

# Redbook

## LBO Analysis of Executive Budget Proposal

### State Board of Embalmers and Funeral Directors

Gavin Enseleit, LSC Fellow

February 2025

#### TABLE OF CONTENTS

<b>Quick look</b> .....	<b>1</b>
<b>Agency overview</b> .....	<b>2</b>
Preneed funeral contracts .....	2
Crematory operator licenses .....	2
Indigent Burial and Cremation Program .....	2
Appropriation summary.....	2
<b>Analysis of FY 2026-FY 2027 budget proposal</b> .....	<b>3</b>
Operating Expenses (ALI 881609) .....	3
Indigent Burial and Cremation Support (ALI 881500) .....	3
Licensing activity .....	4
Licenses and investigation and enforcement statistics .....	5

# LBO Redbook

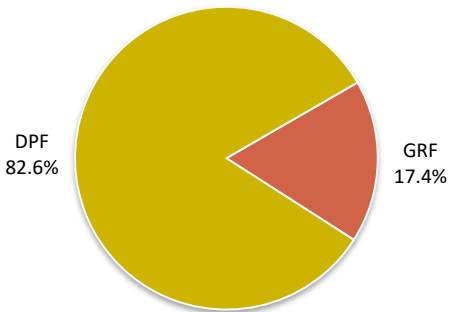
## State Board of Embalmers and Funeral Directors

### Quick look...

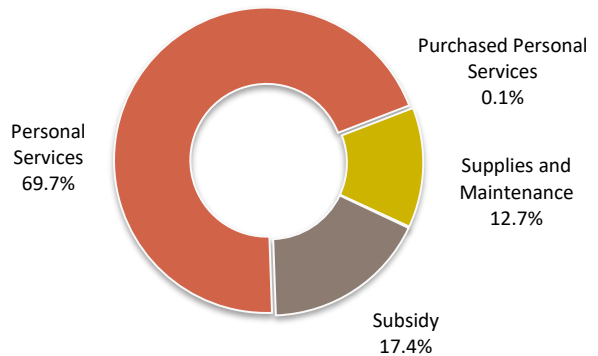
- The State Board of Embalmers and Funeral Directors oversees over 7,000 licensees, including approximately 1,300 funeral homes and crematories, and nearly 4,700 funeral directors and embalmers.
- The Board’s governing body consists of seven members appointed by the Governor. Day-to-day operations are handled by an executive director and eight full-time staff.
- The Board’s operations are primarily supported by license fees and related revenue.
- The Board received a \$1 million GRF appropriation in H.B. 315, passed in December 2024, to restart the Indigent Burial and Cremation Program.
- The executive budget recommends funding of about \$1.4 million in each of FY 2026 and FY 2027.
  - Uses of the recommended budget, totaling just over \$2.8 million, are as follows: 69.7% for personal services, 17.4% for subsidies for the Indigent Burial and Cremation Program, and 12.7% for supplies and maintenance. The 0.1% remainder is for purchased personal services.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
General Revenue	\$32,000	\$1,000,000	\$250,000	\$250,000
Dedicated Purpose	\$1,023,383	\$1,446,764	\$1,156,000	\$1,213,000
Total	\$1,055,383	\$2,446,764	\$1,406,000	\$1,463,000
% change	--	131.8%	-42.5%	4.1%
GRF % change	--	3,025.0%	-75.0%	0.0%

**Chart 1: FUN Budget by Fund Group  
FY 2026-FY 2027 Biennium**



**Chart 2: FUN Budget by Expense Category  
FY 2026-FY 2027 Biennium**



Biennial total:  
\$2.87 million

## Agency overview

The State Board of Embalmers and Funeral Directors (FUN) regulates those involved with the death care industry across Ohio, including embalmers, funeral directors, funeral homes, and operators of crematory and embalming facilities. The seven-member Board meets regularly to review applications, issue licenses, review continuing education programs, and keep up to date on issues affecting the funeral business. The Board also monitors preneed funeral contracts and administers the Preneed Recovery Fund to compensate purchasers for losses they might have incurred due to fraud or business insolvency after buying a contract from a provider licensed by the Board. FUN also conducts disciplinary hearings stemming from complaints and investigations. Day-to-day operations are overseen by an executive director and eight other full-time staff, including three inspectors, one administrative officer, one administrative professional, one program administrator, one preneed compliance administrator, and one certification-licensure examiner.

## Preneed funeral contracts

The Preneed Recovery Fund is a custodial account used to reimburse purchasers of preneed funeral contracts who have suffered financial loss caused by misconduct in connection with the sale of the contract. The fund is supported by a tiered fee schedule: \$10 until the fund is greater than \$2.0 million, \$5 until the fund is greater than \$3.0 million, and no fee thereafter. The balance of the fund at the end of CY 2024 was nearly \$2.3 million. In FY 2023 and FY 2024 the Board approved 11 applications and issued just under \$45,000 in payments.

## Crematory operator licenses

H.B. 509 of the 134<sup>th</sup> General Assembly eliminated the crematory operator permit effective December 31, 2024. Instead of the crematory operator permit, H.B. 509 required a certificate of completion from a Board-approved crematory operation certification program to be filed with the Board, a condition for the state permit under current law. Data for FY 2024 show that there are 765 active crematory operator licensees in Ohio. Based on that figure, the corresponding fee revenue loss would be approximately \$115,000 over a biennial renewal period.

## Indigent Burial and Cremation Program

The executive budget for FY 2026-FY 2027 provides \$250,000 in GRF funding each fiscal year for the Indigent Burial and Cremation Program. The program reimburses local governments for burying or cremating indigent decedents. These reimbursements may not exceed \$750 for a child or \$1,000 for an adult. Under H.B. 33 of the 135<sup>th</sup> General Assembly, the main operating budget for the FY 2024-FY 2025 biennium, the program did not receive any funding and was suspended. H.B. 315, enacted in December 2024, subsequently restored \$1.0 million in GRF funding for the program in FY 2025.

## Appropriation summary

The executive budget provides the Board with a total appropriation of just over \$1.4 million in FY 2026 and almost \$1.5 million in FY 2027. As shown in Chart 1 in the preceding “**Quick look**” section, license fees and related revenue accounts for 82.6% of the Board’s budget during the biennium. The GRF subsidy to local governments for indigent burial and cremation described just above accounts for 17.4% of the funding recommended by the executive.

Chart 2 in the “**Quick look**” section shows the total executive recommended biennial appropriations by object of expense. Of the recommended budget for the FY 2026-FY 2027 biennium, payroll costs for the nine full-time equivalents (FTEs) and board member compensation accounts for about \$2.0 million (69.7%) of the recommended budget. Next, \$500,000 (17.4%) is slated for subsidies under the Indigent Burial and Cremation Program. Just over \$365,000 (12.7%) is slotted for supplies and maintenance. As with other operating boards, included in these costs are rent and biennial financial audit costs. (The state’s licensing boards and commissions are no longer responsible for paying their share of costs related to the state’s eLicensing system, as they had been. Beginning in FY 2024, the Department of Administrative Services started paying these costs under ALI 100673, Ohio Professionals Licensing System.) The remaining portion of the recommended funding, approximately \$4,000 (0.1%), is for purchased personal services.

### Analysis of FY 2026-FY 2027 budget proposal

As noted above, except for a GRF appropriation which is used to subsidize political subdivisions for part of their costs in burying indigent decedents, the Board’s operations are supported entirely by license fees and other assessments that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90) and appropriated under Fund 4K90 ALI 881609, Operating Expenses. This section provides some more detail on the two line items that make up the Board’s budget.

#### Operating Expenses (ALI 881609)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
<b>DPF Fund 4K90 ALI 881609, Operating Expenses</b>					
\$1,124,224	\$1,129,035	\$1,023,383	\$1,446,764	\$1,156,000	\$1,213,000
% change	0.4%	-9.4%	41.4%	-20.1%	4.9%

This line item is used to support general operating expenses, including payroll, supplies, and equipment, for the State Board of Embalmers and Funeral Directors. The Board is responsible for overseeing the licensure of embalmers, funeral directors, funeral homes, crematories, and embalming facilities, and for regulating the funeral industry in Ohio. This item also provides funding for staff to monitor preneed funeral contracts through the Automated Reporting Preneed Payment System (ARPPS). This line item draws its appropriation from fees and fines credited to the Occupational Licensing and Regulatory Fund (Fund 4K90).

#### Indigent Burial and Cremation Support (ALI 881500)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
<b>GRF ALI 881500, Indigent Burial and Cremation Support</b>					
\$674,339	\$439,751	\$32,000	\$1,000,000	\$250,000	\$250,000
% change	-34.9%	-92.7%	3,025.0%	-75.0%	0.0%

This line item is used to issue reimbursements to local government entities for the costs of providing cremation or burial services for indigent deceased persons. These reimbursements are not to exceed \$750 for a child or \$1,000 for an adult. The increase in FY 2025 is as a result of H.B. 315, passed by the 135<sup>th</sup> General Assembly in December 2024. As mentioned previously, the program was not initially funded in the FY 2024-FY 2025 budget. This resulted in FUN suspending the program until the passage of H.B. 315 in December 2024, which appropriated \$1 million in GRF to resume the program for the remainder of FY 2025. The executive budget continues the program at \$250,000 each fiscal year of the FY 2026-FY 2027 biennium.

## Licensing activity

The Board is entirely supported by license fees and other receipts that are deposited into Fund 4K90. Table 1 below shows the license types that the Board oversees and the associated fee.

License Type	Fee
Crematory	\$400
Crematory Operator	\$150
Embalmer or Funeral Director Apprentice	\$35
Embalmer	\$200
Embalming Facility	\$400
Funeral Director	\$200
Funeral Home	\$400
Courtesy Card Permit	\$200

Table 2 below shows the Board's revenue and expenditure history over the last three complete licensing cycles. Licenses are renewed in odd-numbered fiscal years. Consequently, revenue intake exceeds operating expenses in renewal years but lags operating expenses in nonrenewal years.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	\$1,331,284	\$110,947	\$1,364,260	\$322,425	\$1,593,155	\$103,011
Expenses	\$890,720	\$929,170	\$928,930	\$1,124,224	\$1,129,035	\$1,023,383
<b>Net</b>	<b>\$440,564</b>	<b>-\$818,223</b>	<b>\$435,330</b>	<b>-\$801,799</b>	<b>\$464,120</b>	<b>-\$920,372</b>

In the previous three renewal cycles, expenses exceeded revenues, and the difference continues to grow. For the FY 2023-FY 2024 licensing cycle, the net result was a loss of \$456,252. Fee revenue in FY 2025 will drop, as H.B. 509 of the 134<sup>th</sup> General Assembly eliminated the crematory operator permit as of December 31, 2024. Based on FY 2024 permitting data, FUN will

incur a biennial estimated loss of roughly \$115,000 due to the loss of the crematory operator permit fee revenue. In FY 2024, there were 765 permits issued for crematory operators at \$150 per each two-year permit.

## Licenses and investigation and enforcement statistics

Table 3 below shows the number of active licenses issued by FUN for the FY 2023-FY 2024 licensing cycle as well as the number of licenses in FY 2024. Overall, the Board oversees nine license types. Most issuances are for just three license types: embalmers, funeral directors, and funeral homes. Together in FY 2024, these 5,757 licenses accounted for 80.6% of the 7,140 active licenses. In addition to the current categories listed in the table below, the Board also has funeral director and embalmer registration licenses. These licenses are closed once an apprenticeship is granted.

License Type	FY 2023	FY 2024	% Change
Certified Embalmer Apprenticeship	46	123	167.4%
Certified Funeral Director Apprenticeship	79	282	257.0%
Courtesy Card Permit	22	29	31.8%
Crematory	163	179	9.8%
Crematory Operator Permit	635	765	20.5%
Embalmer	1,899	1,960	3.2%
Embalming Facility	5	5	0.0%
Funeral Director	2,579	2,669	3.5%
Funeral Home	1,096	1,128	2.9%
<b>Total</b>	<b>6,524</b>	<b>7,140</b>	<b>9.4%</b>

The Board carries out inspections of funeral homes, crematories, and embalming facilities and investigates consumer complaints related to the funeral profession. In FY 2024, 87 complaints were filed with 85 closed.