

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

Year-end fund balances

In FY 2013, 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 24 different non-GRF funds.² This section of the report presents a review of cash balances in 21 of these funds at the close of FY 2013 (Table 1),³ as well as operating income and expenditures for each board by fund over the course of their licensing cycles (Table 2). This information helps indicate whether these licensing and regulatory boards and commissions are financially self-supporting.

Table 1 is a simplified cash balance statement covering 21 of the state funds that are used primarily by the boards and commissions. As of July 1, 2012, the first day of FY 2013, these funds had a combined cash balance of \$66.7 million. During FY 2013, a total of \$90.6 million in receipts (including transfers) were deposited into the funds and a total of \$65.5 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2013, the last day of FY 2013, these 21 funds had a combined cash balance of \$91.9 million and outstanding encumbrances of \$4.8 million, leaving the funds with a combined, unobligated cash balance of \$87.1 million. All of the 21 funds finished FY 2013 with positive unobligated cash balances.

In FY 2013, of the \$65.5 million in expenditures made by boards and commissions, \$57.3 million (87.5%) was used for operations and \$8.2 million (12.5%) was transferred out. Of the amount expended for operations, \$42.7 million (74.5%) was for personal services, which includes payroll, fringe benefits, and purchased personal services, \$9.0 million (15.7%) was for supplies and maintenance, \$4.6 million (8.0%) was for subsidies for training and education programs, and the remaining \$1.0 million (1.7%) was for equipment and other miscellaneous expenditures.

Of the \$8.2 million transferred out of the funds used by boards and commissions in FY 2013, the largest transfer was \$5.4 million from the Trauma and Emergency Medical Services Grant Fund (Fund 83P0) to the Trauma and Emergency Medical Services Fund (Fund 83M0), which both were used by the State Board of Emergency Medical Services (EMS) within the Department of Public Safety. Fund 83P0 was

² One fund has been added to this year's report: the Manufactured Home Commission Regulatory Fund (Fund 5MC0), which was established in FY 2013, to receive revenues from and pay expenses for licensing manufactured home park operators.

³ Table 1, which shows fund cash balances, does not include the three funds that are used mainly for purposes other than board activities: 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, and the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce.

used – prior to being discontinued in FY 2013 – to issue grants for emergency medical organizations to train personnel, to purchase equipment and vehicles, and to improve the quality of emergency medical services. Fund 83M0 will now be used for such purposes in addition to its existing use as the general operating fund for EMS.⁴

About \$2.0 million was transferred out of the Occupational Licensing and Regulatory Fund (Fund 4K90). Of this amount, \$1.1 million was transferred to funds used by boards for education assistance programs for certain professions, mainly nurses (Fund 5AC0), accountants (Fund 4J80), and veterinarians (Fund 5BU0). And, about \$0.9 million was transferred to the Ohio Professional Licensing System Fund (Fund 5JQ0) used by the Department of Administrative Services. This transfer was made to fund the replacement of the eLicensing system, which is used by various boards and commissions to manage electronic licensing. Over FY 2012 and FY 2013, a total of \$3.0 million was transferred into Fund 5JQ0: \$2,640,000 from Fund 4K90, \$353,100 from the State Medical Board Operating Fund (Fund 5C60), and \$6,900 from the Casino Control Commission – Operating Fund (Fund 5HS0).

Occupational Licensing and Regulatory Fund (Fund 4K90)

The largest of the 21 funds is the Occupational Licensing and Regulatory Fund (Fund 4K90), which serves as the main operating fund for 27 of the boards and commissions covered in this report. Fund 4K90 finished FY 2013 with a cash balance of \$29.0 million, an increase of \$9.6 million (49.5%) from the beginning cash balance of \$19.4 million. Taking into account the year-end encumbrance of \$1.0 million, Fund 4K90 finished FY 2013 with an unobligated cash balance of \$28.0 million.⁵

Fund 4K90 receipts totaled almost \$40.4 million in FY 2013, an increase of \$5.9 million (17.1%) from FY 2012 receipts of \$34.5 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. Fund 4K90 expenditures and transfers out for FY 2013 totaled \$30.8 million, a decrease of \$1.8 million (5.5%) from FY 2012 expenditures of \$32.6 million. The difference in expenditures is partially due to the differences in amounts transferred out of Fund 4K90 in each year. When transfers are excluded, expenditures totaled \$28.8 million in FY 2013, about \$900,000 (3.2%) more than FY 2012 expenditures of \$27.9 million.

⁴ In several prior years, the largest transfer-out from funds used by boards and commissions was made from the Division of Securities Fund (Fund 5500), which is used by the Department of Commerce, to the GRF. Such a transfer was generally made in accordance with state law based on the amount of fees collected by the Division of Securities that were determined by the Director of Commerce and the Director of Budget and Management to be in excess of the Division's expenses. In FY 2013 no such transfer was made.

⁵ 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 Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2013

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	\$19,359,671	\$40,445,687	\$30,796,442	\$29,008,916	\$1,028,999	\$27,979,917
Division of Securities Fund	5500	\$8,305,545	\$17,588,240	\$3,652,946	\$22,240,839	\$765,521	\$21,475,318
Trauma and Emergency Medical Services Fund	83M0	\$2,702,962	\$13,911,952	\$5,492,377	\$11,122,537	\$1,689,603	\$9,432,934
Investor Education and Enforcement Expense Fund	5GK0	\$7,926,211	\$290,241	\$794,151	\$7,422,301	\$18,471	\$7,403,830
Consumer Finance Fund	5530	\$6,522,809	\$3,468,270	\$3,664,798	\$6,326,281	\$121,313	\$6,204,968
State Medical Board Operating Fund	5C60	\$2,948,274	\$8,235,756	\$8,207,640	\$2,976,390	\$196,901	\$2,779,489
Division of Real Estate Operating Fund	5490	\$3,407,267	\$2,350,324	\$2,788,585	\$2,969,006	\$499,766	\$2,469,240
Private Investigator and Security Guard Provider Fund	5B90	\$1,646,340	\$1,280,174	\$1,108,982	\$1,817,532	\$209,511	\$1,608,021
Real Estate Appraiser Operating Fund	6A40	\$1,302,195	\$605,546	\$727,579	\$1,180,162	\$40,807	\$1,139,355
Real Estate Recovery Fund	5480	\$977,808	\$50,979	\$17,589	\$1,011,198	\$0	\$1,011,198
Real Estate Appraiser Recovery Fund	4B20	\$873,924	\$24,300	\$0	\$898,224	\$0	\$898,224
Nurse Education Grant Program Fund	5AC0	\$1,602,625	\$516,183	\$1,225,497	\$893,311	\$0	\$893,311
Manufactured Homes Commission Regulatory Fund	5MC0	\$0	\$881,425	\$50,528	\$830,897	\$146,841	\$684,056
Real Estate Education and Research Fund	5470	\$791,408	\$47,368	\$26,317	\$812,459	\$17,615	\$794,844
CPA Education Assistance Fund	4J80	\$777,749	\$284,900	\$294,234	\$768,415	\$0	\$768,415
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$615,921	\$56,496	\$83,279	\$589,138	\$14,884	\$574,254
Auctioneers Fund	5B80	\$460,934	\$309,377	\$309,215	\$461,096	\$742	\$460,354
Motor Vehicle Dealers Board Fund	5390	\$816,979	\$206,891	\$713,238	\$310,632	\$27,618	\$283,014
Auction Education Fund	4D20	\$261,487	\$24,480	\$32,893	\$253,074	\$13,281	\$239,793
Veterinary Student Loan Program Fund	5BU0	\$14,471	\$21,055	\$24,820	\$10,706	\$0	\$10,706
Trauma and Emergency Medical Services Grant Fund	83P0	\$5,411,346	\$44,061	\$5,452,907	\$2,500	\$0	\$2,500
Total		\$66,725,926	\$90,643,705	\$65,464,017	\$91,905,614	\$4,791,873	\$87,113,741

Data 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.⁶ Nearly all of the revenue received by the boards and commissions covered in this report comes from license fees.⁷ 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 2013 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 2012-FY 2013 period. Likewise, for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2011-FY 2013 period. Some boards and commissions with biennial or triennial license renewal cycles stagger their license renewal periods to avoid larger fluctuations in revenues and expenditures from year to year.

Annual renewal cycles

As shown in Table 2, in FY 2013, 11 boards and commissions on annual renewal cycles registered higher revenues than expenditures. The Division of Securities of the Department of Commerce, which regulates the sale of securities and licenses security professionals, registered the largest overall surplus of \$13.4 million. The Division uses two funds: the Division of Securities Fund (Fund 5500), which had a surplus of \$13.9 million, and the Investor Education and Enforcement Expense Fund (Fund 5GK0), which had a deficit of \$503,910. The State Board of Pharmacy registered the next highest revenue surplus of \$1.2 million across its six funds. The Board's portion of Fund 4K90 had the largest surplus among boards with annual renewal cycles.

⁶ Table 2 excludes funds that are primarily used to disburse grants (and are therefore, not used for general board operations): the CPA Education Assistance Fund (Fund 4J80), the Nurse Education Grant Program Fund (Fund 5AC0), the Veterinary Student Loan Program Fund (Fund 5BU0), and the Trauma and Emergency Medical Services Grant Fund (Fund 83P0).

⁷ The main exception is the State Board of Emergency Medical Services, which does not charge license fees and is mainly funded by a percentage of fines from seat belt law violations.

The third largest surplus of \$830,897 was registered by the Ohio Manufactured Home Commission (OMHC) in the Manufactured Homes Commission Regulatory Fund (Fund 5MC0). This new fund was established in FY 2013 to receive license fees from manufactured home park operators. The Board assumed responsibility for licensing these operators from the Ohio Department of Health under H.B. 487 of the 129th General Assembly. Licenses for manufactured home park operators are renewed annually, while most of the other licenses regulated by OMHC are renewed biennially.

Six boards and commissions on annual renewal cycles registered expenditures at levels higher than their revenues. Four of them registered deficits in their portion of Fund 4K90: the Board of Orthotics, Prosthetics, and Pedorthics (\$30,767), the Athletic Commission (\$26,409), the Board of Sanitarian Registration (\$4,131), and the Motor Vehicle Repair Board (\$417).⁸ The Division of Financial Institutions in the Department of Commerce registered the largest deficit of \$179,397 in the Consumer Finance Fund (Fund 5530).

Biennial renewal cycles

In FY 2013, 17 boards and commissions that operate mainly on biennial renewal cycles registered higher revenues than expenditures. The Board of Nursing's portion of Fund 4K90 had the largest surplus of \$7.4 million followed by the State Board of Cosmetology with \$2.3 million. The largest deficit (\$365,847) was registered by OMHC in their portion of Fund 4K90, which the commission uses for operations related to biennial licenses, including manufactured homes installers, dealers/brokers, and salespersons. The Motor Vehicle Salvage Dealer Licensing Board within the Department of Public Safety had the smallest two-year deficit (\$29,706) in the State Bureau of Motor Vehicles Fund (Fund 4W40).

Triennial renewal cycles

Two of the boards that mainly renew licenses on a triennial basis each registered surpluses of about \$1.9 million over their three-year licensing period: the Accountancy Board in their portion of Fund 4K90 and the Board of Emergency Medical Services in the Trauma and Emergency Medical Services Fund (Fund 83M0). Beginning in FY 2013, the revenue and expenditures listed for Fund 83M0 increased, as the fund was also used for the same purposes as Fund 83F0, which was discontinued. The Department of Commerce's Board of Building Standards registered a deficit of \$156,129 in Fund 5560, and its Division of Real Estate and Professional Licensing registered a deficit of \$502,942 in the Division of Real Estate Operating Fund (Fund 5490), which is used for triennial license renewals (most of the other licenses issued by this Division are renewed on an annual basis).

⁸ The Motor Vehicle Repair Board was previously named the Board of Motor Vehicle Collision Repair Registration. The name change became effective in March 2013, in accordance with S.B. 114 of the 130th General Assembly.

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 2013				
Division of Securities (Commerce)	Total	\$17,878,481	\$4,447,097	\$13,431,384
	5500	\$17,588,240	\$3,652,946	\$13,935,294
	5GK0	\$290,241	\$794,151	-\$503,910
State Board of Pharmacy	Total	\$6,968,395	\$5,814,361	\$1,154,034
	4K90	\$6,587,086	\$5,417,694	\$1,169,392
	3BC0*	\$140,500	\$132,171	\$8,329
	3EY0*	\$136,813	\$131,717	\$5,096
	3CT0*	\$45,000	\$45,000	\$0
	3EZ0*	\$2,500	\$4,500	-\$2,000
	4A50*	\$56,496	\$83,279	-\$26,783
Ohio Manufactured Homes Commission	5MC0	\$881,425	\$50,528	\$830,897
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,325,132	\$782,721	\$542,411
Division of Industrial Compliance (Commerce)	5560	\$643,192	\$243,935	\$399,257
Private Investigator/Security Guard Section (Public Safety)	5B90	\$1,280,174	\$1,108,982	\$171,192
Ohio Medical Transportation Board	4K90	\$570,594	\$505,469	\$65,125
Board of Dietetics	4K90	\$381,640	\$321,969	\$59,671
State Board of Optometry	4K90	\$400,840	\$341,599	\$59,241
Board of Examiners of Nursing Home Administrators (Health)	4700	\$632,150	\$574,673	\$57,477
Ohio Optical Dispensers Board	4K90	\$374,150	\$344,575	\$29,575
Motor Vehicle Repair Board	4K90	\$335,446	\$335,863	-\$417
State Board of Sanitarian Registration	4K90	\$128,465	\$132,596	-\$4,131
Ohio Athletic Commission	4K90	\$232,890	\$259,299	-\$26,409
State Board of Orthotics, Prosthetics, and Pedorthics	4K90	\$111,165	\$141,932	-\$30,767
Division of Real Estate and Professional Licensing (Commerce)**	Total	\$728,573	\$771,485	-\$43,292
	5480	\$50,979	\$17,589	\$33,390
	4B20	\$24,300	\$0	\$24,300
	5470	\$47,368	\$26,317	\$21,051
	6A40	\$605,546	\$727,579	-\$122,033
Division of Financial Institutions (Commerce)	5530	\$3,468,270	\$3,647,667	-\$179,397

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

** The total shown for the Board does not include Fund 5490, which is used by the Board for licenses issued on a triennial basis.

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 2012-FY 2013				
Board of Nursing	4K90	\$20,553,205	\$13,144,500	\$7,408,705
State Board of Cosmetology***	4K90	\$9,279,705	\$7,008,464	\$2,271,241
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	4K90	\$2,441,448	\$1,501,702	\$939,746
State Board of Registration for Professional Engineers and Surveyors	4K90	\$2,323,816	\$1,741,566	\$582,250
Motor Vehicle Dealer Licensing Board (Public Safety)	Total	\$712,027	\$247,428	\$464,599
	5390	\$395,917	\$25,542	\$370,375
	4W40	\$316,110	\$221,886	\$94,224
Architects Board and the State Board of Landscape Architect Examiners	4K90	\$1,341,230	\$907,956	\$433,274
Veterinary Medical Licensing Board	4K90	\$1,014,166	\$595,773	\$418,393
State Board of Psychology	4K90	\$1,280,393	\$979,544	\$300,849
State Medical Board	5C60	\$17,031,296	\$16,742,112	\$289,184
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$2,583,681	\$2,310,961	\$272,720
Ohio State Dental Board	4K90	\$3,251,588	\$3,007,588	\$244,000
Respiratory Care Board	4K90	\$1,196,444	\$1,000,089	\$196,355
State Chiropractic Board	4K90	\$1,284,864	\$1,100,062	\$184,802
Ohio State Barber Board	4K90	\$1,481,503	\$1,299,522	\$181,981
Board of Speech-Language Pathology and Audiology	4K90	\$1,096,120	\$937,015	\$159,105
Chemical Dependency Professionals Board	4K90	\$975,867	\$843,773	\$132,094
Auctioneers Program (Agriculture)	Total	\$709,971	\$600,358	\$109,613
	5B80	\$657,833	\$552,024	\$105,809
	4D20	\$52,138	\$48,334	\$3,804
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	4W40	\$106,615	\$136,321	-\$29,706
State Board of Embalmers and Funeral Directors	4K90	\$1,222,602	\$1,309,165	-\$86,563
Ohio Manufactured Homes Commission****	4K90	\$699,744	\$1,065,591	-\$365,847
*** These amounts do not include \$57,785 in reinstatement fees from the Board's lapsed license amnesty program that were deposited directly into the GRF. **** These amounts do not include revenues and expenditures related to manufactured home park operator licenses which are renewed annually (Fund 5MC0).				
Triennial Renewal Cycle, FY 2011-FY 2013				
Accountancy Board	4K90	\$4,652,756	\$2,715,808	\$1,936,948
Board of Emergency Medical Services (Public Safety)	83M0	\$12,511,537	\$10,588,341	\$1,923,196
Board of Building Standards (Commerce)*****	5560	\$240,383	\$396,512	-\$156,129
Division of Real Estate and Professional Licensing (Commerce)	5490	\$8,043,156	\$8,546,098	-\$502,942

***** These amounts only represent the Board's licensing activities and do not include other Board activities related to regulating building standards.