

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 \$741,000 for FY 2016 and \$771,000 for FY 2017
- Approximately \$128,000 collected in fines and recoveries in FY 2014
- Approximately 1,300 licensed facilities statewide

OVERVIEW

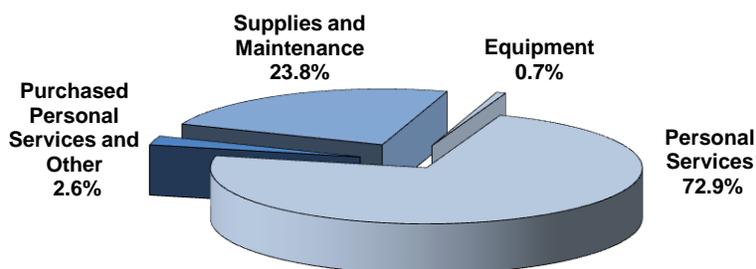
Agency Overview

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 program administrators, and one certification-licensure examiner.

Appropriation Overview

The executive recommends funding of \$741,000 in FY 2016, unchanged when compared to estimated spending on Board operations for FY 2015. For FY 2017, the executive recommends a 4.1% increase in funding to \$771,000. Chart 1 shows the recommended funding for the FY 2016-FY 2017 biennium by category of expense. Personnel costs are the Board's biggest expense, accounting for 72.9% of the executive budget recommendations for the biennium. A further 23.8% is slated for supplies and maintenance, 2.6% is for purchased personal services, equipment, and other expenses, and the remaining 0.7% is for equipment.

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



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 \$9,959 for these services in FY 2014 and expects to pay approximately \$22,000 for them in FY 2015. In addition, the Board incurred charges of \$1,555 in FY 2014 for its share of operating costs related to the eLicensing system, the central license processing and tracking system that is used by many of the state's professional licensing boards.

Operating Results

The Board is entirely supported by license fees and other receipts that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Table 1 below shows the ten license types that the Board oversees and the associated fee.

License	Fee
Crematory	\$350
Embalmer Apprentice	\$10
Embalmer Registration	\$25
Embalmer	\$150
Embalming Facility	\$350
Funeral Director Apprentice	\$10
Funeral Director Registration	\$25
Funeral Director	\$150
Funeral Home	\$350
Courtesy Card Permit	\$150

Table 2 below shows FUN's revenue and expenditure history over the last three complete licensing cycles. The Board renews licenses in odd-numbered fiscal years. This means that revenue intake exceeds operating expenses in renewal years but lags operating expenses in nonrenewal years, although there is usually a net positive balance at the end of each cycle. However, this was not the case during the FY 2013-FY 2014 renewal cycle, when revenues were \$1,324,587 and expenditures amounted to \$1,436,360, for a net balance of -\$111,773.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$1,164,020	\$60,918	\$1,155,139	\$90,650	\$1,141,657	\$182,930
Expenditures	\$597,323	\$514,189	\$629,707	\$606,053	\$703,111	\$733,249
Net	\$566,697	-\$453,271	\$525,432	-\$515,403	\$438,546	-\$550,319

H.B. 59, the main operating appropriations act of the 130th General Assembly, increased fees for several licenses issued by the Board. Specifically, the fee for an initial or biennial renewal of an Embalmer's or Funeral Director's license was increased from \$140 to \$150. Initial and renewal license fees to operate a funeral home, embalming facility, or crematory facility were increased from \$200 to \$350. Finally, the fee for a duplicate license was increased from \$4 to \$10. If the number of these licenses issued remains unchanged from the FY 2013-FY 2014 biennial renewal period, license revenue collected by the Board would rise by about \$245,000 during the FY 2015-FY 2016 renewal period, in all likelihood returning the Board to a net positive balance for the renewal cycle.

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Amounts for the Embalmers and Funeral Directors Board				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4K90	881609	Operating Expenses	\$741,000	\$771,000

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 \$741,000 in FY 2016, equal to the amount of estimated spending on Board operations for FY 2015. For FY 2017, recommended funding is increased by 4.1% to \$771,000. The FY 2017 increase will be used to pay various operating assessments charged by the Department of Administrative Services for rent, telecommunications, IT, mail, and printing.

Licensing Statistics

Table 3 below shows the number of active licenses issued by the Board for the FY 2013-FY 2014 licensing cycle. Overall, the Board oversees 10 license types. The vast majority of issuances are for just three license types: embalmers, funeral directors, and funeral homes. Together in FY 2014, these 6,322 licenses accounted for nearly 95.0% of active licenses. The number of active licenses overseen in FY 2014 was 6,665, a handful fewer than the 6,677 licenses overseen in FY 2013.

License Type	FY 2013	FY 2014	% Change
Crematory	120	127	5.8%
Embalmer Apprentice	42	42	0.0%
Embalmer Registration	46	46	0.0%
Embalmer	2,208	2,226	0.8%
Embalming Facility	4	4	0.0%
Funeral Director Apprentice	60	60	0.0%
Funeral Director Registration	63	63	0.0%
Funeral Director	2,950	2,930	-0.7%
Funeral Home	1,184	1,166	-1.5%
Courtesy Card Permit	0	1	-
TOTAL	6,677	6,665	-0.2%

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. In FY 2014, the Board's two inspectors conducted 933 inspections including 38 follow-up inspections to revisit facilities where violations were found. Over the past five years, the Board's inspectors have averaged about 760 inspections per year, including an average of 17 follow-up inspections annually. There are approximately 1,300 licensed facilities statewide. In FY 2014, the Board investigated a total of 385 complaints against 106 facilities. Of these, about one-third involved three types of complaints. Unprofessional conduct accounted for 77 complaints involving 52 facilities, pre-need funeral contracts accounted for 42 cases associated with 10 facilities, and funeral bill disputes accounted for 19 cases at 8 facilities. Overall, fines and recoveries as a result of investigations and inspections totaled approximately \$128,000 in FY 2014.

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State Board of Embalmers and Funeral Directors

Dedicated Purpose Fund Group

4K90 881609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$606,054	\$703,111	\$733,249	\$741,000	\$741,000	\$771,000
	16.0%	4.3%	1.1%	0.0%	4.0%

Source: Dedicated Purpose 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 267.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to support general operating expenses, including payroll, supplies, and equipment for the State Board of Embalmers and Funeral Directors. The Board is responsible for overseeing the licensure of embalmers, funeral directors, funeral homes, crematories, and embalming facilities, and for regulating the funeral industry in Ohio.

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	
Report For Main Operating Appropriations Bill			Version: As Introduced					
FUN State Board of Embalmers and Funeral Directors								
4K90	881609	Operating Expenses	\$ 733,249	\$ 741,000	\$ 741,000	0.00%	\$ 771,000	4.05%
Dedicated Purpose Fund Group Total			\$ 733,249	\$ 741,000	\$ 741,000	0.00%	\$ 771,000	4.05%
State Board of Embalmers and Funeral Directors Total			\$ 733,249	\$ 741,000	\$ 741,000	0.00%	\$ 771,000	4.05%