object Code



## Revenues and Expenditures

The Board renews all licenses on an annual basis, with one of the lowest annual renewal fees (\$20 per year) of any engineering board in the United States. Revenues for the Board have been relatively stable, with the primary variable being the number of registrants and applicants. The table below illustrates the Board's revenues and expenditures for FYs 2005-2009, with the data for FY 2007 through FY 2009 based on estimates. As the table indicates, the Board has run surpluses in recent renewal cycles. In the current biennium, the Board experienced three vacancies (the Executive Director for four months, an Administrative Assistant 4 for over one year, and a Secretary/Licensing Certification Examiner due to a retirement in March 2007), resulting in a significant decrease in expenditures in FY 2006 and FY 2007.

While the Executive Director position has been filled, the Administrative Assistant 4 position remains vacant, but the Board indicated it is working to fill the position as soon as possible. The Board's estimated revenue and recommended appropriation for the upcoming biennium indicates the Board will continue to run surpluses, albeit by smaller amounts than in previous years as the Board expects revenue to remain flat due to Continuing Professional Development requirements for registrants (see section below) and vacant positions are filled.

State Board of Registration for Professional Engineers and Surveyors Revenue and Expenditures, FYs 2005 - 2009					
	FY 2005	FY 2006	FY 2007 (est.)	FY 2008 (est.)	FY 2009 (est.)
Revenue	\$1,024,443	\$1,107,600	\$1,058,000	\$1,082,190	\$1,084,920
Expenditures	\$868,043	\$760,986	\$790,000	\$1,058,881	\$1,058,881
Net	\$156,400	\$346,614	\$268,000	\$23,309	\$26,039

## Summary of FYs 2008-2009 Budget Issues

### Increased Costs

The Board's primary challenge in the upcoming biennium will be absorbing increased costs. Like many other occupational licensing and regulatory agencies, the Board is absorbing increased fees charged by other state agencies, particularly for computer support and Central Service Agency services. The Board will also face increased costs from the National Council of Examiners for Engineering and Surveying (NCEES) for exam development and administration as it seeks to maintain an adequate question bank with quality, up-to-date exam questions. The NCEES is the sole source for the exam and is responsible for developing the engineering and surveying license exams for the entire country.

### Continuing Professional Development Requirements

The Board noted that it anticipates increased costs due to hearings associated with the new continuing education requirement that became law in February 2005 and took effect in January 2007.

Sub. H.B. 322 of the 125th General Assembly required the Board to administer and enforce an annual Continuing Professional Development (CPD) program. Professional engineers and professional surveyors will be required to complete 15 hours of CPD as a prerequisite for renewal. While the exact cost increase is unknown, the Board anticipates significant increases in court reporting and hearing examiner expenses. The Board plans to conduct 1,550 to 3,100 audits (5% to 10% of its registrants). If 10% of these audits would find noncompliance, there would be approximately 150 to 310 CPD investigations, in which the Board is required to hold adjudication hearings for those registrants that do not complete the CPD requirement.

Based on the experience of other engineering and surveying boards in the country, the Board expects the CPD requirements to result in a drop in registration renewals of about 1,000 in FY 2007, 1,000 to 2,000 in FY 2008 and another 1,000 in FY 2009. Even so, the Board expects revenue to remain largely flat in the upcoming biennium, as the Board has averaged approximately 1,100 new registrations per year through examination and reciprocity. The Board also expects a significant increase in the number of licensed firms in the next three to five years.

### **Cost Savings Measures**

The Board does not have plans for any new initiatives for the upcoming biennium, but will focus on ways to save money while providing existing levels of operations and service to registrants. In so doing, the Board will fill currently vacant positions at lower pay rates, limit equipment purchases, continue to use professional volunteers to assist the Board in exam development and evaluation, and utilize workforce development funds for training rather than Board resources.

### **Staffing Levels**

In the current biennium, three FTE vacancies have occurred. The Board was without an Executive Director for four months, has been without an Administrative Assistant 4 for over one year and, just recently, had a Secretary/Licensing Certification Examiner position become vacant due to a retirement.

<b>State Board of Registration for Engineers and Surveyors Staffing Levels</b>						
<b>Program Series/Division</b>	<b>Funded Positions</b>				<b>Estimated</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Board Members	5	5	5	5	5	5
Administrative Staff	7	7	7	6	7	7
Investigators	2	2	2	2	2	2
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>14</b>

## FACTS AND FIGURES

### Active Licenses

The Board licensed over 34,000 engineers and surveyors and almost 1,950 firms in FY 2006. Compared to FY 2005, the boards saw an increase of 1.0% in the number of active licenses.

State Board of Registration for Engineers and Surveyors Licenses by License Type for FY 2005-2006		
License Type	FY 2005	FY 2006
Individual Registrants	34,223	34,369
Firms	1,730	1,941
<b>TOTAL</b>	<b>35,953</b>	<b>36,310</b>

### Fee Schedule

H.B. 322 of the 125th General Assembly increased the individual license renewal fee from \$16 to \$20. All other fees have remained the same since July 1991.

State Board of Registration for Engineers and Surveyors Licenses and Fees	
Fee	Amount
<b>P.E. and P.S. Exam Application and Final Registration Fees</b>	
Exam Application	\$25
Final Registration (after passing exam)	\$30
<b>Comity Reciprocity</b>	
Professional Engineer	\$410
Professional Engineer (NCEES Model Law Engineer)	\$450
Professional Surveyor	\$455
<b>Professional Engineer and Professional Surveyor Renewal</b>	
Professional Engineer	\$20
Professional Surveyor	\$20
<b>Companies</b>	
Initial Application	\$50
Annual Renewal	\$25

## ANALYSIS OF EXECUTIVE PROPOSAL

### Single Program Series

### Operating Expenses

**Purpose:** Oversees the licensure and regulation of professional engineers and surveyors and enforces laws relating to these professions

The following table shows the line items that are used to fund the Ohio State Board of Engineers and Surveyors as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Services Fund Group</b>				
4K9	892-609	Operating Expenses	\$1,058,881	\$1,058,881
<b>General Services Fund Group Subtotal</b>			<b>\$1,058,881</b>	<b>\$1,058,881</b>
<b>Total Funding: State Board of Engineers and Surveyors</b>			<b>\$1,058,881</b>	<b>\$1,058,881</b>

**Program Description:** The State Board of Engineers and Surveyors protects the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered and by enforcing Chapter 4733. of the Revised Code to ensure that registered individuals are providing services consistent with established standards and codes of ethics.

**Funding Source:** GSF Fund 4K9

**Line Items:** 892-609, Operating Expenses

**Implication of Executive Recommendation:** The executive recommendation fully funds the State Board of Registration for Professional Engineers and Surveyor's budget request. The Board reported that the amount recommended would allow it to maintain current service levels once its vacant positions are filled.

### Temporary and Permanent Law Provisions

None

## **REQUESTS NOT FUNDED**

The executive recommendation fully funds the budget request of the State Board of Engineers and Surveyors at \$1,058,881 in FY 2008 and \$1,058,881 in FY 2009.

G:\Budget\Budget.127\Redbooks\SenateRedbooks\ENG.doc/lb

## General Services Fund Group

### 4K9 892-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$1,040,455	\$868,048	\$760,986	\$1,058,881	<b>\$1,058,881</b>	<b>\$1,058,881</b>
	-16.6%	-12.3%	39.1%	<b>0.0%</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 4733.03; Section 279.10 of H.B.119 of the 127th 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 State Board of Registration for Professional Engineers and Surveyors. The Board licenses and regulates engineers, surveyors, and engineering and surveying firms.

## 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><i>ENG Engineers and Surveyors, State Board of</i></b>							
4K9 892-609 Operating Expenses	\$1,058,881	\$ 1,058,881	\$ 1,058,881	0.0%	\$ 1,058,881	\$ 1,058,881	0.0%
<b>General Services Fund Group Total</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>0.0%</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>0.0%</b>
<hr/>							
<b>Total All Budget Fund Groups</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>0.0%</b>	<b>\$ 1,058,881</b>	<b>\$ 1,058,881</b>	<b>0.0%</b>