

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Architects Boards**

Jason Phillips, Senior Budget Analyst  
Legislative Service Commission

July 2011

# TABLE OF CONTENTS

<b>OVERVIEW</b> .....	<b>1</b>
Agency Overview.....	1
Appropriation Overview .....	1
Fee Revenue and Fund 4K90.....	1
<b>ANALYSIS OF ENACTED BUDGET</b> .....	<b>3</b>
Cost-Savings Measures.....	3
Audit Costs.....	3
Intern Development Program.....	4
Licenses .....	4
Investigation and Enforcement Statistics.....	5

## **ATTACHMENT:**

Budget Spreadsheet By Line Item

# Architects Boards

- Budget of \$494,459 in FY 2012 and \$478,147 in FY 2013
- Continued focus on increasing awareness of intern development program fee reimbursement

## OVERVIEW

### Agency Overview

The Ohio Architects Board and the State Board of Landscape Architect Examiners are two separate boards that operate under a combined budget and share staff and facilities. For the purposes of this analysis, the combined entity is known as the Architects Boards (ARC). The governing authority of the Ohio Architects Board consists of five members appointed by the Governor, all of whom must be architects who have at least ten years of active practice in this state. The governing authority of the State Board of Landscape Architect Examiners consists of five members appointed by the Governor, including three registered landscape architects, one licensed design professional, and one individual representing the public. Board members receive a per diem in an amount fixed pursuant to state law as well as reimbursement for actual and necessary expenses incurred as part of their duties. The day-to-day operations of both boards are handled by a combined staff of four, including an executive director, two other administrative staff members, and an investigator. The boards receive no General Revenue Fund (GRF) moneys; they are entirely supported by fees.

### Appropriation Overview

The budget provides funding of \$494,459 in FY 2012, a 13.0% increase compared to FY 2011 spending of \$437,434. The funding for FY 2013 is \$478,147, a 3.3% decrease from the amount appropriated for FY 2012.

### Fee Revenue and Fund 4K90

As mentioned previously, the primary source of operating income for ARC is license fees. ARC issues certificates of qualification to registered architects and landscape architects, which require biennial renewal, and certificates of authorization to architectural and landscape architectural firms, which require annual renewal. Firms may also receive a dual certificate of authorization that authorizes both architectural and landscape architectural design services. The table below shows current fee amounts.

<b>Table 1. License Fees</b>	
<b>License Type</b>	<b>Fee</b>
Individual Registration by Reciprocity	\$250
Dual Firm Registration	\$225
Dual Firm Registration Renewal	\$150
Emeritus Architect Registration (if lapsed or inactive)	\$125
Individual Registration Renewal	\$125
Initial Firm Registration	\$125
Firm Registration Renewal	\$100
Initial Individual Registration by Exam	\$50

Fees collected by ARC are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-eight occupational licensing and regulatory boards and commissions, including ARC, use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Although Fund 4K90 is a shared operating pool, each licensing board or commission is expected to be self-sufficient by generating enough income to cover expenses.

Table 2 below shows the operating revenue and expenditures for ARC over the last six fiscal years, from FY 2006 to FY 2011. Notice that ARC's biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in even-numbered fiscal years. The "on" year of the two-year renewal cycle covers the deficit created in the "off" year when little license fee revenue is received. As the table shows, over recent two-year renewal cycles, ARC's revenues have consistently exceeded expenditures.

<b>Table 2. Revenues and Expenditures, FY 2006 to FY 2011</b>						
	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Revenue	\$1,101,215	\$235,350	\$1,094,737	\$249,872	\$1,075,673	\$247,494
Expenditures	\$458,120	\$428,187	\$532,275	\$513,893	\$444,595	\$437,434
<b>Net</b>	<b>\$643,095</b>	<b>(\$192,837)</b>	<b>\$562,462</b>	<b>(\$264,021)</b>	<b>\$631,078</b>	<b>(\$189,940)</b>

## **ANALYSIS OF ENACTED BUDGET**

ARC's operations are funded by a single line item appropriation from the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the appropriations for the line item.

<b>Appropriations for ARC</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2012</b>	<b>FY 2013</b>
<b>General Services Fund Group</b>				
4K90	891609	Operating Expenses	\$494,459	\$478,147

This line item is used to pay the operating expenses of both boards under the administrative umbrella of ARC. The amount provided for FY 2012 represents a 13.0% increase when compared to FY 2011 spending of \$437,434. The amount appropriated for FY 2013 decreases by 3.3% to \$478,147.

### **Cost-Savings Measures**

A number of internal cost-saving measures implemented during the FY 2010-FY 2011 biennium will make it possible for ARC to continue providing the same level of regulatory oversight of the architectural and landscape architectural professions. For instance, the Executive Secretary position was reclassified to a Certification/Licensure Examiner 1 position when a staff member resigned, resulting in payroll and fringe benefit cost-savings of about \$15,000 per fiscal year. In addition, the staff of ARC has been using e-mail communications more frequently to lower printing and postage costs.

The annual allotment for purchased personal services was reduced from FY 2011 levels by about \$18,000. This is primarily due to the Council of Landscape Architecture Registration Boards (CLARB) taking responsibility for administration of the entire landscape architects registration exam, which consists of five components. Prior to this change, which has reduced expenditures by almost \$13,000, ARC was responsible for purchasing exams for and proctoring two of the five components. Further, the amount of travel to CLARB and National Council of Architectural Registration Boards (NCARB) meetings has been reduced, resulting in lower meeting registration and attendance costs. NCARB has also been offering scholarships to architectural registration boards in states where budget cuts or travel restrictions are in effect.

### **Audit Costs**

During the FY 2012-FY 2013 biennium, ARC will be required to pay the cost of its biennial audit conducted by the Auditor of State. This is because S.B. 155 of the 128th General Assembly, effective March 31, 2010, requires all state agencies to pay for their own audits. In the past, the cost of state agency audits was paid for by the Department of Administrative Services. However, funding for that purpose was eliminated by Am.

Sub. H.B. 1 of the 128th General Assembly (the FY 2010-FY 2011 biennial budget bill). As a result of this change, ARC has budgeted \$25,000 for this audit in the FY 2012-FY 2013 biennium.

### Intern Development Program

Another notable aspect of ARC's budget is a reduction in the amount allotted for scholarships to architecture students enrolled in the Intern Development Program (IDP) at any of the state's four accredited architecture schools. The IDP is a national program overseen by NCARB that is designed to give architecture students practical experience under the direct supervision of a registered architect. The IDP enrollment fee is \$100. Currently, ARC has awarded around 225 IDP scholarships since this incentive was first offered in FY 2008. Although the funding of \$9,000 per fiscal year for FY 2012-FY 2013 is lower than the amounts allotted in prior years, the amount is still higher than what has been spent on these scholarships in each of the last four fiscal years, as can be seen in Table 3 below.

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
Scholarship Expenses	\$3,800	\$8,800	\$5,100	\$4,900	\$22,600

In the FY 2012-FY 2013 biennium, two factors could contribute to increased participation in the reimbursement program. The first is a push by ARC and the American Institute of Architects state affiliate, AIA Ohio, to boost outreach about the available scholarship funding to architecture students. The second factor is some modifications to the IDP, including a recent rule change that allows IDP enrollment at an earlier point in an architectural student's academic career.

### Licenses

ARC regulates both practitioners and firms. Table 4 shows the number of active licenses issued by ARC as of the end of FY 2009, FY 2010, and FY 2011. The total number of active licenses decreased by 5.7% from FY 2009 to FY 2010, due largely to out-of-state licensees that did not renew their license in Ohio because of a lack of available projects, a side effect of the weak economy. However, the number of active licenses rebounded in FY 2011.

In addition to the individuals and firms listed below, ARC offers an emeritus architect license to individuals that are (1) fully retired and thus, not engaging in any practice of architecture, (2) over the age of 65, and (3) have been licensed in Ohio for at least ten years. Emeritus architects are exempt from continuing education requirements. There is no fee for converting to emeritus status if an individual has an active license. Otherwise, individuals with lapsed or inactive architect licenses pay a one-time fee of \$125. As of the end of FY 2011, there were 133 architects under emeritus status.

License Type	FY 2009	FY 2010	% Change	FY 2011	% Change
Architecture Certificate of Qualification (individuals)	6,778	6,321	(6.7%)	6,586	4.2%
Architecture Certificate of Authorization (firms)	1,127	1,123	(0.4%)	1,152	2.6%
Landscape Architecture Certificate of Qualification	623	587	(5.8%)	609	3.7%
Landscape Architecture Certificate of Authorization	86	84	(2.3%)	84	0.0%
Dual Firm (ARC/LA) Certificate of Authorization	31	33	6.5%	35	6.1%
<b>Total</b>	<b>8,645</b>	<b>8,148</b>	<b>(5.7%)</b>	<b>8,466</b>	<b>3.9%</b>

### Investigation and Enforcement Statistics

In addition to licensing, the boards' regulatory duties also include investigating complaints concerning alleged violations of the law governing the architect and landscape architect professions. Common violations include illegally advertising architectural services by nonarchitects, improper use of a title, code of conduct violations, and offering architectural services through a firm not holding a certificate of authorization. A total of 25 cases were opened and 25 cases were closed in FY 2010. In FY 2011, 42 cases were opened while 32 were closed. ARC resolves most cases by obtaining voluntary compliance or reaching settlement agreements. In some cases, no violation is found to have occurred.

ARC has statutory authority to issue fines against registered architects for various violations or criminal acts. The Revised Code limits the fines to a maximum of \$1,000 for each offense and no more than \$5,000 regardless of the number of offenses a person has committed between the time the fine is imposed and the time any previous fine was imposed. ARC collected \$26,125 in fines in FY 2007. This figure decreased to \$15,225 in FY 2008, and then to \$3,000 in FY 2009, before rising slightly to \$4,500 in FY 2010. In FY 2011, about \$12,000 was collected. The significant decline in fines collected is due to the passage of H.B. 285 of the 127th General Assembly. That act waived fines or penalties for first-time paperwork violations committed by small businesses.

ARC.docx / th

# FY 2012 - FY 2013 Final Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>ARC Architects Boards</b>								
4K90	891609	Operating Expenses	\$ 444,595	\$ 437,434	\$ 494,459	13.04%	\$ 478,147	-3.30%
<b>General Services Fund Group Total</b>			<b>\$ 444,595</b>	<b>\$ 437,434</b>	<b>\$ 494,459</b>	<b>13.04%</b>	<b>\$ 478,147</b>	<b>-3.30%</b>
<b>Architects Boards Total</b>			<b>\$ 444,595</b>	<b>\$ 437,434</b>	<b>\$ 494,459</b>	<b>13.04%</b>	<b>\$ 478,147</b>	<b>-3.30%</b>