

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 2016-FY 2017 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.

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	1
Expense Account Summary.....	2
Cash Flow Activity.....	2
Enforcement Efforts	3
Media Outreach.....	4
Legal Actions	4
ANALYSIS OF EXECUTIVE PROPOSAL	5
Operating Expenses (865609)	5

ATTACHMENTS:

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

Motor Vehicle Repair Board

- Existing services to be maintained under executive recommendations
- Fee-driven budget
- About 90% of funding for payroll expenses

OVERVIEW

Agency Overview

The Motor Vehicle Repair Board is responsible for the registration and regulation of collision repair facilities, auto glass replacement and repair businesses, airbag replacement and repair businesses, mobile auto repair units, and window tint installers.¹ Businesses currently pay an annual registration fee of \$225. The Board currently has approximately 1,700 businesses registered.²

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 five full-time employees (an executive director, a program administrator, and three investigators).

Appropriations Overview

The Board is entirely supported by money appropriated from the Occupational Licensing and Regulatory Fund (Fund 4K90). Under the executive recommended budget, the Board will receive non-GRF appropriations totaling \$484,292 in each of FYs 2016 and FY 2017, an amount identical to FY 2015 estimated expenditures.

Table 1. Executive Budget Recommendations by Fund Group, FY 2016 and FY 2017

Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
Dedicated Purpose	\$484,292	\$484,292	0.0%	\$484,292	0.0%

*FY 2015 figures represent estimated expenditures.

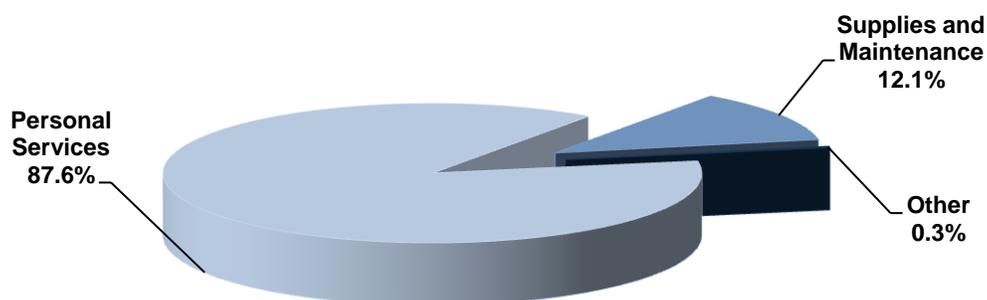
¹ The Board was created as a result of the enactment of Am. Sub. H.B. 143 of the 122nd General Assembly, effective December 18, 1997.

² Registration exempted groups include: motor vehicle, auction and salvage dealers, fleet operations (these entities are already licensed under other specific state laws and governance), and hobbyists repairing four or less motor vehicles in a calendar year.

Expense Account Summary

Chart 1 summarizes the manner in which the Board plans to allocate its executive recommended appropriations for the FY 2016-FY 2017 biennium. As the chart shows, close to 90% of the recommended funding over the biennium will be allocated for personal services (payroll-related expenses). A further 12.1% will be allocated for supplies and maintenance, and the remainder, 0.3%, will cover a mix of other expenses (purchased personal services and transfers).

**Chart 1: Executive Biennial Budget Recommendations
by Expense Account Category, FY 2016 and FY 2017**

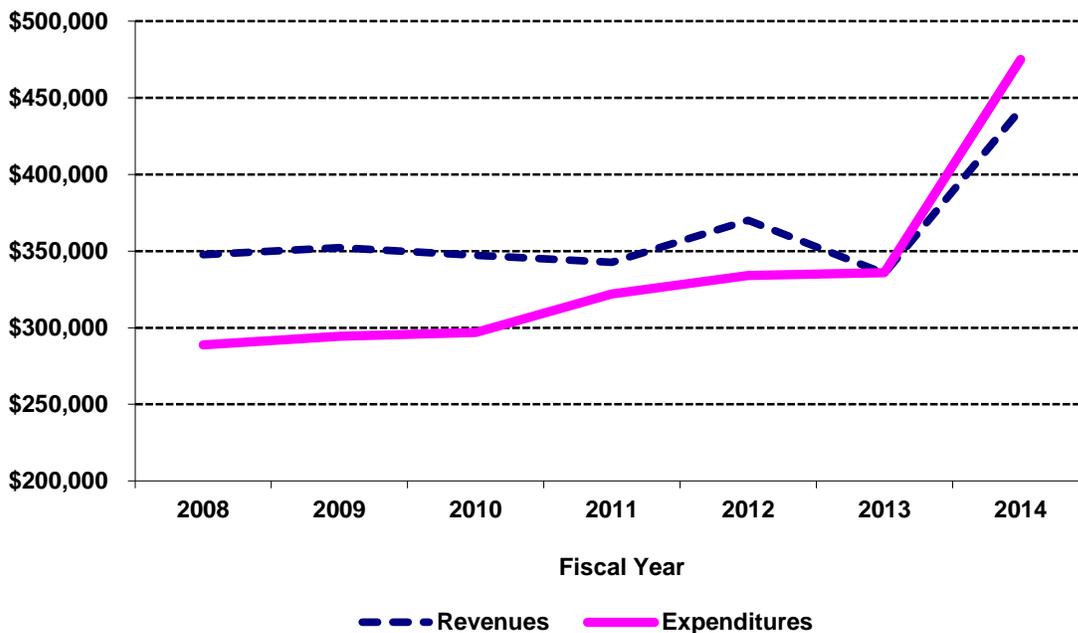


Cash Flow Activity

The Motor Vehicle Repair Board is one of around 25 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 FYs 2008 through 2014. Since the Controlling Board established the registration fee of \$225 in October 2006, the Motor Vehicle Repair Board ran surpluses up through FY 2013. As a result of the enactment of Sub. S.B. 114 of the 129th General Assembly, the Board had to hire additional personnel and purchase new equipment to accommodate its new responsibilities of covering window tinting operators, thus incurring a deficit in FYs 2013 and 2014.

Chart 2: Motor Vehicle Repair Board Revenues and Expenditures, FY 2008-FY 2014



Registration and Enforcement

Workload Measures

Table 2 below presents three measures of the Board's workload for the period of FY 2008-FY 2014. The number of businesses registered with the Board has averaged around 1,500, with that number approaching and then exceeding 1,600 over the course of FYs 2013 and 2014. The number of complaint investigations has averaged around 140, with a low of 100 in FY 2012 and a high of 176 in FY 2010.

Of note in Table 2 is the increase, from 211 to 560, in the violation notices issued to noncompliant operations between FYs 2013 and 2014. This is the direct result of the Board hiring an additional investigator that enhanced field services and led to identifying more noncompliant businesses.

Table 2. Selected Workload Measures, FY 2008-FY2014							
Activity	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Business Registrations	1,522	1,369	1,462	1,500	1,534	1,573	1,638
Complaint Investigations	142	165	176	115	100	153	137
Violation Notices	175	185	192	220	182	211	560

Media Outreach

The Board estimates that it has registered approximately 85% of Ohio's businesses that fall under its jurisdiction, leaving an estimated 300 businesses in violation of the registration requirement. In order to increase compliance, the emphasis continues to be on increasing field contacts, registration of the businesses that have avoided registration, collection of registration fees for prior years, and prosecution of unregistered and noncompliant businesses. The Board also initiated 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 is on reminding these groups that collision repairs must be performed by registered businesses. The cost for this initiative has been minimal.

Legal Action

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 action against businesses that are persistently noncompliant.

ANALYSIS OF EXECUTIVE PROPOSAL

The table below shows the executive recommended funding level for the Board's lone non-GRF financing mechanism. The purpose for which that funding will be allocated is also noted.

Executive Recommended Amounts for the Board				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund (DPF) Group				
4K90	865601	Operating Expenses	\$484,292	\$484,292

Operating Expenses (line item 865601)

This line item is used to pay for the Board's operating expenses. The executive recommended appropriations are \$484,292 in each of FYs 2016 and 2017. This funding amount is expected to be sufficient for the Board to maintain FY 2015 service levels over the course of the next biennium.

CRB.docx/dp

Motor Vehicle Repair Board

Dedicated Purpose Fund Group

4K90 865601 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$333,987	\$335,863	\$474,985	\$484,292	\$484,292	\$484,292
	0.6%	41.4%	2.0%	0.0%	0.0%

Source: Dedicated Purpose Fund Group: License fees and other assessments collected by certain independent professional and occupational boards, including annual registration fees collected by the Motor Vehicle Repair Board

Legal Basis: ORC 4743.05 and 4775.08; Section 331.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: This line item is used to pay for operating expenses that the Board incurs as a state regulator of collision, auto glass, airbag, window tinting, and mobile repair businesses.

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	% Change	FY 2017	% Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
CRB Motor Vehicle Repair Board								
4K90	865601	Operating Expenses	\$ 474,985	\$ 484,292	\$ 484,292	0.00%	\$ 484,292	0.00%
Dedicated Purpose Fund Group Total			\$ 474,985	\$ 484,292	\$ 484,292	0.00%	\$ 484,292	0.00%
Motor Vehicle Repair Board Total			\$ 474,985	\$ 484,292	\$ 484,292	0.00%	\$ 484,292	0.00%