

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

Year-End Fund Balances

In FY 2010, 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 2010, 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, 2009, the first day of FY 2010, these 19 funds had a combined cash balance of \$72.2 million. During FY 2010, a total of \$68.4 million in receipts were deposited into the funds and a total of \$66.2 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2010, the last day of FY 2010, these 19 funds had a combined cash balance of just over \$74.4 million and outstanding encumbrances of nearly \$3.3 million, leaving the funds with a combined, unobligated cash balance of approximately \$71.2 million. All of the 19 operating funds finished FY 2010 with positive, unencumbered cash balances.

Occupational Licensing and Regulatory Fund (Fund 4K90)

The largest of the 19 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as the operating fund for 26 of the 40 boards and commissions covered by this report. Fund 4K90 finished FY 2010 with a cash balance of \$38.2 million, a decrease of \$500,000 (1.2%) from the beginning cash balance of \$38.7 million. Taking into account the year-end encumbrance of approximately \$830,000, Fund 4K90 finished FY 2010 with an unobligated cash balance of \$37.3 million.²

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.

Fund 4K90 receipts totaled \$29.1 million in FY 2010, a decrease of \$9.2 million (24.0%) from FY 2009 income of \$38.3 million. Much of this decrease 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, thus accounting for the decrease in FY 2010. Fund 4K90 expenditures for FY 2010 totaled almost \$29.6 million, an increase of roughly \$600,000 (2.1%) over FY 2009 expenditures of \$29.0 million. Personal services spending (including payroll, fringe benefits, and purchased services) accounted for the largest share (72.3%) of total expenditures incurred by boards and commissions in FY 2010, followed by supplies and maintenance (15.9%). The remainder (11.8%) was for equipment, cash transfers, and other miscellaneous expenditures.

Table 1: Simplified Cash Balance Statement for Operational Funds of Occupational Licensing and Regulatory Boards and Commissions, FY 2010

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 and Regulatory Fund	4K90	\$38,653,983	\$29,090,263	\$29,571,910	\$38,172,336	\$834,049	\$37,338,287
State Medical Board Operating Fund	5C60	\$4,244,303	\$8,610,148	\$8,232,041	\$4,622,410	\$357,193	\$4,265,217
Nurse Education Grant Program Fund	5AC0	\$1,047,839	\$1,430,910	\$1,031,034	\$1,447,715	\$0	\$1,447,715
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$793,957	\$77,673	\$26,255	\$845,375	\$0	\$845,375
CPA Education Assistance Fund	4J80	\$433,677	\$291,860	\$101,502	\$624,035	\$0	\$624,035
Dangerous Drug Database Fund	3BC0	\$114,820	\$57,883	\$107,356	\$65,347	\$20,498	\$44,849
Auctioneers Fund	5B80	\$459,770	\$348,022	\$334,043	\$473,749	\$846	\$472,903
Auction Education Fund	4D20	\$233,193	\$34,438	\$31,142	\$236,489	\$0	\$236,489
Consumer Finance Fund	5530	\$8,138,784	\$2,784,586	\$3,928,033	\$6,995,337	\$849,394	\$6,145,943
Division of Securities Fund	5500	\$5,939,072	\$15,918,263	\$14,095,306	\$7,762,029	\$474,521	\$7,287,508
Division of Real Estate Operating Fund	5490	\$1,893,993	\$4,342,038	\$2,652,943	\$3,583,088	\$554,554	\$3,028,534
Real Estate Education & Research Fund	5470	\$1,916,010	\$98,818	\$1,308,000	\$706,828	\$1,502	\$705,326
Real Estate Recovery Fund	5480	\$1,373,911	\$104,730	\$618,687	\$859,954	\$0	\$859,954
Real Estate Appraiser Operating Fund	6A40	\$1,301,677	\$626,650	\$540,673	\$1,387,654	\$29,893	\$1,357,761
Real Estate Appraiser Recovery Fund	4B20	\$832,449	\$29,750	\$10,000	\$852,199	\$0	\$852,199
Cemetery Registration Fund	4H90	\$627,753	\$286,133	\$217,290	\$696,596	\$22,704	\$673,892
Trauma & Emergency Medical Services Fund	83M0	\$1,297,895	\$2,932,849	\$2,268,088	\$1,962,656	\$61,509	\$1,901,147
Priv. Investigator & Security Guard Provider Fund	5B90	\$1,781,781	\$1,150,006	\$1,053,338	\$1,878,449	\$398	\$1,878,051
Motor Vehicle Dealers Board Fund	5390	\$1,092,873	\$188,633	\$32,755	\$1,248,751	\$47,752	\$1,200,999
Total		\$72,177,739	\$68,403,653	\$66,160,396	\$74,420,997	\$3,254,813	\$71,166,184

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 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, Table 2 lists their FY 2010 revenues and expenditures by fund. For those boards and commissions issuing biennial licenses, the table lists total revenues and expenditures by fund over the FY 2009-FY 2010 period. Likewise for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2008-FY 2010 period. Note that some boards and commissions with biennial or triennial license renewal cycles have staggered their license renewal periods to avoid larger fluctuations in revenues and expenditures from year to year.

As can be seen from the table, seven agencies on annual renewal cycles registered expenditures at levels higher than their revenues in FY 2010. Three of these agencies – the Optical Dispenser Board, the State Board of Optometry, and the State Pharmacy Board – use Fund 4K90 as their primary operating fund. The State Pharmacy Board also realized a deficit in Fund 3BC0, which is used to operate the Board's prescription drug monitoring program. The Real Estate Education and Research Fund (Fund 5470), which is used by the Division of Real Estate and Professional Licensing within the Department of Commerce to advance education and research in real estate, had the largest deficit among the funds, with FY 2010 expenditures exceeding revenues by \$1.2 million. Of the funds with FY 2010 revenues exceeding expenditures, the Division of Securities Fund (Fund 5500), which is used by the Department of Commerce to regulate the sale of securities and license security professionals in Ohio, registered the largest surplus of the regulatory funds covered by this report, with FY 2010 revenues exceeding operating expenditures by approximately \$12.4 million. However, \$10.6 million of this amount was transferred to the GRF, thereby reducing the operating surplus to \$1.8 million.

Of the funds used by boards and commissions to process biennial licenses, Fund 4K90 saw deficits from four agencies: the Chemical Dependency Professionals Board, the State Dental Board, the Manufactured Homes Commission, and the Board of Speech-Language Pathology and Audiology. The State Medical Board Operating Fund (Fund 5C60) had the largest deficit, approximately \$600,000, while the Board of Nursing's portion of Fund 4K90 had the largest biennial surplus, \$4.9 million.

Of the funds used by boards and commissions to renew licenses on a triennial basis, the Accountancy Board's portion of Fund 4K90 posted the largest surplus over the three-year period, \$1.6 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 \$1.2 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.

Table 2: Summary of Revenues and Expenditures by Agency by Fund

Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Annual Renewal Cycle, FY 2010				
Ohio Athletic Commission	4K90	\$330,405	\$253,833	\$76,572
Ohio Board of Dietetics	4K90	\$361,310	\$283,812	\$77,498
State Board of Registration for Professional Engineers and Surveyors	4K90	\$1,048,336	\$859,889	\$188,447
Ohio Medical Transportation Board	4K90	\$629,412	\$491,215	\$138,197
Board of Motor Vehicle Collision Repair Registration	4K90	\$347,212	\$299,337	\$47,875
Ohio Optical Dispensers Board	4K90	\$345,272	\$345,988	(\$716)
State Board of Optometry	4K90	\$300,025	\$325,653	(\$25,628)
State Board of Orthotics, Prosthetics, and Pedorthics	4K90	\$113,315	\$96,959	\$16,356
State Board of Pharmacy	4K90	\$5,028,002	\$5,419,988	(\$391,986)
State Board of Pharmacy*	3BC0	\$57,883	\$107,356	(\$49,473)
State Board of Pharmacy*	3CT0	\$271,725	\$260,212	\$11,513
State Board of Pharmacy*	3EB0	\$1,020	\$1,020	\$0
State Board of Pharmacy*	4A50	\$77,673	\$26,255	\$51,418
State Board of Pharmacy*	QB30	\$0	\$0	\$0
State Board of Sanitarian Registration	4K90	\$126,416	\$121,786	\$4,630
Board of Building Standards (Commerce)	5560	\$101,228	\$107,150	(\$5,922)
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,397,395	\$658,314	\$739,081
Division of Financial Institutions (Commerce)	5530	\$2,784,589	\$3,928,033	(\$1,143,444)
Division of Industrial Compliance (Commerce)	5560	\$648,538	\$147,210	\$501,328
Division of Real Estate and Professional Licensing (Commerce)	4B20	\$29,750	\$10,000	\$19,750
Division of Real Estate and Professional Licensing (Commerce)	4H90	\$286,133	\$217,290	\$68,843
Division of Real Estate and Professional Licensing (Commerce)	5470	\$98,818	\$1,308,000	(\$1,209,182)
Division of Real Estate and Professional Licensing (Commerce)	5480	\$104,730	\$618,687	(\$513,957)
Division of Real Estate and Professional Licensing (Commerce)	6A40	\$4,342,038	\$2,652,943	\$1,689,095
Division of Securities (Commerce)	5500	\$15,918,263	\$3,492,265	\$12,425,998
Hearing Aid Dealers and Fitters Licensing Board (Health)	4700	\$130,768	\$87,465	\$43,303
Board of Examiners of Nursing Home Administrators (Health)	4700	\$593,275	\$597,637	(\$4,362)
Private Investigator/Security Guard Section (Public Safety)	5B90	\$1,150,006	\$1,053,338	\$96,668

Table 2: Summary of Revenues and Expenditures by Agency by Fund				
Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Biennial Renewal Cycle, FY 2009-FY 2010				
Architects Board/State Board of Landscape Architect Examiners	4K90	\$1,325,544	\$958,486	\$367,058
Auctioneers Program (Agriculture)	5B80	\$704,199	\$693,784	\$10,415
Auctioneers Program (Agriculture)	4D20	\$77,778	\$55,742	\$22,036
Barber Board	4K90	\$1,510,851	\$1,263,373	\$247,478
Chemical Dependency Professionals Board	4K90	\$878,261	\$989,302	(\$111,041)
State Chiropractic Board	4K90	\$1,807,216	\$1,063,148	\$744,068
State Board of Cosmetology**	4K90	\$6,525,379	\$6,397,492	\$127,887
Counselor, Social Worker and Marriage and Family Therapist Board	4K90	\$2,281,044	\$2,202,051	\$78,993
State Dental Board	4K90	\$3,055,705	\$3,144,066	(\$88,361)
State Dental Board	4Z70	\$375	\$0	\$375
Board of Embalmers and Funeral Directors	4K90	\$1,224,938	\$1,111,512	\$113,426
Manufactured Homes Commission	4K90	\$541,035	\$820,167	(\$279,132)
State Medical Board	5C60	\$15,959,679	\$16,550,321	(\$590,642)
Motor Vehicle Dealer Licensing Board (Public Safety)	4W40/5390	\$684,116	\$233,721	\$450,395
Motor Vehicle Salvage Dealer Licensing Board (Public Safety)	4W40	\$110,034	\$87,339	\$22,695
Board of Nursing	4K90	\$18,410,527	\$13,497,665	\$4,912,862
Board of Nursing	5AC0	\$2,242,836	\$2,095,489	\$147,347
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	4K90	\$2,133,212	\$1,589,883	\$543,329
State Board of Psychology	4K90	\$1,259,097	\$957,049	\$302,048
Ohio Respiratory Care Board	4K90	\$1,347,571	\$908,449	\$439,122
Board of Speech-Language Pathology and Audiology	4K90	\$831,310	\$931,499	(\$100,189)
State Veterinary Medical Licensing Board	4K90	\$935,017	\$602,681	\$332,336
Triennial Renewal Cycle, FY 2008-FY 2010				
Division of Real Estate and Professional Licensing (Commerce)	5490	\$9,805,987	\$8,818,250	\$987,737
Accountancy Board	4K90	\$4,374,856	\$2,784,839	\$1,590,017
Accountancy Board's CPA Education Assistance Fund	4J80	\$637,605	\$279,872	\$357,733
Board of Emergency Medical Services (Public Safety)	83M0	\$5,658,047	\$6,806,221	(\$1,148,174)
Board of Building Standards (Commerce)	5560	\$306,737	\$373,320	(\$66,583)

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

** These amounts do not include approximately \$64,000 in reinstatement fees from the Board's "lapsed license amnesty program" that were deposited directly into the GRF.