

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Board of Motor Vehicle Repair

Maggie West, Senior Budget Analyst
February 2021

TABLE OF CONTENTS

Quick look	1
Agency overview	1
Analysis of FY 2022-FY 2023 budget proposal	2
Executive recommendations by expense category	2
Operating revenues and expenses	2
License, investigation, and enforcement statistics	3
Workload measures	3
Media outreach.....	4
Legal action	4

LBO Redbook

Ohio Board of Motor Vehicle Repair

Quick look...

- The Ohio Board of Motor Vehicle Repair is responsible for the registration and regulation of around 2,000 collision repair facilities, auto glass replacement and repair businesses, airbag replacement and repair businesses, mobile auto repair units, and window tint installers.
- The Board is entirely supported by registration fees and receives no money from the GRF.
- The recommended funding levels are sufficient for the Board to maintain current operations during the FY 2022-FY 2023 biennium.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Fund 4K90 ALI 865601, Operating Expenses					
\$573,786	\$584,567	\$605,212	\$636,389	\$636,389	\$636,389
% change	1.9%	3.5%	5.2%	0.0%	0.0%

Agency overview

The Board of Motor Vehicle Repair is responsible for the registration and regulation of collision repair facilities, auto glass replacement and repair businesses, airbag replacement and repair businesses, mobile auto repair units, and window tint installers.¹ The Board currently has approximately 2,000 businesses registered.² The required annual registration fee is \$225.

The Board's governing authority consists of seven members appointed by the Governor with the advice and consent of the Senate. The Board is required to meet at least four times per year. Members receive a per-diem amount fixed by state law when attending to board matters and are compensated for expenses incurred in the discharge of their duties. Five full-time employees (an executive director, a program administrator, two investigators, and an investigator assistant) handle the Board's day-to-day operations.

The Board is entirely supported by money appropriated from the Occupational Licensing Fund (Fund 4K90).

¹ The Board was created as a result of the enactment of Am. Sub. H.B. 143 of the 122nd General Assembly, effective December 18, 1997.

² Registration exempted groups include motor vehicle, auction and salvage dealers, fleet operations (these entities are already licensed under other specific state laws and governance), and hobbyists repairing four or less motor vehicles in a calendar year.

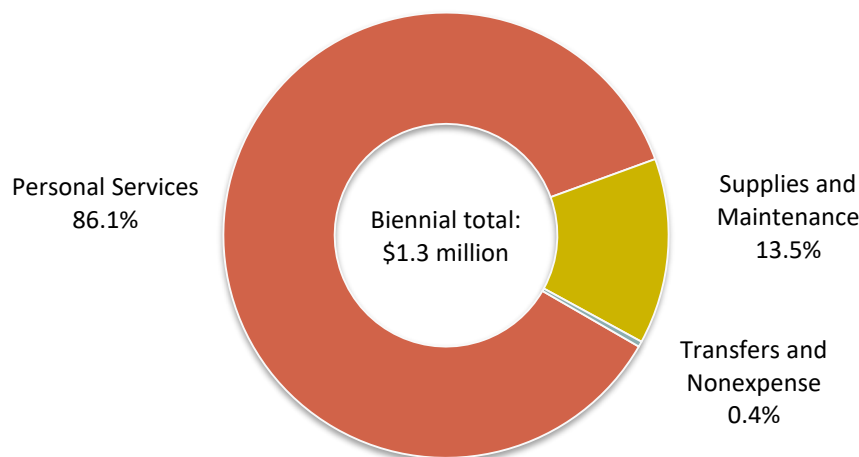
Analysis of FY 2022-FY 2023 budget proposal

The budget proposal generally funds the Board's requested amount in each fiscal year and will allow the Board to maintain its current operations during the FY 2022-FY 2023 biennium.

Executive recommendations by expense category

The following chart summarizes the manner in which the Board plans to allocate its executive recommended appropriations for the FY 2022-FY 2023 biennium. Eighty-six percent of the recommended funding over the biennium will be allocated for personal services (wages, salaries, fringe benefits, and payroll check off charges). The remainder will be allocated for supplies and maintenance (13.5%), and transfers and nonexpense (0.4%).

Chart 1: Board of Motor Vehicle Repair Budget by Expense Category, FY 2022-FY 2023 Biennium



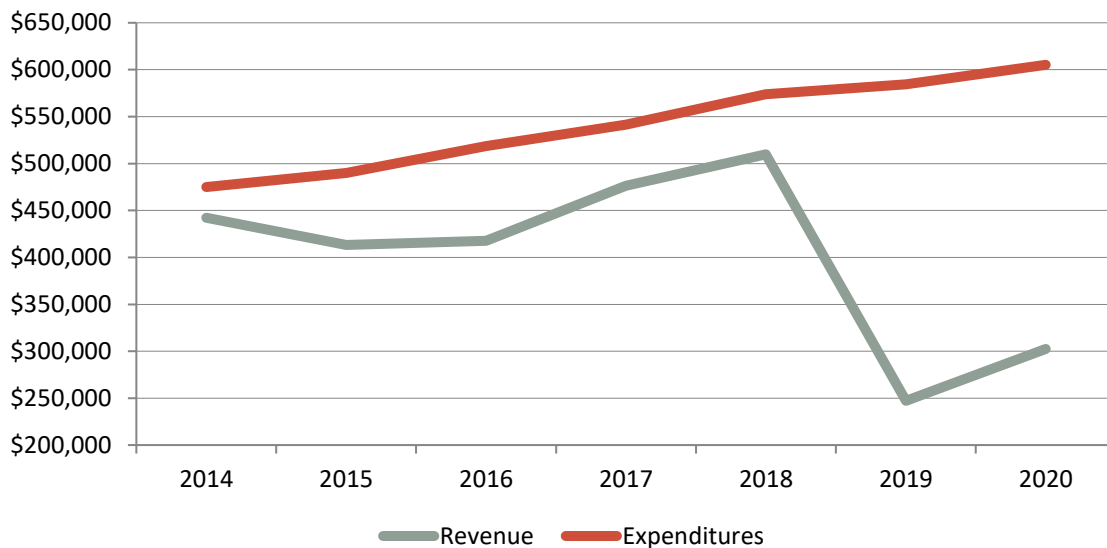
Operating revenues and expenses

The Board of Motor Vehicle Repair is currently one of 18 occupational licensing and regulatory boards and commissions that deposit all, or most, of their revenue collections into the Occupational Licensing Fund (Fund 4K90), and draw on that fund to finance most, if not all, of their annual operating expenses.

Chart 2 below shows the Board's annual revenue collections and expenditures from FY 2014 through FY 2020. From FY 2014 through FY 2018, the Board incurred a deficit because of having to hire additional personnel and purchase new equipment to register window tint operators and track window tint provision violations in accordance with S.B. 114 of the 129th General Assembly. The Board also incurred a deficit in FY 2019 (see following paragraph), and in FY 2020, because of the COVID-19 epidemic. A provision of H.B. 197 of the 133rd General Assembly temporarily extended the deadlines related to professional licensing renewals and effectively stopped license renewal and the collection of related fees beginning on March 9, 2020, and through the end of the fiscal year.

In FY 2019, the Board experienced a 51.5% decrease in revenue. This was due to a misunderstanding regarding the Board’s authority to increase its fees without Controlling Board approval, which resulted in a fee increase and the Board subsequently having to pay that money back. Registrants had the choice of receiving a \$75 refund or a four-month registration extension for each of the two years that the fee increase was in effect; the majority opted for the extension. As a result, the Board did not collect the amount of registration fee revenue that it otherwise would have absent the credit.

Chart 2: Board of Motor Vehicle Repair Revenues and Expenditures, FY 2014-FY 2020



License, investigation, and enforcement statistics

Workload measures

The table below presents three measures of the Board’s workload for the period of FY 2014-FY 2020. The number of businesses registered annually with the Board averaged 1,780, with a low of 1,624 in FY 2015 and a high of 1,966 in FY 2019. The number of complaint investigations averaged 179 per year, with a low of 129 in FY 2020 and a high of 228 in FY 2017.

Of note in the table below is the increase, from 583 to 1,156, in violation notices issued to noncompliant operations between FY 2016 and FY 2018. This increase is due, at least in part, to the Board’s adoption of an eLicensing system, which automatically generates and sends violation notices. In FY 2020, the decrease in both complaint investigations and violation notices was due to that fact the the Board’s two field investigators were working from home instead of being in the field because of the COVID-19 epidemic.

Selected Workload Measures, FY 2014-FY 2020							
Action	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Business Registrations	1,638	1,624	1,639	1,749	1,906	1,966	1,936
Complaint Investigations	137	142	172	228	225	219	129
Violation Notices	560	490	583	878	1,156	1,241	826

Media outreach

The Board estimates that it has registered approximately 85% of Ohio's businesses that fall under its jurisdiction, leaving an estimated 250 businesses in violation of the registration requirement. In order to increase compliance, the emphasis continues to be on increasing field contacts, registration of the businesses that have avoided registration, collection of registration fees for prior years, and prosecution of unregistered and noncompliant businesses. The Board also initiated outreach efforts to consumers and insurers through public service announcements on local radio, cable television, and mailings to various government entities that maintain vehicle fleets. The focus is on reminding these groups that collision repairs must be performed by registered businesses. The cost for this initiative has been minimal.

Legal action

The Board has attempted to encourage registration by educating businesses about the resources it makes available, including product information, recalls, legislation affecting the industry, guidance for obtaining liability insurance, consumer protections, and access to laws and regulations within the industry. However, when this does not work, the Board works with the Office of the Attorney General to bring formal legal action against businesses that are persistently noncompliant.