

LSC Greenbook

Analysis of the Enacted Budget

State Board of Embalmers and Funeral Directors

*Nick Thomas, Budget Analyst
Legislative Service Commission*

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ATTACHMENT:

Budget Spreadsheet By Line Item

State Board of Embalmers and Funeral Directors

- FY 2010 – FY 2011 appropriations of \$572,159 in each fiscal year
- Increased oversight of funeral contracts because of S.B. 196
- New computer-based test for license applicants

OVERVIEW

Agency Overview

The Board of Embalmers and Funeral Directors (FUN) is required to license and regulate the funeral profession in the state of Ohio under Chapter 4717. of the Revised Code. The Board carries out this mandate by licensing and regulating embalmers, funeral directors, funeral homes, crematories, and embalming facilities. At the end of FY 2008, the Board oversaw 6,893 active licenses and approximately 1,200 funeral-related facilities.

The Board's governing body consists of seven members, five of which must be licensed embalmers and practicing funeral directors. One of the five members must be knowledgeable in the area of cremation. The other two members represent the public. Day-to-day operations are overseen by an executive director who is appointed by the Board. In addition to the executive director, FUN has six full-time employees: two inspectors, two administrative assistants, one secretary, and one certification-licensure examiner. The Board receives no GRF moneys; it is entirely supported by fees.

Appropriation Overview

H.B. 1 appropriations for FUN are \$572,159 for FY 2010 and FY 2011, a 4.2% reduction over FY 2009 expenditures of \$597,323. Overall, FY 2010–FY 2011 appropriations are identical to FY 2008 expenditures.

Appropriations by Fund Group, FY 2010-FY 2011					
Fund Group	FY 2009	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
General Services	\$597,323	\$572,159	-4.2%	\$572,159	0%
TOTAL	\$597,323	\$572,159	-4.2%	\$572,159	0%

*FY 2009 figures represent actual expenditures.

FUN receives support for some of its administrative tasks from the Central Services Agency (CSA) of the Department of Administrative Services. These services include help in budget development, fiscal processing, human resources, and so forth, for which FUN paid \$12,264 in FY 2008.

The Board also uses the eLicensing system, an on-line tool that allows for license applications and renewals to be processed and stored electronically. While access to the system was provided gratis in FY 2009, FUN and other licensing boards will be charged in FY 2010 and FY 2011. FUN stores approximately 11,190 records in the database, less than 1.0% of the system's current usage.

Fees and Fund 4K90

The Board issues nine primary licenses. Table 1 below illustrates the license types that the Board oversaw in FY 2009 and the associated fees.

Table 1. License Fees	
License	Fee
Crematory	\$200
Embalmer Apprentice	\$10
Embalmer Registration	\$25
Embalmer	\$140
Embalming Facility	\$200
Funeral Director Apprentice	\$10
Funeral Director Registration	\$25
Funeral Director	\$140
Funeral Home	\$250

Fees collected by the Board are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90) established by H.B. 152 of the 120th General Assembly. Twenty-eight occupational licensing and regulatory boards and commissions, including FUN, use Fund 4K90 as an operating account to support their activities. The expectation is for every board to be self-sufficient, generating enough revenues to cover expenses.

FUN renews licenses in the odd-numbered years. This means that in renewal years, revenue intake exceeds operating expenses for the fiscal year. Correspondingly, in the off years, receipts are lower than expenditures. However, as is the case with most boards that renew on a two-year cycle, there is generally a net positive balance over that span. As Table 2 below shows, combined revenues from FY 2006-FY 2007 were approximately \$1.3 million; expenditures for the same period were \$1,154,159, giving a net balance over that license period of \$109,374. Revenues for the FY 2008-FY 2009

period were slightly lower while expenses were slightly higher than the previous period, yielding a positive net-balance of \$82,651.

	FY 2006 – FY 2007	FY 2008 – FY 2009
Revenues	\$1,263,533	\$1,252,133
Expenditures	\$1,154,592	\$1,169,482
Net	\$108,941	\$82,651

Issues of Interest

Pre-need Funeral Contracts

S.B. 196 of the 127th General Assembly, which took effect on April 4, 2009, addressed fraud in the area of pre-need funeral contracts. These contracts enable individuals to purchase funeral goods and services before their death. With the enactment of S.B. 196, all pre-need funeral contracts are under the supervision of the Board, although the Department of Insurance retains jurisdiction over insurance providers who sell insurance policies that cover pre-need contracts. Currently, the Board collects a report from each funeral home that provides the general details of every pre-need funeral contract sold.

In response to S.B. 196, and in an effort to exercise greater oversight over these contracts, the Board is beginning to implement a new policy during routine inspections: two pre-need contracts are chosen at random and reviewed to ensure that the contract meets statutory requirements. It should be noted, however, that this review is not an audit of fiscal transactions or accounts associated with the contract. Conducting such detailed audits or reviewing every contract would require resources and expertise that the Board does not currently have. After the legislation has been in effect for a year, FUN intends to review this oversight procedure and make adjustments as needed.

New Testing Procedures

The Funeral Board will be using a new computer-based testing system in the FY 2010-FY 2011 biennium. Applicants interested in being licensed only as a funeral director must pass two examinations: Funeral Service Arts and Ohio Laws. Previously, the Board prepared and administered the Ohio Laws examination; this examination will now be computer based and administered by a private testing company. The cost of the new examination for applicants has increased significantly, from \$35 to \$150, but individuals interested in certification are now able to take the test anytime during the year at local testing centers, rather than just four times a year in Columbus.

Because the contractor will retain the increase in the test fee, this increased test cost does not generate new revenue, nor does having the test administered by a private company generate any additional long-term costs for the Board. There was, however, a one-time cost of \$11,325 to convert the paper test to a computer-based format. There are also likely to be some minor long-term savings through the computer-based test, as the paper test required one board member to be in attendance four times a year, for which the member was paid a per diem and compensated for travel expenses.

ANALYSIS OF ENACTED BUDGET

The following table shows the appropriations provided for the Board for the FY 2010-FY 2011 biennium.

Appropriations for the Board of Embalmers and Funeral Directors				
Fund	ALI and Name		FY 2010	FY 2011
General Services Fund Group				
4K90	881609	Operating Expenses	\$572,159	\$572,159

Operating Expenses (881609)

The budget provides the Board with funding of \$572,159 in FY 2010 and FY 2011, a 4.2% decrease over FY 2009 expenditures of \$597,323. This appropriation level is the same as the Board's FY 2008 expenditures. This line item pays for all of the Board's operating expenses, including seven employees and other expenses associated with the Board's operations, such as per diems and travel reimbursement for the board members.

Licenses

Table 3 below shows the number of active licenses issued by the Board for FY 2007 and FY 2008. The number of active licenses overseen in FY 2008 was 6,893, a 1.2% increase over FY 2007. While the Board has seen a slight decrease in active licenses in recent years, the overall number has been relatively steady, in fact increasing by 1.2% in FY 2008.

Registration	FY 2007	FY 2008	% Change
Crematory	95	100	5.3%
Embalmer Apprentice	52	48	(7.7)%
Embalmer Registration	54	48	(11.1)%
Embalmer	2,272	2,308	1.6%
Embalming Facility	4	0	(100.0)%
Funeral Director Apprentice	71	78	9.9%
Funeral Director Registration	73	86	17.8%
Funeral Director	3,013	3,051	1.4%
Funeral Home	1,180	1,174	(0.5)%
Total	6,811	6,893	1.2%

Investigation and Enforcement Statistics

The Board's regulatory obligations also include conducting random inspections and investigating complaints about issues of incompetent or unhygienic practitioners. These are carried out by two full-time inspector/investigators. As the table below shows, in FY 2008 the Board inspected 1,040 funeral homes, 80 crematoriums, and two embalming facilities; these inspections resulted in 74 violations being issued. In addition, the Board investigated 73 complaints, conducted 15 administrative hearings, and collected \$36,000 in forfeitures and \$5,700 in renewal penalties.

Enforcement Action	Amount
Funeral Home Inspections	1,040
Crematorium Inspections	80
Embalming Facility Inspections	2
Administrative Hearings	15

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FY 2010 - 2011 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2008	FY 2009	FY 2010 Appropriations	% Change FY09 - FY10	FY 2011 Appropriations	% Change FY10 - FY11
Report For: Main Operating Appropriations Bill			Version: Enacted					
FUN State Board of Embalmers and Funeral Directors								
4K90	881609	Operating Expenses	\$ 572,159	\$ 597,323	\$ 572,159	-4.21%	\$ 572,159	0.00%
General Services Fund Group Total			\$ 572,159	\$ 597,323	\$ 572,159	-4.21%	\$ 572,159	0.00%
State Board of Embalmers and Funeral Directors Total			\$ 572,159	\$ 597,323	\$ 572,159	-4.21%	\$ 572,159	0.00%