

Section I: Revenues, Expenditures, and Year-End Fund Balances

Year-End Fund Balances

In FY 2009, 40 different boards and commissions regulated and licensed various occupations and professions in the state of Ohio. These boards and commissions did not receive any funding from the General Revenue Fund (GRF). Rather, their operations were supported by license fees, fines, penalties, and other assessments deposited into 21 different non-GRF operating funds. This section of the report presents a review of cash balances in these funds at the close of FY 2009, as well as operating income and expenditures over the fiscal year. This information provides an indication of whether these licensing and regulatory boards and commissions are financially self-supporting.

Table 1 provides a simplified cash balance statement covering 19 of these funds that are used primarily by the boards and commissions.¹ As of July 1, 2008, the first day of FY 2009, these 19 funds had a combined cash balance of \$68.8 million. During FY 2009, a total of \$72.2 million in receipts were deposited into the funds and a total of \$68.6 million in expenditures were paid out of the funds. As of June 30, 2009, the last day of FY 2009, these 19 funds had a combined cash balance of \$72.2 million and outstanding encumbrances of \$3.4 million, leaving the funds with a combined, unobligated cash balance of \$68.8 million.

The largest of the 19 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as the operating account for 26 of the 40 boards and commissions. Fund 4K90 finished FY 2009 with a cash balance of \$38.7 million, an increase of \$9.3 million (31.6%) from its beginning cash balance of \$29.4 million. Taking into account the year-end encumbrance of \$2.3 million, Fund 4K90 finished FY 2009 with an unobligated cash balance of \$36.3 million.² Each of the 18 other operating funds also finished FY 2009 with positive unencumbered cash balances.

Revenues and Expenditures

After examining a fund's year-end cash balance, it may be helpful to examine a fund's revenue and expenditure patterns without taking into account the beginning

¹ Table 1 does not include the Industrial Compliance Operating Fund (Fund 5560) or the Bureau of Motor Vehicles Fund (Fund 4W40) because these two funds are used primarily for purposes other than board licensing activities.

² The Fund 4K90 balance reflects the combined cash balance of all boards and commissions operating out of the fund, including the contribution of the State Board of Career Colleges and Schools, which is otherwise not covered in this report.

cash balance. While a sufficient beginning cash balance may help a board or commission to absorb an operating deficit during a given year, a board or commission with an annual expenditure level consistently exceeding its annual revenue level may eventually have to reduce its expenditures, increase its license fees, or both. Table 2 lists revenues and expenditures for each board and commission at the fund level. It also compares each fund's revenues and expenditures to see whether the revenues generated during a given period were sufficient to cover the expenditures incurred in that period. Nearly all of the revenue received by the boards and commissions covered in this report comes from license fees. This means that license renewal cycles (generally one, two, or three years) can have a significant effect on annual revenue.

In order to provide a more complete picture of revenue and expenditure patterns for those boards and commissions issuing annual licenses, the table lists their funds' FY 2009 revenues and expenditures. For those boards and commissions issuing biennial licenses, the table lists total revenues and expenditures over the FY 2008-FY 2009 period. Similarly, for boards and commissions that renew licenses on a triennial basis, the table shows combined income and expenses over the FY 2007-FY 2009 period. Note that some boards and commissions with biennial or triennial license renewal cycles have staggered their license renewals to avoid dramatic fluctuations in revenue and expenditures from year to year.

As can be seen from Table 2, of the funds used by boards and commissions to process annual licenses, four funds registered expenditures at levels higher than their revenues in FY 2009. This was also true for two boards that are part of the Fund 4K90 funding pool: the State Board of Pharmacy and the State Board of Optometry. The Consumer Finance Fund (Fund 5530), which is used by the Department of Commerce to regulate nondepository financial firms, had the largest deficit, with FY 2009 expenditures exceeding revenues by \$2.5 million. Of the funds with FY 2009 revenues exceeding expenditures, the Ohio Construction Industry Licensing Board (Fund 5560), which is used by the Department of Commerce to regulate Ohio's construction industry, registered the largest surplus of the regulatory funds covered by this report, with FY 2009 revenues exceeding expenditures by approximately \$404,000.

Of the funds used by boards and commissions to process biennial licenses, the State Board of Nursing's Nurse Education Grant Program Fund (Fund 5AC0) had the largest biennial deficit, approximately \$1.7 million, while the Board's portion of Fund 4K90 had the largest biennial surplus, \$7.0 million.

Of the funds used by boards and commissions to process triennial licenses, the Accountancy Board's portion of Fund 4K90 was the only one that posted a surplus over the three-year period, \$1.4 million. The Trauma and Emergency Medical Services Fund (Fund 83M0), used by the Board of Emergency Medical Services, an oversight panel within the Department of Public Safety's Division of Emergency Medical Services, posted the largest deficit over the three-year period at \$2.6 million. This is because the licenses overseen by the Division of Emergency Medical Services carry no fees and therefore generate no revenue. Rather, the Division is funded primarily from traffic fine revenue in Fund 83M0.

Occupational Licensing and Regulatory Fund (Fund 4K90)

As indicated earlier, 26 of the boards and commissions covered in this report operate out of Fund 4K90. Fund 4K90 receipts totaled \$38.3 million in FY 2009, an increase of \$10.3 million (36.8%) over FY 2008 income of \$28.0 million. Much of this increase is due to differences in renewal cycles. The majority of biennial licenses issued by several larger boards and commissions are renewed in odd-numbered fiscal years, accounting for the increase in FY 2009. Fund 4K90 expenditures totaled almost \$29.0 million, a decrease of just over \$140,000 (0.5%) from FY 2008. As regulatory entities, personal service spending, including payroll, fringe benefit, and purchased services, accounted for the largest share (77.1%) of total expenditures incurred by boards and commissions in FY 2009, followed by supplies and maintenance (16.6%). The remainder (6.3%) was for items such as equipment and other miscellaneous expenditures.

Table 1: Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2009

Fund Name	Fund Code	Beginning Cash Balance	Revenues (Including transfers-in)	Expenditures (including transfers-out)	Ending Cash Balance	Year-end Encumbrances	Unobligated Ending Cash Balance
Occupational Licensing & Regulatory Fund	4K90	\$29,385,614	\$38,251,160	\$28,982,790	\$38,653,983	\$2,334,174	\$36,319,810
State Medical Board Operating Fund	5C60	\$5,507,653	\$7,349,531	\$8,612,029	\$4,245,156	\$94,782	\$4,150,372
Nurse Education Grant Program Fund	5AC0	\$1,300,369	\$811,926	\$1,064,455	\$1,047,840	\$0	\$1,047,840
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$551,756	\$300,594	\$58,393	\$793,957	\$0	\$793,957
CPA Education Assistance Fund	4J80	\$251,240	\$298,575	\$116,137	\$433,678	\$0	\$433,678
Dangerous Drug Database Fund	3BC0	\$15,491	\$369,479	\$270,150	\$114,820	\$0	\$114,820
Auctioneers Fund	5B80	\$564,727	\$321,611	\$426,567	\$459,771	\$83	\$459,688
Auction Education Fund	4D20	\$214,454	\$43,341	\$24,601	\$232,569	\$0	\$232,569
Consumer Finance Fund	5530	\$10,679,431	\$2,798,921	\$5,338,812	\$8,139,540	\$120,257	\$8,019,283
Division of Securities Fund	5500	\$7,360,579	\$14,801,283	\$16,221,958	\$5,939,904	\$390,201	\$5,549,703
Division of Real Estate Operating Fund	5490	\$2,487,238	\$2,573,204	\$3,166,449	\$1,893,993	\$131,426	\$1,762,567
Real Estate Education & Research Fund	5470	\$1,946,054	\$205,182	\$235,226	\$1,916,010	\$13,862	\$1,902,148
Real Estate Recovery Fund	5480	\$1,379,168	\$96,860	\$102,117	\$1,373,911	\$0	\$1,373,911
Real Estate Appraiser Operating Fund	6A40	\$1,233,781	\$657,475	\$589,579	\$1,301,677	\$28,889	\$1,272,788
Real Estate Appraiser Recovery Fund	4B20	\$793,774	\$43,675	\$5,000	\$832,449	\$0	\$832,449
Cemetery Registration Fund	4H90	\$541,247	\$315,644	\$229,137	\$627,754	\$1,468	\$626,286
Trauma & Emergency Medical Services Fund	83M0	\$2,033,193	\$1,569,055	\$2,240,989	\$1,361,259	\$143,183	\$1,218,076
Priv. Investigator & Security Guard Provider Fund	5B90	\$1,542,079	\$1,172,430	\$932,728	\$1,781,781	\$85,461	\$1,696,320
Motor Vehicle Dealers Board Fund	5390	\$913,625	\$194,927	\$15,679	\$1,092,873	\$104,981	\$987,892
Total		\$68,701,473	\$72,174,873	\$68,632,796	\$72,242,924	\$3,448,767	\$68,794,157

Table 2: Summary of Revenues and Expenditures by Agency by Fund (Based on Data Reported by Boards and Commissions)

Agency Name	License Renewal Cycle	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
FY 2009					
Ohio Athletic Commission	Annual	4K90	\$454,046	\$250,178	\$203,868
State Chiropractic Board	Annual	4K90	\$615,950	\$569,632	\$46,318
Ohio Board of Dietetics	Annual	4K90	\$352,334	\$302,830	\$49,504
State Board of Registration for Professional Engineers and Surveyors	Annual	4K90	\$957,581	\$766,544	\$191,037
Ohio Medical Transportation Board	Annual	4K90	\$692,272	\$521,553	\$170,719
Board of Motor Vehicle Collision Repair Registration	Annual	4K90	\$352,182	\$300,024	\$52,158
Ohio Optical Dispensers Board	Annual	4K90	\$346,956	\$344,894	\$2,062
State Board of Optometry	Annual	4K90	\$297,945	\$331,017	(\$33,072)
State Board of Orthotics, Prosthetics, and Pedorthics	Annual	4K90	\$107,718	\$105,896	\$1,822
State Board of Pharmacy	Annual	4K90	\$5,290,115	\$5,430,372	(\$140,257)
State Board of Pharmacy*		3BC0	\$369,479	\$515,163	(\$145,684)
State Board of Pharmacy*		3CT0	\$50,000	\$43,122	\$6,878
State Board of Pharmacy*		4A50	\$300,594	\$58,393	\$242,201
State Board of Pharmacy*		QB30	\$337	\$0	\$337
State Board of Sanitarian Registration	Annual	4K90	\$128,985	\$109,122	\$19,863
Board of Building Standards (Commerce)	Annual	5560	\$96,279	\$108,570	(\$12,291)
Ohio Construction Industry Licensing Board (Commerce)	Annual	5560	\$1,370,899	\$847,168	\$523,731
Division of Financial Institutions (Commerce)	Annual	5530	\$2,798,921	\$5,338,812	(\$2,539,891)
Division of Industrial Compliance (Commerce)	Annual	5560	\$557,668	\$153,675	\$403,993
Division of Real Estate and Professional Licensing (Commerce)	Annual	4B20	\$43,675	\$5,000	\$38,675
Division of Real Estate and Professional Licensing (Commerce)	Annual	4H90	\$315,644	\$229,137	\$86,507
Division of Real Estate and Professional Licensing (Commerce)	Annual	5470	\$205,182	\$235,226	(\$30,044)
Division of Real Estate and Professional Licensing (Commerce)	Annual	5480	\$96,860	\$102,117	(\$5,257)
Division of Real Estate and Professional Licensing (Commerce)	Annual	6A40	\$657,475	\$589,579	\$67,896
Division of Securities (Commerce)	Annual	5500	\$14,801,283	\$16,221,958	(\$1,420,675)
Hearing Aid Dealers and Fitters Licensing Board (Health)	Annual	4700	\$135,795	\$112,354	\$23,441
Board of Examiners of Nursing Home Administrators (Health)	Annual	4700	\$536,656	\$577,320	(\$40,664)
Private Investigator/Security Guard Section (Public Safety)	Annual	5B90	\$1,172,430	\$932,728	\$239,702

Table 2: Summary of Revenues and Expenditures by Agency by Fund (Based on Data Reported by Boards and Commissions)

Agency Name	License Renewal Cycle	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Combined FY 2008-FY 2009					
Architects Board/State Board of Landscape Architect Examiners	Biennial	4K90	\$1,344,609	\$1,046,167	\$298,442
Auctioneers Program (Agriculture)	Biennial	5B80	\$677,884	\$685,013	(\$7,129)
Auctioneers Program (Agriculture)	Biennial	4D20	\$92,884	\$45,193	\$47,691
Barber Board	Biennial	4K90	\$1,483,875	\$1,250,709	\$233,166
Chemical Dependency Professionals Board	Biennial	4K90	\$894,655	\$1,007,205	(\$112,550)
State Board of Cosmetology	Biennial	4K90	\$7,549,973	\$6,879,533	\$670,440
Counselor, Social Worker and Marriage and Family Therapist Board	Biennial	4K90	\$2,154,195	\$2,234,265	(\$80,070)
State Dental Board	Biennial	4K90	\$2,974,814	\$2,944,481	\$30,333
State Dental Board	Biennial	4Z70	\$2,158,233	\$0	\$2,158,233
Board of Embalmers and Funeral Directors	Biennial	4K90	\$1,252,134	\$1,169,482	\$82,652
Manufactured Homes Commission	Biennial	4K90	\$459,055	\$742,974	(\$283,919)
State Medical Board	Biennial	5C60	\$15,417,976	\$16,612,956	(\$1,194,980)
Motor Vehicle Dealer Licensing Board (Public Safety)	Biennial	4W40; 5390	\$750,051	\$223,794	\$526,257
Motor Vehicle Salvage Dealer Licensing Board (Public Safety)	Biennial	4W40	\$109,282	\$82,524	\$26,758
Board of Nursing	Biennial	4K90	\$18,251,498	\$11,244,359	\$7,007,139
Board of Nursing	Biennial	5AC0	\$126,221	\$1,854,087	(\$1,727,866)
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	Biennial	4K90	\$2,015,061	\$1,555,951	\$459,110
State Board of Psychology	Biennial	4K90	\$1,254,126	\$1,036,514	\$217,612
Ohio Respiratory Care Board	Biennial	4K90	\$1,143,534	\$960,937	\$182,597
Board of Speech-Language Pathology and Audiology	Biennial	4K90	\$818,178	\$870,475	(\$52,297)
State Veterinary Medical Licensing Board	Biennial	4K90	\$900,854	\$625,786	\$275,068
Combined FY 2007-FY 2009 Total					
Division of Real Estate and Professional Licensing (Commerce)	Triennial	5490	\$9,118,420	\$9,164,166	(\$45,746)
Accountancy Board	Triennial	4K90	\$4,182,667	\$2,794,252	\$1,388,415
Accountancy Board's CPA Education Assistance Fund	Triennial	4J80	\$184,310	\$362,706	(\$178,396)
Board of Emergency Medical Services (Public Safety)	Triennial	83M0	\$4,047,504	\$6,638,724	(\$2,591,220)
Board of Building Standards (Commerce)	Triennial	5560	\$305,429	\$454,870	(\$149,441)

*These funds are either grant funds, holding funds, or special law funds that do not collect license revenue.