

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

**Ohio State Barber Board**

Terry Steele, Senior Budget Analyst  
Legislative Service Commission

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### **ATTACHMENTS:**

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

# Ohio State Barber Board

- Recommended funding of \$674,272 in FY 2016 and \$688,272 in FY 2017
- Approximately 11,800 active licenses

## OVERVIEW

The Ohio State Barber Board (BRB) was established in 1934 to retard the spread of communicable diseases by establishing and enforcing standards of practice in barber shops. The Board continues to help regulate barbers in Ohio by providing licenses to barbers, barber shops, and barber schools. Licenses to individual barbers are granted upon the successful completion of an accredited school's program and an examination, which includes being able to identify the skin diseases of the head, face, and neck. The Board also conducts random inspections of barber shops to ensure that standards of hygiene are met. The Board's governing authority consists of three members appointed by the Governor: two licensed barbers and one member of the public. The day-to-day operations of the Board are handled by the Executive Director and six other full-time employees, including two administrative assistants and four inspectors. The Board receives no GRF funding; rather, it is entirely supported by fees and other assessments paid by barbers and barber schools.

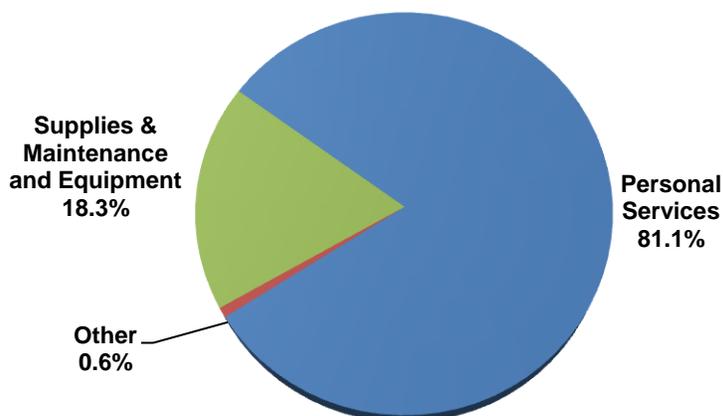
### Appropriations Overview

The executive recommends funding of \$674,272 in FY 2016, matching the amount of anticipated spending in FY 2015. The recommended funding for FY 2017 is \$688,272, a 2.1% increase over the recommended FY 2016 amount.

### Appropriations by Category of Expense

As Chart 1 on the following page illustrates, personnel costs are BRB's largest expense, accounting for slightly more than \$1.1 million (81.1%) of the funding proposed for the FY 2016-FY 2017 biennium. The remaining amount, approximately \$257,000 (18.9%) is slated for supplies and maintenance, as well as a small amount set aside for other expenses such as equipment and purchased personal services.

**Chart 1: Biennial Executive Budget Recommendations for BRB  
by Expense Category, FY 2016-FY 2017**



The Board receives assistance for certain administrative functions from the Central Service Agency (CSA) within the Department of Administrative Services. These services include help in budget development, fiscal processing, human resources management, and so forth. BRB paid \$16,672 for these services in FY 2014 and expects to pay approximately \$19,240 for them in FY 2015. For the FY 2016-FY 2017 biennium, it is estimated that CSA services will cost approximately \$21,164 in each fiscal year.

The Board is also assessed a charge to participate in the state's eLicensing system. Approximately 36,500 license records from BRB are stored on the system. The Board expects its share of such expenses to be slightly more than \$3,800 in each fiscal year of the upcoming biennium. Finally, the Board is also responsible for paying the cost of its required biennial audit, and incurred a cost of \$8,503 for this financial review during the FY 2014-FY 2015 biennium.

## **Operating Results**

The Board renews licenses biennially in odd-numbered fiscal years. Table 2 shows BRB's operating results for the FY 2012-FY 2013 biennium and anticipated results for the FY 2014-FY 2015 biennium that concludes June 30, 2015. Notice that the biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the bulk of revenue coming in the odd-numbered fiscal years when licenses are renewed. Receipts in the odd-numbered fiscal years thus cover the deficits in even-numbered fiscal years when there is comparatively little income. Nevertheless, over recent two-year renewal cycles, BRB's revenues have consistently exceeded expenditures.

<b>Table 1. BRB Revenues and Expenditures, FY 2012-FY 2015 (Estimate)</b>				
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015 (Est.)</b>
Revenue	\$168,354	\$1,312,969	\$170,342	\$1,329,835
Expenditures	\$642,907	\$656,615	\$643,325	\$674,272
<b>Net</b>	<b>-\$474,553</b>	<b>\$656,354</b>	<b>-\$472,983</b>	<b>\$655,563</b>

## Fee Schedule

Licensing fees collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Table 2 below shows the four primary licenses issued by BRB and the fee for each.

<b>Table 2. Current BRB License Fees</b>	
<b>License Type</b>	<b>Fee</b>
Barber	\$110
Barber School	\$1,000
Barber Shop	\$75
Barber Teacher	\$150

## ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Funding for the Ohio State Barber Board				
Fund	ALI and Name		FY 2016	FY 2017
<b>Dedicated Purpose Fund Group</b>				
4K90	877609	Operating Expenses	\$674,272	\$688,272

### Operating Expenses (877609)

Fund 4K90, line item 877609, Operating Expenses, is used to pay for all of BRB's operating expenses. The proposed funding for FY 2016 is \$674,272, matching estimated expenditures for FY 2015. The amount recommended for FY 2017 is \$688,272, a 2.1% increase over the amount recommended for FY 2016. The Board currently employs seven full-time equivalents. These include the Executive Director, four inspectors, and two administrative assistants. In order to reduce administrative expenses associated with its regulatory responsibilities in the current biennium, the Board made applications and other forms available on its website, thereby lowering postage costs. A second cost-cutting step was to allow one of the inspectors to work four 10-hour days instead of five 8-hour days, thereby reducing travel expenses. Overall, the Board estimates that these measures have resulted in \$20,000 in cost reductions over the FY 2014-FY 2015 biennium. The increase in appropriation for FY 2017 will primarily be used to pay for CSA and fleet management cost increases anticipated in FY 2017.

### Licensing and Enforcement Statistics

Table 3 shows the number of active licenses issued by the Board in FY 2013 and FY 2014. Overall, the number of active licenses in FY 2014 was 11,779, a 7.8% increase over the FY 2013 figure of 10,926. This growth was mostly driven by an increase in the number of barber licenses and, to a lesser degree, barber shop licenses. On a statewide basis, the number of barbers in the rural areas of the state has been declining, while the number of barbers and barber shops in urban areas has increased. In FY 2014, the Board conducted 6,874 random inspections and undertook 274 investigations. There were 308 violations cited, resulting in fines of approximately \$9,500.

License Type	FY 2013	FY 2014	% Change
Barber	8,039	8,767	9.1%
Barber School	14	18	28.6%
Barber Shop	2,802	2,903	3.6%
Barber Teacher	71	91	28.2%
<b>TOTAL</b>	<b>10,926</b>	<b>11,779</b>	<b>7.8%</b>

BRB.docx/dp

# Ohio State Barber Board

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## Dedicated Purpose Fund Group

### 4K90 877609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$642,907	\$656,615	\$643,325	\$674,272	<b>\$674,272</b>	<b>\$688,272</b>
	2.1%	-2.0%	4.8%	<b>0.0%</b>	<b>2.1%</b>

**Source:** Dedicated Purpose Fund Group: License fees and other assessments collected by the state's professional and occupational licensing boards

**Legal Basis:** ORC 4709.04 and 4743.05; Section 225.10 of Am. Sub. H.B. 59 of the 130th G.A.

**Purpose:** This line item is used to support the general operating expenses, including payroll, supplies, and equipment, for the Ohio State Barber Board. The Board licenses barbers, barber teachers, barber shops, and barber schools, with barbers and barber shops accounting for almost all of the licenses. The Board renews licenses on a biennial basis in odd-numbered fiscal years.

## FY 2016 - FY 2017 Introduced Appropriation Amounts

## All Fund Groups

### Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	FY 2017	% Change	
					% Change		% Change	
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>BRB Ohio State Barber Board</b>								
4K90	877609	Operating Expenses	\$ 643,325	\$ 674,272	\$ 674,272	0.00%	\$ 688,272	2.08%
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 643,325</b>	<b>\$ 674,272</b>	<b>\$ 674,272</b>	<b>0.00%</b>	<b>\$ 688,272</b>	<b>2.08%</b>
<b>Ohio State Barber Board Total</b>			<b>\$ 643,325</b>	<b>\$ 674,272</b>	<b>\$ 674,272</b>	<b>0.00%</b>	<b>\$ 688,272</b>	<b>2.08%</b>