

LSC Greenbook

Analysis of the Enacted Budget

Ohio Manufactured Homes Commission

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Ohio Manufactured Homes Commission

- Funding of \$652,922 in FY 2012 and \$642,267 in FY 2013
- 2,451 manufactured homes inspection seals sold in FY 2010
- Commission also certifies manufactured homes dealers, brokers, and salespeople

OVERVIEW

Agency Overview

The Ohio Manufactured Homes Commission (MHC) is responsible for establishing and enforcing standards of quality and uniformity in the sale and installation of manufactured homes in Ohio. MHC regulates the training and licensing of manufactured home installers, the training and certification of manufactured home inspection agencies, and oversees a dispute resolution process for complaints made by home purchasers.

MHC is overseen by nine commissioners, three of whom are appointed by the Governor, three of whom are appointed by the President of the Senate, and three of whom are appointed by the Speaker of the House of Representatives. The selected commissioners represent the various interested parties involved in the manufactured homes industry. Commissioners receive no compensation other than actual expenses incurred in conducting MHC business. The day-to-day operations of the Commission are handled by an executive director appointed by the Commission. Including the executive director, the Commission has six full-time staff. The Commission receives no GRF funding and is instead entirely supported by fees deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

Appropriation Overview

H.B. 153, the main operating budget for the FY 2012-FY 2013 biennium, provides MHC with funding of \$652,922 in FY 2012, an 18.1% increase when compared to FY 2011 expenditures of \$552,798. FY 2013 funding is \$642,267, a 1.6% decrease when compared to the FY 2012 appropriation.

Fee Revenues and Fund 4K90

MHC is slightly different than most regulatory boards in that the majority of its revenue is not derived from licenses, but rather from the sale of home inspection seals. MHC rules require that all newly installed manufactured homes undergo a minimum of three inspections prior to and during installation. Home inspection seals are given to homeowners after their home has been successfully installed. These seals are not presented by MHC directly, but rather by independent inspectors licensed by MHC to

ensure that they meet all educational and professional standards. MHC charges licensed inspectors a fee of \$100 per seal with no limit on how many can be purchased at one time. Inspection seals do not have to be renewed. Receipts from seal fees totaled \$204,125 in FY 2010.

While most of MHC's revenue is generated by the sale of seals, the Commission does collect fees for licensing and certifying various professionals involved in the manufactured homes trade. These fees are paid by inspectors, installers, course sponsors (third-party inspectors), dealers, and salespersons seeking state certification to provide these services. The table below shows the current fee charged for each type of license. Like most of the state's occupational licensing boards, all fees collected are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

Type	Fee
Home Inspection Seals	\$100
Inspector certification (for three years)	\$50
Third-Party Inspector certification (for three years)	\$300
Installer license (for two years)	\$250
Dealers/Broker (for two years)	\$250
Salesperson (for two years)	\$150

Although the MHC was first established in FY 2004, it only gained authority to carry out its regulatory duties in FY 2007. This was because of various federal and state law changes that were necessary to flesh out MHC's scope of responsibilities. Before FY 2007, MHC acted primarily as an educational entity that trained and licensed manufactured home installers and inspectors. The Commission, however, was not authorized to regulate the installation of manufactured homes. As can be seen in Table 2, start-up expenses in FY 2007 and FY 2008 exceeded operating income by a wide margin. By FY 2009, operating revenues had climbed significantly but were still lagging expenditures. Then between FY 2009 and FY 2010, a large number of installers and inspectors allowed their licenses and renewals to lapse as a result of the sharp drop in manufactured homes during the economic downturn. As a consequence, FY 2010 revenue from these sources dropped substantially. The revenue picture improved in FY 2011, largely because the Commission overtook the certification of manufactured homes dealers, brokers, and sales people from the Bureau of Motor Vehicles. Nevertheless, as Table 2 shows, the Commission ended the year with a deficit of \$145,120. To address this shortfall in the FY 2012-FY 2013 biennium, the Commission intends to focus on certifying more manufactured homes dealers, particularly those that have low sale volumes, but in numbers still sufficient to require certification (more than five manufactured homes annually).

Table 2. Revenues and Expenditures, FY 2007-FY 2011					
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$89,359	\$155,251	\$303,804	\$237,231	\$407,678
Expenses	\$363,725	\$362,721	\$380,254	\$439,913	\$552,798
Net	(\$274,366)	(\$207,470)	(\$76,450)	(\$202,682)	(\$145,120)

ANALYSIS OF ENACTED BUDGET

Appropriation for the Ohio Manufactured Homes Commission				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4K90	996609	Operating Expenses	\$652,922	\$642,267

Operating Expenses (996609)

The enacted budget provides MHC with funding of \$652,922 in FY 2012, an 18.1% increase when compared to FY 2011 expenditures of \$552,798. The appropriated funding for FY 2013 is \$642,267, a 1.6% decrease when compared to the FY 2012 amount. This line item is used to pay all of MHC's operating expenses. At the beginning of FY 2012, there were six full-time, permanent staff on the Commission's payroll.

Licenses, Certifications, and Home Inspection Seals

The Commission establishes standards, licenses inspectors, and requires that at least three inspections be carried out when a new manufactured home is installed. Table 3 shows the number of active licenses issued and home inspection seals sold by the Commission from FY 2007 to FY 2010. During this period, a substantial number of inspectors and installers allowed their licenses to lapse because of a reduction in the number of manufactured homes sold. In contrast, sales of home inspection seals increased briskly between FY 2007 and FY 2009 before tailing off in FY 2010. This was because H.B. 1, the FY 2010-FY 2011 budget act, brought homes installed in mobile home parks under the jurisdiction of MHC. These were previously under the jurisdiction of local boards of health.

Registration	FY 2007	FY 2008	FY 2009	FY 2010
Inspector	153	197	118	103
Installer	409	425	325	313
Third-Party Inspector	9	10	10	10
Home Inspection Seals	55	1,367	2,922	2,451
Total	626	1,999	3,375	2,877

When home inspectors issue a seal to a homeowner, they report the details of the transaction to MHC so it has a record of how many manufactured homes were installed during a certain time period and where those homes have been installed. MHC then organizes this information in a record called the Seal Report. Of the 2,451 inspection seals sold in FY 2010, approximately 2,440 were presented to homeowners, indicating a legal installation.

Complaint and Investigation Statistics

In the first year after a manufactured home is installed (whether used or new), the owner is able to file a complaint with MHC in the event that a flaw is discovered in the home. The Commission then investigates the complaint to determine its validity and who is at fault (the manufacturer, the retailer, the installer, etc.). Under H.B. 1, the budget act for the FY 2011-FY 2012 biennium, MHC gained jurisdiction over manufactured home installers and retailers. There were two dispute resolution cases in FY 2010, both of which were resolved successfully. The Commission also held five disciplinary hearings and collected \$800 in fines for the year.

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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					
MHC Manufactured Homes Commission								
4K90	996609	Operating Expenses	\$ 425,031	\$ 552,798	\$ 652,922	18.11%	\$ 642,267	-1.63%
General Services Fund Group Total			\$ 425,031	\$ 552,798	\$ 652,922	18.11%	\$ 642,267	-1.63%
Manufactured Homes Commission Total			\$ 425,031	\$ 552,798	\$ 652,922	18.11%	\$ 642,267	-1.63%