

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Architects Boards**

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# Architects Boards

- Recommended budget of approximately \$967,000 over the biennium
- Boards oversee approximately 6,400 architects and 600 landscape architects
- Expected rise in Internship Development Program fee reimbursements

## OVERVIEW

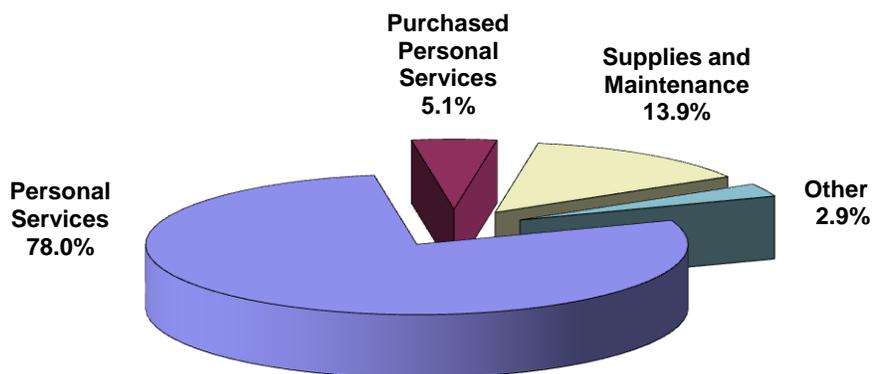
### Agency Overview

The Ohio Architects Board and the State Board of Landscape Architect Examiners are two separate boards that operate under a combined budget and share staff and facilities. For the purposes of this analysis, the combined entity is known as the Architects Boards (ARC). The governing authority of the Ohio Architects Board consists of five members appointed by the Governor, all of whom must be architects who have at least ten years of active practice in this state. The governing authority of the State Board of Landscape Architect Examiners consists of five members appointed by the Governor, including three registered landscape architects, one licensed design professional, and one individual representing the public. Board members are paid hourly and receive reimbursement for actual and necessary expenses incurred as part of their duties. The day-to-day operations of both boards are handled by a combined staff of four, including an executive director, two other administrative staff members, and an investigator. The boards receive no General Revenue Fund (GRF) moneys; they are entirely supported by fees. Approximately 6,400 architects and 600 landscape architects are currently licensed by the state.

### Appropriation Overview

The executive recommends funding of \$481,379 in FY 2014, a slight increase when compared to estimated FY 2013 spending of \$478,147 on operating expenses. The amount recommended for FY 2015 is \$485,954, again a small increase over the FY 2014 amount. The additional funding will primarily support step pay increases for the four staff. As Chart 1 shows, as is the case with many regulatory boards, personnel costs account for the largest share of operating expenses, making up 78% of the recommended funding for the biennium is for personal services. Of the remaining amount, approximately 14% is for supplies and maintenance, while the rest is slated for purchased personal services (approximately 5%), and other expenses (almost 3%), which include subsidies for the Intern Development Program (IDP) enrollment fee reimbursement.

**Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2014-FY 2015**



ARC receives centralized administrative support services provided by the Central Service Agency (CSA) within the Department of Administrative Services. These services include items such as budget development, Controlling Board assistance, management consultation, procurement, fiscal processing, human resources, and payroll. ARC has paid around \$15,000 to \$17,000 annually in recent fiscal years for CSA services. For the upcoming biennium, these charges are expected to rise to approximately \$17,500 each fiscal year.

**Operating Revenues and Expenses**

As mentioned previously, the primary source of operating income for the occupational licensing boards is license fees. ARC issues certificates of qualification to registered architects and landscape architects, which require biennial renewals, and certificates of authorization to architectural and landscape architectural firms, which require annual renewal. Firms may also receive a dual certificate of authorization that authorizes both architectural and landscape architectural design services. Table 1 below shows each type of credential issued by the boards and the applicable fees.

Table 1. License Fees	
License Type	Fee
Individual Registration by Reciprocity	\$250
Dual Firm Certificate of Authorization	\$250
Dual Firm Certificate of Authorization Renewal	\$200
Emeritus Architect Registration (if lapsed or inactive)	\$125
Individual Registration Renewal	\$125
Initial Firm Certificate of Authorization	\$125
Firm Certificate of Authorization Renewal	\$100
Initial Individual Registration by Exam	\$50

Fees collected by ARC are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-seven occupational licensing and regulatory boards and commissions, including ARC, use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Although Fund 4K90 is a shared operating pool, each licensing board or commission is expected to be self-sufficient by generating enough income to cover expenses. Table 2 below shows the operating revenue and expenditures for ARC over the last five fiscal years, from FY 2008 to FY 2012, a period encompassing two entire licensing cycles and part of a third. Notice that ARC's biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in even-numbered fiscal years. The income generated during the even-numbered fiscal years of the two-year renewal cycle covers the deficit created in the odd-numbered fiscal years when little license fee revenue is received. As the table shows, over recent two-year renewal cycles, ARC's revenues have consistently exceeded expenditures.

<b>Table 2. Revenues and Expenditures, FY 2008-FY 2012</b>					
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Revenue	\$1,094,737	\$249,872	\$1,075,673	\$247,494	\$1,064,939
Expenditures	\$532,275	\$513,893	\$444,595	\$437,434	\$454,674
<b>Net</b>	<b>\$562,462</b>	<b>-\$264,021</b>	<b>\$631,078</b>	<b>-\$189,940</b>	<b>\$610,265</b>

## ANALYSIS OF EXECUTIVE PROPOSAL

ARC's operations are funded by a single line item appropriation from the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the Governor's recommended funding for the line item.

Governor's Recommended Funding for the Architects Boards				
Fund	ALI and Name		FY 2014	FY 2015
<b>General Services Fund Group</b>				
4K90	891609	Operating	\$481,379	\$485,954

This line item is used to pay the operating expenses of both boards under the administrative umbrella of ARC. The proposed funding increases of approximately \$3,200 in FY 2014 and \$4,600 in FY 2015 can be attributed to two factors: (1) step pay increases for the four staff, and (2) an expected rise in the number of Intern Development Program (IDP) enrollment fee reimbursements. However, ARC is expected to realize cost savings on equipment through the use of electronic communication with board members and licensees, as well as decreased travel expenditures, due to a reduction in the number of board meetings held. These cost savings are expected to offset most of the increases in other costs over the FY 2014-FY 2015 biennium. More discussion of operating statistics is provided below.

### Licenses

ARC regulates both practitioners and firms. Table 3 shows the number of active licenses issued by ARC as of the end of FY 2011 and FY 2012, and FY 2013 year to date (as of March 4, 2013). The total number of active licenses decreased by 4.3% from FY 2011 to FY 2012, due largely to a drop in certificates of qualification issued to individual architects. However, the number of active licenses has rebounded thus far in FY 2013, especially among firms. This is due in large part to individuals who have been laid off by large firms and who have decided to establish their own businesses, while the number of individual architecture certificates has also increased in FY 2013.

In addition to the individuals and firms listed below, ARC offers an emeritus architect license to individuals that (1) are fully retired and thus not engaging in any practice of architecture, (2) have been licensed in Ohio for at least ten years, and (3) are over the age of 65. Emeritus architects are exempt from continuing education requirements. There is no fee for converting to emeritus status if an individual has an active license. Otherwise, individuals with lapsed or inactive architect licenses pay a one-time fee of \$125. As of February 2013, there were 215 architects under emeritus status.

**Table 3. Active Licenses by Type Issued by ARC**

License Type	FY 2011	FY 2012	Percent Change	YTD FY 2013	Percent Change
Architecture Certificate of Qualification (individuals)	6,611	6,221	-5.9%	6,426	3.3%
Architecture Certificate of Authorization (firms)	1,196	1,242	3.8%	1,340	7.9%
Landscape Architecture Certificate of Qualification	612	577	-5.7%	598	3.6%
Landscape Architecture Certificate of Authorization	87	92	5.7%	108	17.4%
Dual Firm (ARC/LA) Certificate of Authorization	36	39	8.3%	44	12.8%
<b>Total</b>	<b>8,542</b>	<b>8,171</b>	<b>-4.3%</b>	<b>8,516</b>	<b>4.2%</b>

### Intern Development Program

Another notable aspect of ARC's budget is an increase in the amount budgeted for scholarships to architecture students enrolled in the Intern Development Program (IDP) at any of the state's four accredited architecture schools. IDP is a national program overseen by the National Council of Architectural Registration Boards (NCARB) that is designed to give architecture students practical experience under the direct supervision of a registered architect. The IDP enrollment fee is \$100. ARC has awarded 376 IDP scholarships since this incentive was first offered in FY 2008.

The proposed funding of approximately \$13,750 for this program over the FY 2014-FY 2015 biennium is higher than the \$9,000 set aside for this purpose in FY 2013. The primary cause of this increase in expected reimbursements is a new policy at Kent State University's College of Architecture and Environmental Design requiring all architecture students to enroll in IDP. Board staff estimate that this will lead to approximately 75 to 90 additional fee reimbursements per year. Another development that may affect IDP reimbursement payments in future fiscal years is Bowling Green State University's eligibility for architecture accreditation by the National Architectural Accrediting Board. If the University is accredited as the fifth architecture school in the state of Ohio, this could result in a potential increase in IDP enrollment fee reimbursements in the future.

### Investigation and Enforcement Statistics

In addition to licensing, the boards' regulatory duties include investigating complaints concerning alleged violations of the law governing the architect and landscape architect professions. Common violations include illegally advertising architectural services by nonarchitects, improper use of a title, code of conduct violations, and offering architectural services through a firm not holding a certificate of authorization. A total of 42 cases were opened and 32 cases were closed in FY 2012. Thus far in FY 2013, 29 cases have been opened while 20 have been closed. ARC resolves most cases by obtaining voluntary compliance or reaching settlement agreements. In some cases, no violation is found to have occurred.

ARC has statutory authority to issue fines against registered architects and landscape architects for various violations or criminal acts. The Revised Code limits the fines imposed on architects to a maximum of \$1,000 for each offense and no more than \$5,000 regardless of the number of offenses a person has committed between the time the fine is imposed and the time any previous fine was imposed. Landscape architects may be fined up to \$200 for a first offense and \$500 for subsequent offenses. ARC collected \$3,000 in fines in FY 2009 and \$4,500 in FY 2010. Since then, fines have increased to \$12,400 in FY 2011 and \$18,900 in FY 2012.

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## Architects Boards

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### General Services Fund Group

#### 4K90 891609 Operating

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$444,595	\$437,434	\$454,674	\$478,147	<b>\$481,379</b>	<b>\$485,954</b>
	-1.6%	3.9%	5.2%	<b>0.7%</b>	<b>1.0%</b>

**Source:** General Services Fund Group: License and registration fees, as well as other assessments collected by the state's professional and occupational licensing boards

**Legal Basis:** ORC 4703.01 and 4743.05; Section 217.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** This appropriation is used to support the operating expenses of the Ohio Architects Board and the State Board of Landscape Architect Examiners, two separate boards that operate under a combined budget and share staff and facilities. Since FY 2008, a small portion of this line item has supported a scholarship program that pays the initial Intern Development Program (IDP) enrollment fee (\$100) for students at Ohio's accredited schools of architecture. Completion of the IDP is required in order to obtain professional licensure.

## FY 2014 - FY 2015 Introduced Appropriation Amounts

## All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>ARC Architects Boards</b>								
4K90	891609	Operating	\$ 454,674	\$ 478,147	\$ 481,379	0.68%	\$ 485,954	0.95%
<b>General Services Fund Group Total</b>			<b>\$ 454,674</b>	<b>\$ 478,147</b>	<b>\$ 481,379</b>	<b>0.68%</b>	<b>\$ 485,954</b>	<b>0.95%</b>
<b>Architects Boards Total</b>			<b>\$ 454,674</b>	<b>\$ 478,147</b>	<b>\$ 481,379</b>	<b>0.68%</b>	<b>\$ 485,954</b>	<b>0.95%</b>