

LSC Redbook

Analysis of the Executive Budget Proposal

Motor Vehicle Repair Board

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Motor Vehicle Repair Board (CRB), which includes the following three sections.

1. Overview: Provides a brief description of the Board's existing functions and staffing, and an overview of the executive recommended budget for the FY 2014-FY 2015 biennium.
2. Analysis of Executive Proposal: Provides an analysis of the Board's executive recommended budget, which consists solely of non-GRF funding.
3. Attachments: Includes the Catalog of Budget Line Items (COBLI), which describes the funding source and purpose of the Board's lone line item, and the LSC budget spreadsheet, which summarizes the line item's recent expenditure and appropriations history.

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Motor Vehicle Repair Board

- Fee-driven budget
- 90% of funding for personal services

OVERVIEW

Agency Overview

The Motor Vehicle Repair Board, which was established in 1997, is responsible for the registration and regulation of the collision, auto glass, airbag, and mobile repair industry. Businesses currently pay an annual registration fee of \$225. The Board registers over 1,500 of Ohio's known collision repair businesses and makes efforts to register all repair businesses through mailings, presentations, newspaper and trade magazine articles, and on-site appearances. Registration-exempted groups include: motor vehicle, auction and salvage dealers, fleet operators, and hobbyists repairing four or less motor vehicles in a calendar year. In addition to registering certain repair businesses, the Board works to ensure that all facilities are in compliance with state and federal taxation, employment, and environmental laws.

The Board's governing authority consists of seven members appointed by the Governor with the advice and consent of the Senate. The Board is required to meet at least four times per year. Members receive a per diem amount fixed by state law when attending to board matters and are compensated for expenses incurred in the discharge of their duties. The Board's day-to-day operations are handled by three full-time employees (an executive director, an administrative assistant, and an investigator).

Appropriation Overview

The Board is entirely supported by registration fees deposited in the state treasury to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90).

Under the executive recommended budget, the Board will receive non-GRF appropriations totaling \$488,000 in FY 2014 and \$484,000 in FY 2015. As the table below indicates, this is a funding increase of 36.1% from FY 2013 to FY 2014. This increase is due, in large part, to the increased responsibilities given to the Board as a result of the passage of S.B. 114 of the 129th General Assembly. These new responsibilities include registering window tint installers in Ohio.

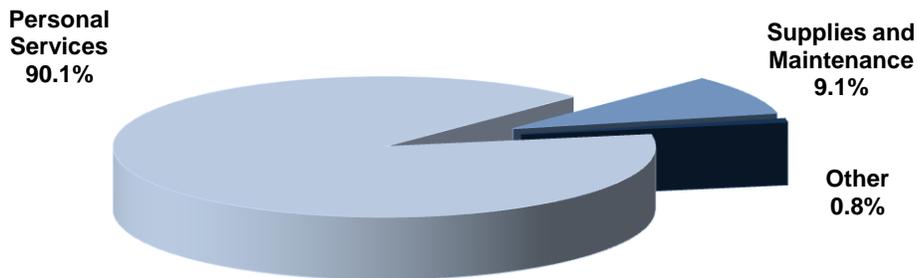
Executive Budget Recommendations by Fund Group, FY 2014 and FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Services	\$358,292	\$487,592	36.1%	\$484,292	-0.7%

*FY 2013 figures represent estimated expenditures.

Expense Account Summary

Chart 1 summarizes the manner in which the Board plans to allocate its executive recommended appropriations for the FY 2014-FY 2015 biennium. As the chart shows, 90.1% of the recommended funding over the biennium is for personal services. A further 9.1% will be allocated for supplies and maintenance, and the remainder, nearly 0.8%, will cover a mix of other expenses (purchased personal services, equipment, and transfers).

Chart 1: Biennial Executive Budget Recommendations by Expense Account Category



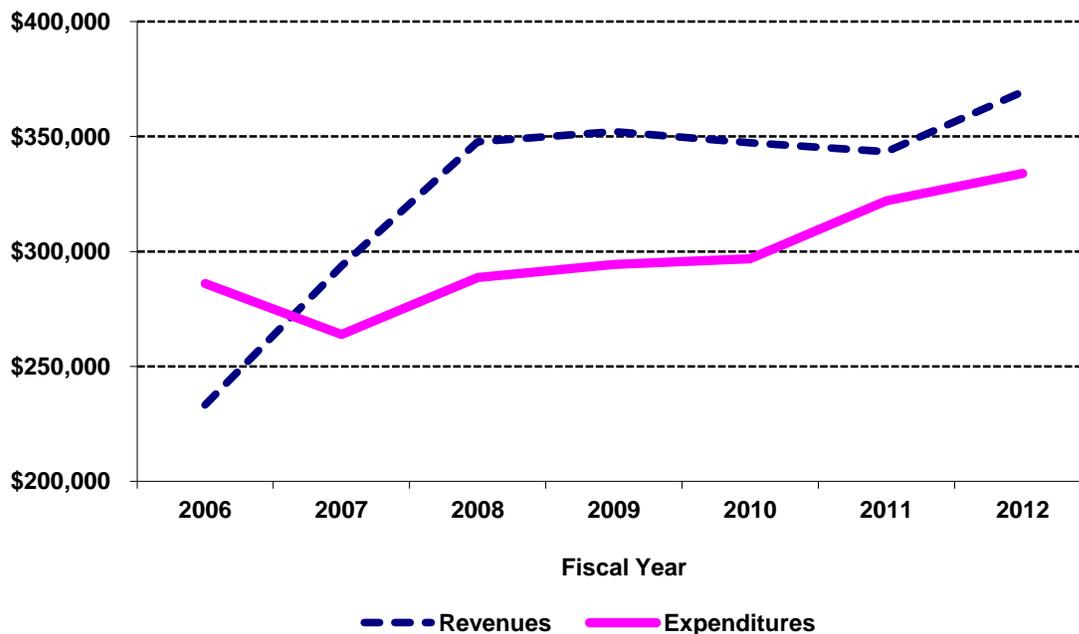
Cash Flow Activity

The Motor Vehicle Repair Board is one of more than 20 occupational licensing and regulatory boards and commissions that deposit all, or most, of their revenue collections into the Occupational Licensing and Regulatory Fund (Fund 4K90), and draw on that fund to finance most, if not all, of their annual operating expenses. Each board or commission is expected to be self-sufficient by generating enough revenue to cover its expenses.

Chart 2 below shows the Board's total annual revenue collections and expenditures from FY 2006 through FY 2012. Although its expenditures outpaced revenues in FY 2006, the operating deficit was eliminated by an increase in the annual registration fee from \$150 to \$225, approved by the Controlling Board in October 2006. Since then, the Board has run surpluses. Over that same period, the number of

registered businesses averaged 1,450, and ranged from a low of 1,369 in FY 2009 to a high of 1,534 in FY 2012.

Chart 2: Motor Vehicle Repair Board, FY 2006-FY 2012



Enforcement Efforts

Media Outreach

The Board estimates that it has registered approximately 80% of Ohio's known collision repair businesses. In order to increase compliance, the emphasis continues to be on increased field contacts, registration of the businesses that have avoided registration, collection of registration fees for prior years, and prosecution of unregistered and noncompliant businesses. In early 2007, the Board began outreach efforts to consumers and insurers through public service announcements on local radio, cable television, and mailings to various government entities that maintain vehicle fleets. The focus was on reminding these groups that collision repairs must be performed by registered businesses. The cost for this initiative has been minimal.

Legal Actions

The Board has attempted to encourage registration by educating businesses about the resources it makes available, including product information, recalls, legislation affecting the industry, guidance for obtaining liability insurance, consumer protections, and access to laws and regulations within the industry. However, when

this does not work, the Board works with the Office of the Attorney General to bring formal legal actions against businesses that are persistently noncompliant.

To date, the Board has focused its legal actions in five counties where it has found the highest rates of noncompliance: Hamilton, Butler, Clermont, Lorain, and Franklin. Legal proceedings against noncompliant businesses can take up to two years from start to finish, during which time noncompliant businesses either register or go out of business.

Recent Legislation

In the 129th General Assembly, S.B. 114 was enacted. This act makes several changes to the Board, including changing the name from the Board of Motor Vehicle Collision Repair Registration to the Motor Vehicle Repair Board. The Board's new duties include registering auto window tint installers throughout the state. The act also broadens the Board's authority in the promulgation of rules regarding the registration of existing auto repair facilities. The addition of auto window tint installers to the businesses that are required to be registered with the Board is expected to add approximately 200 new registrations. The gain in revenues from the new registrations is expected to be used by the Board to hire a new Investigator Assistant to help with the increased responsibilities.

ANALYSIS OF EXECUTIVE PROPOSAL

This section provides an analysis of the executive funding recommendations for the Board's FY 2014-FY 2015 biennial budget. The table below shows the executive recommended funding for the line item that finances the Board's annual operating expenses.

Executive Recommended Amounts for the Board				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
4K90	865609	Operating Expenses	\$487,592	\$484,292

Operating Expenses (865609)

This line item is used to pay the operating expenses for the Motor Vehicle Repair Board. The executive recommends \$487,592 in FY 2014, an increase of 36.1% from FY 2013 and \$484,292 in FY 2015, a decrease of 0.7% from FY 2014. The funding level proposed by the executive will continue to pay for the current number of employees, plus a new Investigative Assistant to be hired to help with the new duties required by the enactment of S.B. 114 of the 129th General Assembly.

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Motor Vehicle Repair Board

General Services Fund Group

4K90 865601 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$296,875	\$322,031	\$333,987	\$358,292	\$487,592	\$484,292
	8.5%	3.7%	7.3%	36.1%	-0.7%

Source: General Services Fund Group: \$225 annual registration fee and civil penalties of up to \$5,000 collected from motor vehicle collision repair operators

Legal Basis: ORC 4743.05 and 4775.08; Section 341.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: This line item is used to pay the Board's operating expenses. The Board is responsible for the regulation of motor vehicle collision repair operators and for the registration of auto window tint installers throughout the state.

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
Report For Main Operating Appropriations Bill			Version: As Introduced					
CRB Motor Vehicle Repair Board								
4K90	865601	Operating Expenses	\$ 333,987	\$ 358,292	\$ 487,592	36.09%	\$ 484,292	-0.68%
General Services Fund Group Total			\$ 333,987	\$ 358,292	\$ 487,592	36.09%	\$ 484,292	-0.68%
Motor Vehicle Repair Board Total			\$ 333,987	\$ 358,292	\$ 487,592	36.09%	\$ 484,292	-0.68%