

LSC Greenbook

Analysis of the Enacted Budget

Ohio Manufactured Homes Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Ohio Manufactured Homes Commission

- Funding of \$1.2 million in each fiscal year
- Total revenues have increased since MHC assumed responsibility of licensing manufactured home parks

OVERVIEW

Agency Overview

The Ohio Manufactured Homes Commission (MHC) is responsible for establishing and enforcing standards of quality and uniformity in the sale and installation of manufactured homes in Ohio. MHC regulates the training and licensing of manufactured home installers, the training and certification of manufactured home inspection agencies, and the licensing of manufactured home dealers and salespeople, and oversees a dispute resolution process for complaints made by home purchasers. Additionally, MHC is responsible for establishing and enforcing standards ensuring the safety and sanitation of manufactured home parks and issuing licenses to manufactured home park operators.

MHC is overseen by nine commissioners, three of whom are appointed by the Governor, three of whom are appointed by the President of the Senate, and three of whom are appointed by the Speaker of the House of Representatives. The selected commissioners represent the various interested parties involved in the manufactured homes industry. Commissioners receive no compensation other than actual expenses incurred in conducting MHC business. The day-to-day operations of MHC are handled by an executive director, appointed by the commissioners, and eight full-time staff.

Appropriation Overview

The budget appropriates \$1,206,959 in each fiscal year for operations, which is a 32.5% increase compared to FY 2015 spending of \$911,056. MHC receives no GRF funding; instead, it is entirely supported by fees deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90) and the Manufactured Homes Commission Regulatory Fund (Fund 5MC0).

Licensing Types

MHC generates revenue through the sale of various licenses, home inspection seals, and certification fees. Table 1 below shows the current fee charged for each type of license. All fees are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90), except for fees collected on licenses for manufactured home parks. These

receipts are instead deposited into the Manufactured Homes Commission Regulatory Fund (Fund 5MC0).

| Table 1. MHC Fees | |
|---|------------|
| Seals | Fee |
| Home Inspection Seals | \$100 |
| Licenses | |
| Inspector Certification (triennial) | \$50 |
| Third-Party Inspector Certification (triennial) | \$300 |
| Installer License (biennial) | \$250 |
| Dealer/Broker (biennial) | \$250 |
| Salesperson (biennial) | \$150 |
| Manufactured Home Park Licenses | |
| Park Owner/Operator License (annual) | \$150 |
| Park Lot Fee (per lot/per year) | \$4.15 |

Revenues and Expenses

Although MHC was first established in FY 2004, early on it served primarily as an educational entity that trained and licensed manufactured home installers and inspectors. MHC only gained authority to carry out its regulatory duties in FY 2007, largely because of various federal and state law changes that were necessary to flesh out MHC's scope of responsibilities. In FY 2011, MHC inherited the responsibility of licensing manufactured home dealers, brokers, and sales people from the Bureau of Motor Vehicles. Table 2 shows MHC's total revenues and expenses since FY 2011. As the data in the table show, revenues have increased substantially over the past five fiscal years. Much of this increase is due to additional regulatory responsibilities MHC assumed in FY 2013, though improving economic conditions have also been influential.

Between FY 2007 and FY 2012, MHC operated entirely from the Occupational Licensing and Regulatory Fund (Fund 4K90). A significant change occurred in December 2012, almost halfway through FY 2013, when MHC assumed responsibility for licensing manufactured home parks under H.B. 487 of the 129th General Assembly. Unlike the other fees MHC collects, receipts from manufactured home parks are deposited into the Manufactured Homes Commission Regulatory Fund (Fund 5MC0) and are MHC's largest revenue source.

As Table 2 shows, total revenues increased substantially beginning in FY 2013 because of the new licenses issued to manufactured home parks. However, Fund 5MC0 revenues of just over \$880,000 for that fiscal year were above normal due to a one-time excess funds transfer executed upon the creation of the fund. Receipts for FY 2014 and FY 2015 of close to \$750,000 are more indicative of future revenues for Fund 5MC0. Unlike with Fund 4K90 receipts, Fund 5MC0 revenues are more consistent because

licenses associated with mobile home parks are renewed annually. Because most of the other high-volume licenses are renewed on a biennial basis, revenues for Fund 4K90 tend to be higher in odd-numbered fiscal years and lower in even-numbered fiscal years. In the FY 2014-FY 2015 biennium, combined Fund 4K90 and Fund 5MC0 revenues surpassed \$2.15 million.

| Table 2. Fund 4K90 Revenues and Expenditures, FY 2011 to FY 2015 | | | | | |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| Revenues | \$407,678 | \$270,787 | \$428,957 | \$257,793 | \$405,161 |
| Expenditures | \$552,798 | \$535,526 | \$530,065 | \$288,682 | \$308,405 |
| Net | -\$145,120 | -\$264,739 | -\$101,108 | \$30,889 | \$96,756 |
| Fund 5MC0 Revenues and Expenditures, FY 2011 to FY 2015 | | | | | |
| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| Revenues | N/A | N/A | \$881,425 | \$754,430 | \$740,962 |
| Expenditures | N/A | N/A | \$50,528 | \$557,955 | \$602,250 |
| Net | N/A | N/A | \$830,897 | \$196,475 | \$138,712 |
| Total Revenues and Expenditures, FY 2011 to FY 2015 | | | | | |
| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| Revenues | \$407,678 | \$270,787 | \$1,310,382 | \$1,012,223 | \$1,146,123 |
| Expenditures | \$552,798 | \$535,526 | \$580,593 | \$846,637 | \$911,056 |
| Net | -\$145,120 | -\$264,739 | \$729,789 | \$165,586 | \$235,067 |

Note: Fund 5MC0 was established nearly halfway through FY 2013 under H.B. 487 of the 129th General Assembly.

ANALYSIS OF ENACTED BUDGET

| Appropriations for the Ohio Manufactured Homes Commission | | | | |
|---|--------------|-------------------------------|--------------------|--------------------|
| Fund | ALI and Name | | FY 2016 | FY 2017 |
| Dedicated Purpose Fund Group | | | | |
| 4K90 | 996609 | Operating Expenses | \$459,134 | \$459,134 |
| 5MC0 | 996610 | Manufactured Homes Regulation | \$747,825 | \$747,825 |
| Total Funding: Manufactured Homes Commission | | | \$1,206,959 | \$1,206,959 |

Operating Expenses (996609)

The budget provides funding of nearly \$460,000 in both FY 2016 and FY 2017 for this line item, which is an increase of nearly 50% compared to FY 2015 expenses of just over \$300,000. Previously, this appropriation had been used to pay for all of MHC's operating costs. This arrangement changed, however, when MHC assumed responsibility for regulating manufactured home parks in FY 2013. Operating expenses covered by this line item now are those specifically related to the licensing and regulatory functions concerning the sale and installation of manufactured homes. Overall, roughly half of the personal services costs that were formerly paid from this line item are now paid from Fund 5MC0 appropriation item 996610, Manufactured Homes Regulation.

Manufactured Homes Regulation (996610)

The budget provides funding of close to \$750,000 in each fiscal year for this line item, an increase of nearly 25% when compared to FY 2015 spending of approximately \$600,000. FY 2014 was MHC's first full year operating this program.

Under H.B. 487 of the 129th General Assembly, MHC is required to contract with local health departments to perform inspections of manufactured home parks if those entities wish to continue this regulatory function. For local entities that choose not to do so, MHC contracts with other local health departments, third-party agencies, or uses its own staff to perform these responsibilities. In FY 2014 and FY 2015, MHC paid approximately \$230,000 to local health departments and third-party agencies to conduct inspections.

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

| | | | FY 2014 | FY 2015 | Appropriation FY 2016 | FY 2015 to FY 2016 % Change | Appropriation FY 2017 | FY 2016 to FY 2017 % Change |
|--|--------|-------------------------------|----------------------------|-------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Report For Main Operating Appropriations Bill | | | Version: As Enacted | | | | | |
| MHC Manufactured Homes Commission | | | | | | | | |
| 4K90 | 996609 | Operating Expenses | \$ 288,682 | \$ 308,405 | \$ 459,134 | 48.87% | \$ 459,134 | 0.00% |
| 5MC0 | 996610 | Manufactured Homes Regulation | \$ 557,955 | \$ 602,650 | \$ 747,825 | 24.09% | \$ 747,825 | 0.00% |
| Dedicated Purpose Fund Group Total | | | \$ 846,637 | \$ 911,056 | \$ 1,206,959 | 32.48% | \$ 1,206,959 | 0.00% |
| Manufactured Homes Commission Total | | | \$ 846,637 | \$ 911,056 | \$ 1,206,959 | 32.48% | \$ 1,206,959 | 0.00% |