

Board of Embalmers and Funeral Directors

Jason Phillips, Budget Analyst

- Funding of \$628,641 for FY 2008 and \$646,602 for FY 2009
- Licenses nearly 7,000 embalmers, funeral directors, facilities, and crematories

OVERVIEW

Duties and Responsibilities

The Board of Embalmers and Funeral Directors is mandated by Chapter 4717. of the Revised Code to license and regulate the funeral profession in the state of Ohio. The Board carries out that mandate by licensing and regulating embalmers, funeral directors, funeral homes, crematories, and embalming facilities. In accordance with these duties, the Board monitors and qualifies apprentices for examination, approves continuing education for licensees, inspects facilities, investigates consumer complaints, and administers discipline. The Board is made up 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.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6	\$628,641	\$646,602	\$0	\$0	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Licensure

The Board of Embalmers and Funeral Directors handles the administrative work for nearly 7,000 funeral directors, embalmers, funeral homes, and crematories. The Board's licenses have biennial renewal cycles. License fees generated \$1.19 million in revenue over the most recently completed two-year renewal cycle (FY 2005 and FY 2006). Compared to expenditures of \$1.13 million during that same time period, the Board realized a net gain of nearly \$56,000.

Summary of FYs 2008 - 2009 Budget Issues

The Board's main focus for the upcoming biennium is to maintain current service levels. To that end, the Board hopes to effectively address a serious situation occurring within the funeral profession concerning preneed funeral contracts. These contracts are written agreements or contracts selling any funeral services, funeral goods, or any combination thereof to be used in connection with the funeral or final disposition of a dead human body, where payment for the goods or services is made either outright or on an installment basis, prior to the death of the person purchasing them or for whom they are purchased. Preneed funeral contracts may only be sold by a licensed funeral director. The Ohio Funeral Directors Association estimates that 30,000 new preneed contracts are entered into in Ohio annually.

The Board has reported complaints from consumers that have misconceptions about preneed contracts and where funeral directors deposited funds in business accounts rather than trust accounts. Preneed contracts concern multiple state agencies as the Division of Financial Institutions in the Department of Commerce regulates state-chartered financial institutions with whom the seller of the contract may place any moneys received pursuant to the contract,²¹ the Board of Embalmers and Funeral Directors regulates the sellers, who must be funeral directors, and the Elder Protection Section of the Attorney General's Office assists local law enforcement agencies in preventing and prosecuting crimes against the elderly. Additionally, the Department of Insurance offers a limited preneed insurance license.

The Board notes that no state agency has ultimate jurisdiction in these cases. As such, the Board established a committee to identify preneed contract problems, research the numbers and types of complaints, research related laws of other states, work with other state agencies to consolidate preneed contract regulations and identify the agency to handle the model plan. The budget allows the Board to maintain its current staffing levels, which are necessary to process 2,400 annual preneed reports, which account for money that is trusted (not insurance). While Board staff collect the reports, the Board currently has little authority to enforce regulations concerning the contracts. Given these concerns, legislation has been offered (H.B. 282 of the 127th General Assembly and its companion bill, S.B. 196) that includes additional disclosures and requirements on preneed funeral contracts. The bills also include a recovery fund for injured consumers and additional resources for the Board to monitor the annual preneed reports filed by sellers of the contracts.

²¹ The seller of the preneed contract must deliver the moneys received and not returned to the purchaser to the trustee designated in the preneed funeral contract, which is required to be either a financial institution or a natural person not required to be licensed to do trust business. A natural person acting as trustee of a preneed funeral contract trust must be bonded by a corporate surety bond in an amount not less than 100% of the funds in all of the preneed funeral contract trusts the person serves as trustee.

ANALYSIS OF THE BUDGET

Single Program Series

Operating Expenses

Purpose: License and regulate the professions of embalmer and funeral director and facilities including funeral homes and crematories

The following table shows the line items that are used to fund the Board of Embalmers and Funeral Directors as well as the funding levels for the FY 2008 - 2009 biennium by fiscal year.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	881-609	Operating Expenses	\$628,641	\$646,602
General Services Fund Group Subtotal			\$628,641	\$646,602
Total Funding: State Board of Embalmers and Funeral Directors			\$628,641	\$646,602

Program Description: In accordance with Chapter 4717. of the Revised Code, the Board of Embalmers and Funeral Directors licenses and regulates embalmers, funeral directors, funeral homes, and crematories and resolves complaints against any of those who are regulated.

Funding Source: GSF Fund 4K9 – license fees and other assessments

Implication of the Budget: The budget allows the Board to meet increased payroll and fringe benefit costs for its current staff, allowing current service levels to be maintained.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
<i>FUN Embalmers and Funeral Directors, State Board of</i>							
4K9 881-609 Operating Expenses	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%
General Services Fund Group Total	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%
Embalmers and Funeral Directors, State Board of Tota	\$ 567,448	\$ 565,010	\$ 598,706	\$ 628,641	5.00%	\$ 646,602	2.86%