

LSC Redbook

Analysis of the Executive Budget Proposal

**State Board of Embalmers and
Funeral Directors**

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ATTACHMENTS:

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

State Board of Embalmers and Funeral Directors

- Recommended funding of \$737,000 for FY 2014 and \$741,000 for FY 2015
- Approximately \$43,000 collected in fines and recoveries in FY 2012
- Approximately 1,300 licensed facilities statewide

OVERVIEW

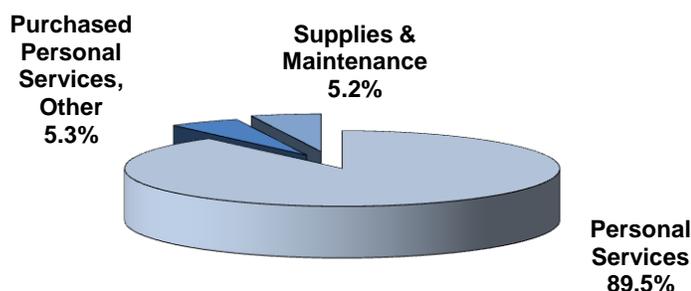
Agency Overview

The Board of Embalmers and Funeral Directors (FUN) is required to license and regulate embalmers, funeral directors, funeral homes, crematories, and embalming facilities throughout the state. The Board's governing body consists of seven members, five of whom must be licensed embalmers and practicing funeral directors. One of the five members must be knowledgeable in the area of cremation. The other two members represent the public. Day-to-day operations are overseen by an executive director who is appointed by the Board. In addition to the executive director, there are five full-time, permanent employees, including two inspectors, two administrative assistants, and one certification-licensure examiner.

Appropriation Overview

The executive recommends funding of \$737,000 in FY 2014, unchanged when compared to estimated spending on Board operations for FY 2013. For FY 2015, the executive recommends a .5% increase in funding to \$741,000. Chart 1 shows the recommended funding for the FY 2014-FY 2015 biennium by category of expense. Personnel costs are the Board's biggest expense, accounting for 89.5% of the executive budget recommendations for the biennium. A further 5.3% is for purchased personal services, equipment, and other expenses, and the remaining 5.2% is slated for supplies and maintenance.

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



The Board receives support for some of its back-office operations from the Central Service Agency (CSA) within the Department of Administrative Services, costs that are budgeted within the supplies and maintenance category. CSA services provided to the Board include help with budget development, fiscal processing, and human resources functions. FUN paid \$17,617 for these services in FY 2012 and expects to pay approximately \$22,000 for them in FY 2013. In addition, the Board incurred charges of \$1,236 in FY 2012 for its share of operating costs related to the eLicensing system, the central license processing and tracking system that is used by the state's other professional licensing boards.

Operating Results

As with many of the state's professional licensing boards and commissions, the Board is entirely supported by license fees and other receipts that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-seven state occupational licensing and regulatory boards and commissions use Fund 4K90 as a shared operating pool to support their oversight functions. Table 1 below shows the nine license types that the Board oversees and the associated fee.

License	Fee
Crematory	\$200
Embalmer Apprentice	\$10
Embalmer Registration	\$25
Embalmer	\$140
Embalming Facility	\$200
Funeral Director Apprentice	\$10
Funeral Director Registration	\$25
Funeral Director	\$140
Funeral Home	\$250

The Board renews licenses in odd-numbered fiscal years. As can be seen in Table 2, this means that in renewal years revenue intake exceeds operating expenses. Correspondingly, income lags operating expenses in nonrenewal years. However, as is the case with most boards that renew on a two-year cycle, there is generally a net positive balance at the end of each cycle. For example, over the FY 2011-FY 2012 renewal cycle, revenues were \$1,245,789 and expenditures were \$1,235,760, for a net balance of \$10,029. Table 2 below shows FUN's revenue and expenditure history from FY 2007-FY 2012, encompassing the last three complete licensing cycles.

Table 2. Revenues and Expenditures, FY 2007 to FY 2012						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$1,170,624	\$88,114	\$1,164,020	\$60,918	\$1,155,139	\$90,650
Expenditures	\$589,582	\$572,159	\$597,323	\$514,189	\$629,707	\$606,053
Net	\$581,042	-\$484,045	\$566,697	-\$453,271	\$525,432	-\$515,403

Legislation Affecting Board Operations

H.B. 481 of the 129th General Assembly, which takes effect in March 2013, made two changes to the law governing the licensing of those in the funeral profession. First, the bill allowed license holders to request that their licenses be placed on inactive status. Licenses eligible for inactive status under the bill include: (1) embalmers, (2) embalming facilities, (3) funeral directors, (4) funeral homes, and (5) crematory facilities. Individuals whose licenses are placed on inactive status may not return to active status for a minimum of two years from the date inactive status is granted. Returning a license to active status requires the licensee to pass the applicable examination for each type of license in addition to paying a reinstatement fee of \$140 for each license being activated. Second, the bill allows the Board to issue courtesy cards to licensed funeral directors in bordering states that will permit those directors to perform limited services in Ohio. H.B. 481 gives the Board discretion in determining fees and other conditions under which courtesy cards will be issued after taking into account whether and under what conditions and fees that bordering states issue similar courtesy cards to funeral directors licensed in Ohio.

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Amounts for the Embalmers and Funeral Directors Board				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
4K90	881609	Operating Expenses	\$737,000	\$741,000

Operating Expenses (881609)

Fund 4K90 line item 881609, Operating Expenses, is used to pay all of the Board's operating expenses. The recommended funding is \$737,000 in FY 2014 and \$741,000 in FY 2015. These amounts are essentially unchanged when compared to estimated spending of \$736,765 for FY 2013. Note that the FY 2013 spending estimate included an increase in appropriation approved by the Controlling Board in September 2012. The increase, totaling \$112,200, raised the Board's budget from \$624,565 to \$736,765 in FY 2013, and allowed the Board to pay various operating assessments charged by DAS for rent, telecommunications, IT, mail, and printing, as well as an increase in travel costs related to investigations. In addition to the executive director, the Board employs two inspectors, two administrative assistants, and one certification-licensure examiner.

Licensing Statistics

Table 3 below shows the number of active licenses issued by the Board for FY 2011 and FY 2012. The Board oversees nine license types. The vast majority of these are for just three license types: Embalmers, Funeral Directors, and Funeral Homes. Together in FY 2012, these 6,478 licenses accounted for (95.0%) of active licenses. The number of active licenses overseen in FY 2012 was 6,818, a 1.7% increase over FY 2011.

License Type	FY 2011	FY 2012	% Change
Crematory	109	116	6.4%
Embalmer Apprentice	51	37	-27.5%
Embalmer Registration	48	37	-22.9%
Embalmer	2,233	2,279	2.1%
Embalming Facility	2	3	50.0%
Funeral Director Apprentice	71	73	2.8%
Funeral Director Registration	67	74	10.4%
Funeral Director	2,952	3,015	2.1%
Funeral Home	1,171	1,184	1.1%
Total	6,704	6,818	1.7%

Investigation and Enforcement

In addition to licensing the funeral profession, the Board carries out inspections of funeral homes, crematories, and embalming facilities and investigates consumer complaints related to the funeral profession. Over the past five years, the Board's two inspectors have averaged about 380 inspections per year, including an average of 90 follow-up inspections to revisit facilities where violations were found. There are approximately 1,300 licensed facilities statewide. In FY 2012, the Board investigated complaints against 194 facilities. Of these, about two-thirds involved three types of complaints. Unprofessional conduct accounted for 64 complaints, pre-need funeral contracts accounted for 37, and funeral bill disputes accounted for 24. Note that these statistics represent the number of facilities that had complaints filed against them. In some cases, the same facilities had multiple complaints. Going forward, the Board intends to count individual complaints rather than facilities with complaints to more accurately represent the amount of investigation and enforcement activity. Overall, fines and recoveries as a result of investigations and inspections totaled approximately \$43,000 in FY 2012.

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State Board of Embalmers and Funeral Directors

General Services Fund Group

4K90 881609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$520,097	\$629,707	\$606,054	\$736,765	\$737,000	\$741,000
	21.1%	-3.8%	21.6%	0.0%	0.5%

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

Legal Basis: ORC 4717.02 and 4743.05; Section 271.10 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 general operating expenses, including payroll, supplies, and equipment for the State Board of Embalmers and Funeral Directors.

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					
FUN State Board of Embalmers and Funeral Directors								
4K90	881609	Operating Expenses	\$ 606,054	\$ 736,765	\$ 737,000	0.03%	\$ 741,000	0.54%
General Services Fund Group Total			\$ 606,054	\$ 736,765	\$ 737,000	0.03%	\$ 741,000	0.54%
State Board of Embalmers and Funeral Directors Total			\$ 606,054	\$ 736,765	\$ 737,000	0.03%	\$ 741,000	0.54%