

LSC Greenbook

Analysis of the Enacted Budget

State Board of Registration for Professional Engineers and Surveyors

Jason Phillips, Senior Budget Analyst
Legislative Service Commission

August 2011

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	1
Fee Revenues and Fund 4K90.....	1
ANALYSIS OF ENACTED BUDGET	3
Change to Biennial Renewal Cycle	3
Continuing Professional Development Audits.....	3
Audit Costs.....	4
Licenses	4
Investigation and Enforcement Statistics.....	4

ATTACHMENT:

Budget Spreadsheet By Line Item

State Board of Registration for Professional Engineers and Surveyors

- Budget of \$934,264 in FY 2012 and \$921,778 in FY 2013
- Shift to biennial renewal cycle for engineer and surveyor registrants

OVERVIEW

Agency Overview

The State Board of Registration for Professional Engineers and Surveyors (ENG) regulates the professions of engineering and surveying to protect the health, safety, and welfare of the public by ensuring that only properly qualified individuals and businesses become registered, and that the services provided by these registrants are consistent with established standards and codes of ethics. ENG's governing body consists of five members appointed by the Governor, including four professional engineers (one of which must also be a professional surveyor) and one professional surveyor, each of whom must meet certain qualifications. The Board must meet at least twice per year but generally meets monthly. Members receive a per diem amount fixed by state law when attending to board matters and are reimbursed for expenses incurred in the discharge of their duties. ENG's day-to-day operations are handled by an executive director who is appointed by the Board. Including the Executive Director, ENG currently has eight full-time staff. The Board receives no GRF funding; rather, it is entirely supported by fees.

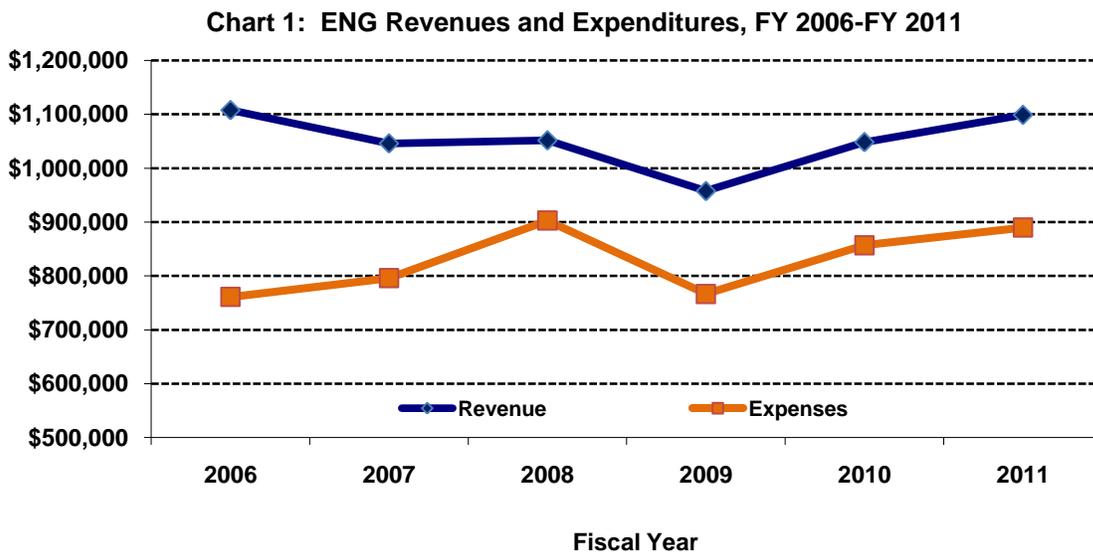
Appropriation Overview

The budget appropriates \$934,264 for FY 2012, a 5.0% increase when compared to FY 2011 spending of \$889,734. The FY 2013 budget of \$921,778 is 1.3% below that for FY 2012.

Fee Revenues and Fund 4K90

Fee revenue collected by the Board, like 28 other licensing and regulatory boards, is deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). The chart below shows ENG's operating revenue and expenditure history from FY 2006 to FY 2011. As can be seen, revenue has ranged from \$958,000 to \$1.1 million annually, with revenues consistently exceeding expenses over this period. This pattern will change, however, as a result of a provision in the budget that requires the Board to

renew registrations biennially rather than annually. There will also be a corresponding increase in the renewal fee for professional engineers and surveyors from \$20 to \$40. As a result of this change, FY 2012 revenue is expected to jump to \$1.6 million, then dip to \$0.5 million in FY 2013, for a total of \$2.1 million over the biennium. Converting to a biennial renewal cycle will, however, have the benefit of reducing overhead costs for processing renewals. The provision is discussed in more detail under the **Analysis of Enacted Budget**.



ANALYSIS OF ENACTED BUDGET

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

Appropriation for ENG				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4K90	892609	Operating Expenses	\$934,264	\$921,778

Fund 4K90, line item 892609, Operating Expenses, supports all of ENG's operating expenses. The appropriation of \$934,264 in FY 2012 is 5.0% higher than the Board's FY 2011 spending of \$889,734. The FY 2013 amount of \$921,778 is 1.3% lower than that appropriated for FY 2012. As a result of the July 1, 2011 paycheck, which falls within FY 2012, being posted against FY 2011 funds, the Board indicates that the appropriations will likely be sufficient to maintain current staffing and service levels.

Change to Biennial Renewal Cycle

The budget includes a provision changing the renewal cycle for individual registrations to every two years, instead of annually, as had previously been the case. Under a biennial renewal cycle, there are significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in one fiscal year. The "on" year of the two-year renewal cycle covers the deficit created in the "off" year when little license fee revenue is received. ENG expects this change to save approximately \$28,000 over the biennium from lower postage, printing, and credit card transaction costs.

Continuing Professional Development Audits

H.B. 322 of the 125th General Assembly mandated that professional engineers and surveyors complete 15 hours of continuing professional development each year. Beginning in calendar year 2008, registrants seeking renewal were to have completed the required number of hours over the past year. Coinciding with the shift to a biennial renewal cycle, registrants will now be required to complete 30 hours of continuing professional development every two years beginning in calendar year 2012. While the Board's goal is to audit 5% of registrants to ensure that they are meeting these requirements, staffing constraints meant that only about 250 registrants were audited each year in FY 2010 and FY 2011. By statute, noncompliant registrants have up to six months to attend the necessary classes.

Audit Costs

During the FY 2012-FY 2013 biennium, ENG 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). For the Board's next audit, which will occur in FY 2013, ENG has budgeted \$15,000

Licenses

Table 1 shows the number of active registrations issued by ENG as of the end of FY 2009, FY 2010, and FY 2011. As the table shows, the overall number of active registrations has remained stable, although there was a notable increase in the number of firms registered in FY 2011.

Registration	FY 2009	FY 2010	% Change	FY 2011	% Change
Professional Engineer	24,684	24,557	(0.5%)	24,710	0.6%
Professional Surveyor	1,406	1,374	(2.3%)	1,365	(0.7%)
Dual Registration	763	750	(1.7%)	751	0.1%
Firm	2,002	2,007	0.2%	2,195	9.4%
Total	28,855	28,688	(0.6%)	29,021	1.2%

Investigation and Enforcement Statistics

In addition to licensing, the Board investigates complaints and alleged violations of Chapter 4733. of the Revised Code, the statute governing the engineering and surveying professions. Table 2 below shows the number of complaints investigated and closed as well as the number of formal investigations opened and closed during FY 2009, FY 2010, and FY 2011. Most complaints are resolved because (1) there is no evidence that a violation has been committed, (2) the complaint was not within the Board's jurisdiction, or (3) the individual or firm has come into compliance voluntarily. Most formal investigations are resolved through settlement agreements or through disciplinary action issued by the Board after an adjudication hearing.

Enforcement Action	FY 2009	FY 2010	FY 2011
Complaints Investigated	85	110	118
Complaints Closed	58	50	78
Formal Investigations Opened	25	29	40
Formal Investigations Closed	30	29	38

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
Report For Main Operating Appropriations Bill			Version: Enacted					
ENG State Board of Engineers and Surveyors								
4K90	892609	Operating Expenses	\$ 856,889	\$ 889,734	\$ 934,264	5.00%	\$ 921,778	-1.34%
General Services Fund Group Total			\$ 856,889	\$ 889,734	\$ 934,264	5.00%	\$ 921,778	-1.34%
State Board of Engineers and Surveyors Total			\$ 856,889	\$ 889,734	\$ 934,264	5.00%	\$ 921,778	-1.34%