

LSC Redbook

Analysis of the Executive Budget Proposal

State Board of Registration for Professional Engineers and Surveyors

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March 2013

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State Board of Registration for Professional Engineers and Surveyors

- Recommended budget of \$996,938 in FY 2014 and \$993,889 in FY 2015
- A second staff investigator is likely to be hired as a result of the recommended budget

OVERVIEW

Agency Overview

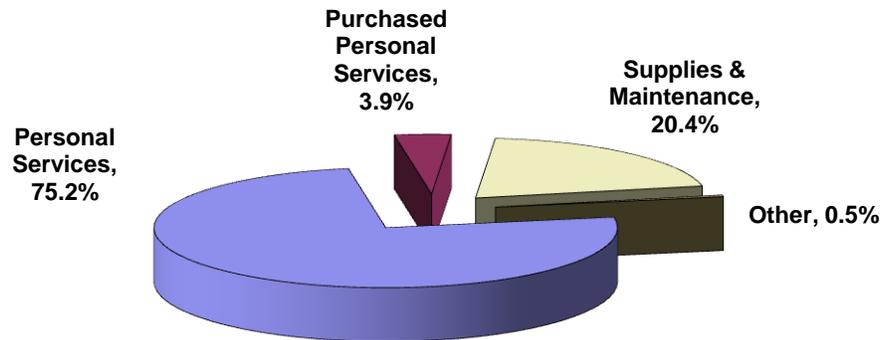
The State Board of Registration for Professional Engineers and Surveyors (ENG) regulates the professions of engineering and surveying to protect the public by ensuring that only properly qualified individuals and businesses become registered, and that the registrants follow the established standards and codes of ethics. Approximately 27,000 professional engineers and 2,300 professional surveyors are licensed in the state. ENG's governing body consists of five members appointed by the Governor, including four professional engineers (one of which must also be a professional surveyor) and one professional surveyor. The Board must meet at least twice per year but generally meets monthly. Members receive a per diem amount fixed by state law when attending to board matters and are reimbursed for expenses incurred in the discharge of their duties. The Board's day-to-day operations are handled by an executive director. Altogether, as of January 2013 there were seven full-time staff on payroll. The Board receives no GRF funding; rather, it is entirely supported by fees that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

Appropriation Overview

The executive recommends \$996,938 for FY 2014, an 8.2% increase compared to estimated FY 2013 spending of \$921,778 for Board operations. For FY 2015, there is a slight decrease in proposed funding, to \$993,889. The increase between FY 2013 and FY 2014 can mostly be attributed to the Board's intention to hire an additional employee to act as the second investigator on staff.

Chart 1 below shows the proposed budget for ENG by category of expense. As a regulatory entity, personnel costs account for the largest share of the Board's operating costs. According to the executive recommendation, approximately 75% of the proposed funding is slated for personal services. A further 20% is budgeted for supplies and maintenance. The remaining portion of approximately 5% is assigned to purchased personal services and other costs.

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



As with many other licensing boards and commissions, the Board receives centralized administrative support provided by the Central Service Agency (CSA) of 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. For the upcoming biennium, these charges are currently estimated to cost \$26,000 per fiscal year and are budgeted under supplies and maintenance.

Operating Revenues

As mentioned previously, the primary source of operating income for the occupational licensing boards is license fees. Table 1 shows the current fees charged by the Board.

Table 1. License Fees	
License Fee	Amount
Standard or NCEES Professional Surveyor Comity Application	\$455
Standard or NCEES Professional Engineer Comity Application	\$415
Dual Registration Renewal (Professional Engineer and Professional Surveyor)	\$80
Principles and Practice of Engineering (PE) and Surveying (PS) Exam Application	\$75
Final Registration Fee for Engineers and Surveyors passing PE and PS Exam	\$50
Firm Certificate of Authorization Application Fee	\$50
Professional Engineer/Professional Surveyor Renewal	\$40
Fundamentals of Engineering (FE)/Fundamentals of Surveying (FS) Exam Application	\$25
Firm Certificate of Authorization Renewal Fee	\$25
Reciprocal License Verification Request Fee	\$24

Note: NCEES refers to the National Council of Examiners for Engineering and Surveying

Fees collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-seven occupational licensing and regulatory boards and commissions, including ENG, use Fund 4K90 as an operating account to support their regulatory operations. Table 2 below shows ENG's operating revenue and expenditure history from FY 2008 to FY 2012. During this time, revenues consistently exceeded expenses over each biennial period. Note the increase in revenue that occurred in FY 2012 because of the change to a biennial license renewal cycle beginning in that fiscal year. As a result, FY 2012 receipts increased by just over \$600,000 to \$1.7 million when compared to FY 2011 collections of approximately \$1.1 million. Because of this shift, FY 2013 revenue is projected to be approximately \$612,000, resulting in a total of \$2.3 million in revenue over the FY 2012-FY 2013 biennium. Overall, this would be an approximate 8.8% increase in revenue compared to licensing receipts of just over \$2.1 million in the FY 2010-FY 2011 biennium.

Table 2. Revenues and Expenditures, FY 2008 to FY 2012					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$1,051,560	\$957,601	\$1,048,336	\$1,098,782	\$1,723,821
Expenditures	\$902,772	\$766,545	\$856,889	\$889,734	\$907,675
Net	\$148,788	\$191,056	\$191,477	\$209,048	\$816,146

ANALYSIS OF EXECUTIVE PROPOSAL

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

Governor's Recommended Funding for ENG				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
4K90	892609	Operating	\$996,938	\$993,889

This appropriation item supports all of ENG's operating expenses. The recommended funding of \$996,938 in FY 2014 is 8.2% higher than estimated FY 2013 spending of \$921,778, mostly on account of the Board's intention to hire an additional employee as an investigator. The FY 2015 recommendation of \$993,889 is slightly less than the FY 2014 amount because of decreased supply and maintenance costs that can be expected in the "off years" of the biennial license renewal cycle when material and equipment costs are lower. For example, certificates will not be printed, prepared, and mailed to engineers or surveyors in FY 2015, since renewal will occur in FY 2014.

The second investigator proposed to be hired as the ninth staff member in FY 2014 would bring total personnel costs to approximately \$1.5 million over the biennium. Currently, of the eight Board employees, one is an investigator handling investigations and enforcement activities. These activities include investigating allegations of illegal practice by unlicensed individuals and firms, exam site misconduct by test-takers. In addition, the investigator conducts continuing professional development audits. The additional investigator would aid in more efficiently conducting and processing investigations and audits. ENG states that the current sole investigator handles around 107 cases per year.

The other major source of expense for the Board is supplies and maintenance, at around \$406,000 total over the FY 2014-FY 2015 biennium. Overall, this includes various expenditures related to CSA services, office rental, information technology and phone services, bank fees, office supplies, travel expenses, and other various interagency services and miscellaneous costs.

Continuing Professional Development Audits

H.B. 322 of the 125th General Assembly mandated that professional engineers and surveyors complete 15 hours of continuing professional development each year. Beginning in calendar year 2008, registrants seeking renewal were to have completed the required number of hours over the past year. While the Board's goal is to audit 5% of registrants to ensure that they are meeting these requirements, staffing constraints

meant that only 254 registrants were audited in FY 2012. This level of audit activity has stayed consistent with the number of audits conducted annually in FY 2010 and FY 2011, at around 250 per year. Of the individuals audited in FY 2012, ultimately 15 licensees were disciplined due to noncompliance. By statute, noncompliant registrants have up to six months to attend the necessary classes. If the additional investigator were to be hired, the number of audits conducted during the FY 2014-FY 2015 biennium would likely increase in time. However, according to ENG, the second investigator would join the first as primarily focusing staff duties on reducing the backlog and turnaround of complaints and investigations before completing more CPD audits.

Licenses

Table 3 shows the number of active registrations issued by ENG as of the end of FY 2011 and FY 2012, as well as year-to-date FY 2013. As the table shows, the total number of active registrations increased slightly between FY 2011 and FY 2012. Thus far in FY 2013, the number of active registrations has increased at a higher rate, mostly on account of increases in the number of professional engineers and firms registered.

Registration	FY 2011	FY 2012	Percent Change	FY 2013 YTD	Percent Change
Professional Engineer	24,710	24,854	1.2%	25,432	2.3%
Professional Surveyor	1,365	1,350	-1.1%	1,370	1.5%
Dual Registration	751	737	-1.9%	742	0.7%
Firm	2,195	2,315	5.5%	2,404	3.8%
Total	29,021	29,256	0.8%	29,948	2.4%

Investigation and Enforcement Statistics

In addition to licensing, the Board investigates complaints and alleged violations of Chapter 4733. of the Revised Code, the statute governing the engineering and surveying professions. As Table 4 below shows, the Board received and investigated 118 complaints in FY 2012.

Enforcement Action	FY 2011	FY 2012
Complaints Investigated	118	118
Complaints Closed	78	80
Formal Investigations Opened	40	39
Formal Investigations Closed	38	45

Eighty complaints were closed in FY 2012, with most being resolved because there was no evidence that a violation was committed, the complaint was not within the Board's jurisdiction, or the individual or firm came into compliance voluntarily. Of the 39 formal investigations opened, most were resolved through settlement agreements or through disciplinary action issued by the Board after an adjudication hearing. Note that formal investigations can carry over to the next fiscal year due to the length of the investigation, which explains the 45 closed investigations in FY 2012 exceeding the 39 investigations opened.

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State Board of Engineers and Surveyors

General Services Fund Group

4K90 892609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$856,889	\$889,734	\$907,675	\$921,778	\$996,938	\$993,889
	3.8%	2.0%	1.6%	8.2%	-0.3%

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

Legal Basis: ORC 4733.08 and 4743.05

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 registers and regulates engineers, surveyors, and engineering and surveying firms.

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					
ENG State Board of Engineers and Surveyors								
4K90	892609	Operating Expenses	\$ 907,675	\$ 921,778	\$ 996,938	8.15%	\$ 993,889	-0.31%
General Services Fund Group Total			\$ 907,675	\$ 921,778	\$ 996,938	8.15%	\$ 993,889	-0.31%
State Board of Engineers and Surveyors Total			\$ 907,675	\$ 921,778	\$ 996,938	8.15%	\$ 993,889	-0.31%