

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

Year-End Fund Balances

In FY 2011, 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 18 of these funds at the close of FY 2011, as well as operating income and expenditures for all 21 of the funds over the fiscal year.¹ 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 18 of these funds that are used primarily by the boards and commissions. As of July 1, 2010, the first day of FY 2011, these 18 funds had a combined cash balance of \$74.4 million. During FY 2011, a total of \$76.5 million in receipts were deposited into the funds and a total of \$99.6 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2011, the last day of FY 2011, these 18 funds had a combined cash balance of just over \$51.3 million and outstanding encumbrances of \$3.4 million, leaving the funds with a combined, unobligated cash balance of approximately \$47.9 million. All of the 18 operating funds finished FY 2011 with positive unencumbered cash balances.

In FY 2011, of the \$99.6 million in expenditures made by boards and commissions, \$52.7 million (52.9%) was used for board operations and \$46.9 million (47.1%) were transfers. Of the amount expended for operations, \$41.0 million (77.8%) was for personal services, which includes payroll, fringe benefits, and purchased services, \$9.3 million (17.6%) was for supplies and maintenance, and the remaining \$2.4 million (4.6%) was for equipment, subsidies, and other miscellaneous expenditures. Of the amount transferred out of the funds used by boards and commissions, \$32.3 million (68.9%) was transferred from the Occupational Licensing and Regulatory Fund (Fund 4K90) mostly to the GRF, and \$13.1 million (27.9%) was transferred from the Division of Securities Fund (Fund 550) to the GRF; the remaining \$1.5 million of transfers were made out of multiple other funds.

¹ Table 1, which shows fund cash balances, does not include the General Operations Fund (Fund 4700) used by the Department of Health, the Bureau of Motor Vehicles Fund (Fund 4W40) used by the Department of Public Safety, or the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce, as these funds are used mainly for purposes other than board licensing activities.

Occupational Licensing and Regulatory Fund (Fund 4K90)

The largest of the 18 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as the operating fund for 27 of the 40 boards and commissions covered by this report. Fund 4K90 finished FY 2011 with a cash balance of \$17.4 million, a decrease of \$20.8 million (54.5%) from the beginning cash balance of \$38.2 million. Taking into account the year-end encumbrance of \$1.3 million, Fund 4K90 finished FY 2011 with an unobligated cash balance of \$16.1 million.²

Fund 4K90 receipts totaled \$38.7 million in FY 2011, an increase of \$9.6 million (33.0%) over FY 2010 receipts of \$29.1 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, thus accounting for the increase in FY 2011.

Fund 4K90 expenditures for FY 2011 totaled almost \$59.5 million, an increase of about \$29.9 million (101.0%) over FY 2010 expenditures of \$29.6 million. The increase is due to a transfer out of Fund 4K90 of \$32.3 million. Most of this transfer went into the GRF. When this transfer is excluded, expenditures totaled \$27.2 million, which is about \$1 million more than FY 2010 expenditures when the transfer out of \$3.2 million is removed from FY 2010 expenditures.

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.

Table 1. Simplified Cash Balance Statement for Operational Funds of Occupational Licensing and Regulatory Boards and Commissions, FY 2011

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	\$38,207,954	\$38,716,894	\$59,488,603	\$17,436,245	\$1,303,597	\$16,132,648
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$845,365	\$76,733	\$124,774	\$797,324	\$99,560	\$697,764
Real Estate Appraiser Recovery Fund	4B20	\$852,199	\$14,800	\$10,000	\$856,999	\$0	\$856,999
Auction Education Fund	4D20	\$236,491	\$29,821	\$17,042	\$249,270	\$5,360	\$243,910
Cemetery Registration Fund	4H90	\$696,597	\$268,997	\$224,875	\$740,720	\$21,363	\$719,356
CPA Education Assistance Fund	4J80	\$624,036	\$293,590	\$210,000	\$707,626	\$40,000	\$667,626
Motor Vehicle Dealers Board Fund	5390	\$1,248,751	\$193,447	\$802,830	\$639,368	\$52,482	\$586,885
Real Estate Education & Research Fund	5470	\$700,828	\$60,349	\$13,837	\$747,340	\$0	\$747,340
Real Estate Recovery Fund	5480	\$859,955	\$110,705	\$31,996	\$938,664	\$0	\$938,664
Division of Real Estate Operating Fund	5490	\$3,583,088	\$3,006,498	\$3,088,231	\$3,501,356	\$175,532	\$3,325,823
Division of Securities Fund	5500	\$8,062,811	\$17,393,262	\$17,070,766	\$8,385,308	\$611,250	\$7,774,058
Consumer Finance Fund	5530	\$6,996,093	\$3,117,758	\$3,567,502	\$6,546,349	\$599,669	\$5,946,681
Nurse Education Grant Program Fund	5AC0	\$1,445,940	\$714,103	\$1,023,225	\$1,136,818	\$0	\$1,136,818
Auctioneers Fund	5B80	\$421,506	\$308,180	\$302,324	\$427,362	\$0	\$427,362
Priv. Investigator & Security Guard Provider Fund	5B90	\$1,841,529	\$1,125,055	\$1,330,442	\$1,636,142	\$58,087	\$1,578,055
State Medical Board Operating Fund	5C60	\$4,622,814	\$7,512,192	\$9,063,879	\$3,071,126	\$355,822	\$2,715,304
Real Estate Appraiser Operating Fund	6A40	\$1,387,654	\$585,064	\$635,134	\$1,337,584	\$2,351	\$1,335,232
Trauma & Emergency Medical Services Fund	83M0	\$1,791,381	\$2,932,427	\$2,545,333	\$2,178,476	\$81,809	\$2,096,667
Total		\$74,424,992	\$76,459,875	\$99,550,793	\$51,334,077	\$3,406,882	\$47,927,192

Source: The Ohio Administrative Knowledge System

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 determine whether the revenues generated during a given period were sufficient to cover the expenditures incurred in that period. Transfers in and transfers out are excluded from this table in order to view board finances only pertaining to operations.³ 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 2011 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 2010-FY 2011 period. Likewise for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2009-FY 2011 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, four agencies on annual renewal cycles had seven funds that registered expenditures at levels higher than their revenues in FY 2011. Of these agencies, only the State Board of Optometry and the State Board of Pharmacy use Fund 4K90 as their primary operating fund. The Consumer Finance Fund (Fund 5530) used by the Division of Financial Institutions in the Department of Commerce had the largest deficit, with FY 2011 expenditures exceeding revenues by \$302,752. The State Pharmacy Board experienced deficits in three funds: Fund 4A50 (Drug Law Enforcement), Fund 3BC0 (Dangerous Drugs Database), and Fund 3CT0 (2008 Developing/Enhancing Prescription Monitoring Program).⁴ Also showing deficits were the Department of Commerce's Real Estate Appraiser – Operating Fund (Fund 6A40),

³ Two funds from Table 1, the Nurse Education Grant Program Fund (Fund 5AC0) and the CPA Education Assistance Fund (Fund 4J80), are excluded from Table 2, as these funds are used to disburse grants and are not used for general board operations.

⁴ Of the \$47,089 expended from Fund 3BC0, \$20,000 was returned to the federal Department of Justice and was not an operating expenditure. This would reduce the deficit for that fund from \$27,089 to \$7,089.

used by the Division of Real Estate and Professional Licensing and the Department of Public Safety's Private Investigator and Security Guard Provider Fund (Fund 5B90).

Of the 21 funds with FY 2011 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, with FY 2011 revenues exceeding operating expenditures by approximately \$13.4 million. However, about \$13.1 million of this amount was transferred to the GRF, thereby reducing the operating surplus to \$322,495. Other large surpluses occurred in Fund 5560, used by the Department of Commerce for the Division of Industrial Compliance and the Ohio Construction Industry Licensing Board. While this fund is mainly used for other purposes by the Department besides licensing activities, the reported surplus in this fund for both boards was over \$1 million.

Of the funds used by boards and commissions to process biennial licenses, Fund 4K90 saw deficits from three agencies: the Chemical Dependency Professionals Board, the Ohio Manufactured Homes Commission, and the Board of Speech-Language Pathology and Audiology. The State Medical Board Operating Fund (Fund 5C60) showed the largest deficit over the past two years of \$564,317. The other board that processes biennial licenses to show a deficit was the Motor Vehicle Salvage Dealer Licensing Board within the Department of Public Safety. The Board of Nursing's portion of Fund 4K90 had the largest biennial surplus, almost \$7.2 million.

Of the funds used by boards and commissions to renew licenses on a triennial basis, the Real Estate Fund (Fund 5490), used by the Division of Real Estate and Professional Licensing within the Department of Commerce, posted the only deficit at \$685,120. The Accountancy Board's portion of Fund 4K90 posted the largest surplus at \$1.8 million over the three-year period.

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 2011				
Ohio Athletic Commission	4K90	\$267,166	\$256,421	\$10,744
Board of Dietetics	4K90	\$348,384	\$293,023	\$55,361
State Board of Registration for Professional Engineers and Surveyors	4K90	\$1,098,782	\$889,734	\$209,047
Ohio Medical Transportation Board	4K90	\$666,394	\$483,182	\$183,212
Board of Motor Vehicle Collision Repair Registration	4K90	\$343,442	\$322,031	\$21,412
Ohio Optical Dispensers Board	4K90	\$343,677	\$343,407	\$270
State Board of Optometry	4K90	\$307,550	\$336,518	(\$28,968)
State Board of Orthotics, Prosthetics, and Pedorthics	4K90	\$110,797	\$106,985	\$3,812
State Board of Pharmacy	4K90	\$5,206,980	\$5,191,478	\$15,502
State Board of Pharmacy*	3BC0	\$20,000	\$47,089	(\$27,089)
State Board of Pharmacy*	3CT0	\$78,275	\$79,398	(\$1,123)
State Board of Pharmacy*	3DV0	\$162,774	\$161,092	\$1,682
State Board of Pharmacy*	3EB0	\$117,852	\$117,852	\$0
State Board of Pharmacy*	3EY0	\$85,360	\$70,193	\$15,167
State Board of Pharmacy*	3EZ0	\$80,760	\$80,541	\$219
State Board of Pharmacy*	4A50	\$76,733	\$124,774	(\$48,041)
State Board of Sanitarian Registration	4K90	\$120,434	\$114,866	\$5,568
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,332,706	\$786,123	\$546,583
Division of Financial Institutions (Commerce)	5530	\$3,117,758	\$3,420,510	(\$302,752)
Division of Industrial Compliance (Commerce)	5560	\$672,545	\$165,554	\$506,991
Division of Real Estate and Professional Licensing (Commerce)	4B20	\$14,800	\$10,000	\$4,800
Division of Real Estate and Professional Licensing (Commerce)	4H90	\$268,997	\$216,463	\$52,534
Division of Real Estate and Professional Licensing (Commerce)	5470	\$60,349	\$13,837	\$46,512
Division of Real Estate and Professional Licensing (Commerce)	5480	\$110,705	\$31,996	\$78,709
Division of Real Estate and Professional Licensing (Commerce)	6A40	\$585,064	\$604,679	(\$19,615)
Division of Securities (Commerce)	5500	\$17,393,262	\$3,971,776	\$13,421,486
Hearing Aid Dealers and Fitters Licensing Board (Health)	4700	\$131,050	\$89,642	\$41,408
Board of Examiners of Nursing Home Administrators (Health)	4700	\$599,696	\$595,383	\$4,313
Private Investigator/Security Guard Section (Public Safety)	5B90	\$1,125,055	\$1,288,207	(\$163,152)

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 2010-FY 2011				
Architects Board and the State Board of Landscape Architect Examiners	4K90	\$1,323,167	\$882,029	\$441,138
Auctioneers Program (Agriculture)	5B80	\$656,203	\$597,786	\$58,417
Auctioneers Program (Agriculture)	4D20	\$64,261	\$48,184	\$16,077
Ohio State Barber Board	4K90	\$1,492,878	\$1,275,273	\$217,605
Chemical Dependency Professionals Board	4K90	\$875,644	\$935,666	(\$60,022)
State Chiropractic Board	4K90	\$1,239,062	\$1,012,848	\$226,214
State Board of Cosmetology**	4K90	\$7,981,565	\$6,379,687	\$1,601,878
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$2,381,058	\$2,205,177	\$175,881
Ohio State Dental Board	4K90	\$3,190,257	\$2,967,119	\$223,138
State Board of Embalmers and Funeral Directors	4K90	\$1,216,583	\$1,149,804	\$66,779
Ohio Manufactured Homes Commission	4K90	\$644,910	\$977,829	(\$332,919)
State Medical Board	5C60	\$16,122,390	\$16,686,707	(\$564,317)
Motor Vehicle Dealer Licensing Board (Public Safety)	5390 & 4W40	\$663,672	\$309,274	\$354,398
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	4W40	\$80,262	\$129,712	(\$49,450)
Board of Nursing	4K90	\$18,380,131	\$11,224,349	\$7,155,782
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	4K90	\$2,188,393	\$1,537,404	\$650,989
State Board of Psychology	4K90	\$1,261,771	\$927,387	\$334,384
Respiratory Care Board	4K90	\$1,161,784	\$933,015	\$228,769
Board of Speech-Language Pathology and Audiology	4K90	\$891,722	\$966,523	(\$74,801)
Veterinary Medical Licensing Board	4K90	\$934,157	\$580,146	\$354,011
Triennial Renewal Cycle, FY 2009-FY 2011				
Accountancy Board	4K90	\$4,582,406	\$2,744,051	\$1,838,355
Board of Building Standards (Commerce)	5560	\$271,426	\$269,877	\$1,549
Division of Real Estate and Professional Licensing (Commerce)	5490	\$8,021,936	\$8,707,056	(\$685,120)
Board of Emergency Medical Services (Public Safety)	83M0	\$7,434,332	\$7,029,667	\$404,665

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

**These amounts do not include approximately \$64,200 in reinstatement fees from the Board's lapsed license amnesty program that were deposited directly into the GRF.