

Section I: Revenues, Expenditures, and Year-End Fund Balances

Year-end fund balances

In FY 2018, several boards and commissions regulated and licensed various occupations and professions in the state of Ohio. These boards and commissions did not receive any funding from the General Revenue Fund (GRF). Rather, their operations were supported by license fees, fines, penalties, and other assessments deposited into many non-GRF funds. This section of the report presents a review of cash balances in 24 of these funds at the close of FY 2018 (Table 1),² as well as operating income and expenditures for each board by fund over the course of their licensing cycles (Table 2). This information helps indicate whether these licensing and regulatory boards and commissions are financially self-supporting. Again, it is important to note that revenues and expenditures for boards affected by consolidations only reflect a partial year of licensing activity.

Table 1 is a simplified cash balance statement covering 24 of the funds that are used primarily by the boards and commissions. As of July 1, 2017, the first day of FY 2018, these funds had a combined cash balance of \$84.2 million. During FY 2018, a total of \$107.9 million in receipts (including transfers) were deposited into the funds and a total of \$105.9 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2018, the last day of FY 2018, these 24 funds had a combined cash balance of \$86.2 million and outstanding encumbrances of \$6.8 million, leaving the funds with a combined, unobligated cash balance of \$79.4 million. Of these 24 funds, 23 finished FY 2018 with positive unobligated cash balances. The Manufactured Homes Commission Regulatory Fund (Fund 5MC0) finished FY 2018 with a balance of \$0. This fund was used by the Ohio Manufactured Homes Commission until its abolishment on January 21, 2018. Revenues that were previously deposited into this fund are now deposited into the Industrial Compliance Operating Fund (Fund 5560), which is used by the Ohio Department of Commerce.

In FY 2018, of the \$105.9 million in expenditures made by boards and commissions, \$74.4 million (70.2%) was used for operations and \$31.6 million (29.8%) was transferred out. Of the amount expended for operations, \$49.5 million (66.5%) was for personal services, which includes payroll and fringe benefits, \$14.1 million (18.9%) was for supplies and maintenance, \$5.4 million (7.3%) was for subsidies for things such as training and education programs and grant-related activities, \$4.9 million (6.6%) was

² Table 1, which shows fund cash balances, does not include the three funds that are used mainly for purposes other than board activities: the General Operations Fund (Fund 4700) used by the Department of Health, the Public Safety – Highway Purposes Fund (Fund 5TM0) used by the Department of Public Safety, and the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce. Nor does it include federal funds used by the State Board of Pharmacy.

for purchased personal services, and the remaining \$545,000 (0.7%) was for equipment and other miscellaneous expenditures.

In total, \$31.6 million was transferred out of the funds used by boards and commissions in FY 2018. The Occupational Licensing and Regulatory Fund (Fund 4K90) had a total of \$17.9 million transferred to other funds. The largest Fund 4K90 transfer was \$13.5 million to the Professional Licensing System Fund (Fund 5JQ0) to support the replacement of the automated licensing system. Fund 5JQ0 is used by the Department of Administrative Services to develop and maintain a replacement automated licensing system for professional licensing boards. Of the remaining funds transferred from Fund 4K90, approximately \$3.0 million was transferred to funds used by boards for educational programs for nurses (Fund 5AC0) and accountants (Fund 4J80). Approximately \$1.1 million was transferred from Fund 4K90 to the Nursing Education Assistance Fund (Fund 6820), used by the Department of Higher Education, to provide financial assistance to Ohio students enrolled in at least half-time study in approved pre-licensure or post-licensure nurse education programs. Additionally, approximately \$310,000 was transferred to the Manufactured Homes Regulatory Fund (Fund 5SU0), used by the Department of Commerce, for licensing and regulation of manufactured housing dealers, brokers, and salespersons. This transfer was done to facilitate the transfer of manufactured home regulation to the Department of Commerce.

The next largest transfer was \$10.0 million from the Division of Securities Fund (Fund 5500) to the GRF. Approximately \$1.6 million was transferred from the Manufactured Homes Commission Regulatory Fund (Fund 5MC0) to the Industrial Compliance Operating Fund (Fund 5560), which again facilitated the transfer of manufactured home regulation to the Department of Commerce. Additionally, \$1.1 million was transferred from the State Medical Board Operating Fund (Fund 5C60) to the Professional Licensing System Fund (Fund 5JQ0). Finally, \$1.0 million was transferred from the Consumer Finance Fund (Fund 5530), used by the Division of Financial Institutions, to the GRF.

Occupational Licensing and Regulatory Fund (Fund 4K90)

The Occupational Licensing and Regulatory Fund (Fund 4K90) serves as an operating fund for many of the boards and commissions covered in this report. Fund 4K90 finished FY 2018 with a cash balance of \$15.7 million, a decrease of \$4.3 million (21.5%) from the beginning cash balance of \$20.0 million. Taking into account the year-end encumbrance of \$1.1 million, Fund 4K90 finished FY 2018 with an unobligated cash balance of \$14.5 million.³

³ The Fund 4K90 balance reflects the combined cash balance of all boards and commissions operating out of the fund, including the contribution of the State Board of Career Colleges and Schools, which is otherwise not covered in this report.

Fund 4K90 receipts totaled about \$47.7 million in FY 2018, an increase of \$12.1 million (33.9%) from FY 2017 receipts of \$35.6 million. Fund 4K90 expenditures and transfers out for FY 2018 totaled \$51.9 million, an increase of \$3.5 million (7.2%) over FY 2017 expenditures of \$48.5 million. The difference in expenditures is partially due to the differences in amounts transferred out of Fund 4K90 in each year. When transfers are excluded, expenditures totaled \$34.1 million in FY 2018, about \$1.6 million (4.8%) more than FY 2017 expenditures of \$32.5 million.

Table 1. Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2018

Fund Name	Fund Code	Beginning Cash Balance	Revenues (Including transfers in)	Expenditures (Including transfers out)	Ending Cash Balance	Year-End Encumbrances	Unobligated Ending Cash Balance
Division of Securities Fund	5500	\$19,456,379	\$18,983,515	\$15,040,449	\$23,399,444	\$451,932	\$22,947,512
Occupational Licensing and Regulatory Fund	4K90	\$19,954,923	\$47,655,770	\$51,949,844	\$15,660,848	\$1,142,805	\$14,518,043
Trauma and Emergency Medical Services Fund	83M0	\$10,266,676	\$6,256,844	\$7,422,073	\$9,101,448	\$527,504	\$8,573,944
Investor Education and Enforcement Expense Fund	5GK0	\$7,389,588	\$850	\$412,572	\$6,977,866	\$84,371	\$6,893,495
Consumer Finance Fund	5530	\$6,945,883	\$5,429,874	\$5,209,722	\$7,166,036	\$767,333	\$6,398,703
State Medical Board Operating Fund	5C60	\$4,151,806	\$11,045,850	\$10,360,384	\$4,837,272	\$807,440	\$4,029,832
Private Investigator and Security Guard Provider Fund	5B90	\$2,723,274	\$1,596,680	\$1,657,744	\$2,662,211	\$32,849	\$2,629,362
Medical Marijuana Control Program Fund	5SY0	\$1,981,853	\$7,105,750	\$4,358,261	\$4,729,342	\$2,626,930	\$2,102,412
Division of Real Estate Operating Fund	5490	\$2,238,212	\$3,377,084	\$3,558,435	\$2,056,862	\$221,780	\$1,835,082
Nurse Education Grant Program Fund	5AC0	\$15,457	\$2,848,543	\$1,518,480	\$1,345,520	\$0	\$1,345,520
Motor Vehicle Dealers Board Fund	5390	\$1,145,109	\$240,917	\$15,907	\$1,370,119	\$26,501	\$1,343,618
Real Estate Recovery Fund	5480	\$1,168,047	\$62,131	\$36,399	\$1,193,779	\$0	\$1,193,779
Real Estate Appraiser Recovery Fund	4B20	\$997,087	\$23,115	\$0	\$1,020,202	\$0	\$1,020,202
Real Estate Education and Research Fund	5470	\$889,092	\$67,836	\$88,257	\$868,671	\$6,475	\$862,196
CPA Education Assistance Fund	4J80	\$881,427	\$312,790	\$425,000	\$769,217	\$0	\$769,217
Real Estate Appraiser Operating Fund	6A40	\$977,062	\$586,221	\$845,872	\$717,410	\$31,913	\$685,497
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$584,970	\$76,510	\$16,911	\$644,569	\$4,750	\$639,819
Manufactured Homes Regulatory Fund	5SU0	\$0	\$493,763	\$13,416	\$480,347	\$0	\$480,347
Board of Executives of Long-Term Services and Supports Fund	5MT0	\$395,657	\$617,970	\$568,011	\$445,615	\$44,348	\$401,267
Auctioneers Fund	5B80	\$300,091	\$318,748	\$257,286	\$361,553	\$1,737	\$359,815
Auction Education Fund	4D20	\$262,443	\$29,719	\$11,345	\$280,817	\$0	\$280,817
Drug Database Fund	5SG0	\$116,109	\$104,798	\$127,773	\$93,134	\$31,500	\$61,634
Veterinary Student Loan Program Fund	5BU0	\$26,308	\$43,120	\$46,000	\$23,428	\$0	\$23,428
Manufactured Homes Commission Regulatory Fund	5MC0	\$1,344,907	\$660,640	\$2,005,547	\$0	\$0	\$0
TOTAL		\$84,212,361	\$107,939,037	\$105,945,689	\$86,205,709	\$6,810,169	\$79,395,540

Data Source: The Ohio Administrative Knowledge System

Revenues and expenditures

After examining a fund's year-end cash balance, it may be helpful to examine a fund's revenue and expenditure patterns without taking into account the beginning cash balance. While a sufficient beginning cash balance may help a board or commission to absorb an operating deficit during a given year, a board or commission with an annual expenditure level consistently exceeding its annual revenue level may eventually have to reduce its expenditures, increase its license fees, or both. Table 2 lists revenues and expenditures for each board and commission at the fund level. It also compares each fund's revenues and expenditures to determine whether the revenues generated during a given period were sufficient to cover the expenditures incurred in that period. Transfers in and transfers out are excluded from this table in order to view board finances only pertaining to operations.⁴ Nearly all of the revenue received by the boards and commissions covered in this report comes from license fees.⁵ This means that license renewal cycles (generally one, two, or three years) can have a significant effect on annual revenue.

In order to provide a more complete picture of revenue and expenditure patterns for those boards and commissions issuing annual licenses, Table 2 lists their FY 2018 revenues and expenditures by fund. For those boards and commissions issuing biennial licenses, the table lists total revenues and expenditures by fund over the FY 2017-FY 2018 period. Likewise, for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2016-FY 2018 period. Some boards and commissions with biennial or triennial license renewal cycles stagger their license renewal periods to avoid larger fluctuations in revenues and expenditures from year to year.

As mentioned previously, several boards were abolished and their duties were absorbed into an existing board or a new board. Thus, the FY 2018 amounts for these affected boards do not represent a full year of licensing activities. These abolished, new, or consolidated boards are marked with a (‡) symbol in Table 2.

Annual renewal cycles

As shown in Table 2, in FY 2018, 11 boards and commissions on primarily annual renewal cycles registered higher revenues than expenditures. The Division of Securities within the Department of Commerce, which regulates the sale of securities and licenses security professionals, registered the largest overall surplus of \$13.5 million. The

⁴ Table 2 excludes funds that are primarily used to disburse grants (and are therefore not used for general board operations): the CPA Education Assistance Fund (Fund 4J80), the Nurse Education Grant Program Fund (Fund 5AC0), and the Veterinary Student Loan Program Fund (Fund 5BU0).

⁵ The main exception is the State Board of Emergency Medical, Fire, and Transportation Services, which is primarily funded by fees and fines, such as a portion of moneys collected from seat belt law violations. Additionally, the State Board of Pharmacy has several grant funds, holding funds, federal funds, or special law funds that do not collect licensing revenue.

Division uses two funds: the Division of Securities Fund (Fund 5500), which had a surplus of \$13.9 million, and the Investor Education and Enforcement Expense Fund (Fund 5GK0), which had a deficit of \$412,572. The Division of Financial Institution's (within the Department of Commerce) Consumer Finance Fund (Fund 5530), registered the next highest revenue surplus of \$1.2 million.

Ten boards and commissions on annual renewal cycles registered higher expenditures than revenues. The Division of Real Estate and Professional Licensing, within the Department of Commerce, registered the largest deficit with a total deficit of \$231,060 in its four funds. Several of the boards impacted by the consolidations had a deficit. Again, FY 2018 was not a full licensing year for these boards.

Biennial renewal cycles

In FY 2018, 20 boards and commissions that operate mainly on biennial renewal cycles registered higher revenues than expenditures over their two-year licensing period. The Board of Nursing had the largest surplus of \$7.7 million in their portion of Fund 4K90, followed by the State Medical Board with a surplus of \$2.8 million in the State Medical Board Operating Fund (Fund 5C60). A total of three boards and commissions on biennial renewal cycles had higher expenditures than revenues over the licensing period. The largest deficit of \$145,593 was registered by the Bureau of Environmental Health and Radiation Protection within the Department of Health related to radiation technician licensure. The Department of Health uses the General Operations Fund (Fund 4700) for this licensure. The next largest deficit of \$115,969 was registered by the new State Speech and Hearing Professionals Board in its portion of Fund 4K90. Again, FY 2018 was not a full licensing year for this board. Lastly, the State Board of Embalmers and Funeral Directors registered a deficit of \$94,493.

Triennial renewal cycles

Of the boards that mainly renew licenses on a triennial basis, the Accountancy Board registered a surplus of \$1.8 million in their portion of Fund 4K90. The three other boards registered deficits, which include: \$1.5 million in the Trauma and Emergency Medical Services Fund (Fund 83M0) used by the Board of Emergency Medical, Fire, and Transportation Services within the Department of Public Safety, \$1.2 million in the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce's Board of Building Standards for licensing operations, and \$354,612 in the Division of Real Estate Operating Fund (Fund 5490) used by the Department of Commerce's Division of Real Estate and Professional Licensing. Fund 5490 is used for triennial license renewals (most of the other licenses issued by the Division of Real Estate and Professional Licensing are renewed on an annual basis).

Table 2. Summary of Revenues and Expenditures by Agency by Fund

Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Annual Renewal Cycle, FY 2018				
Division of Securities (Commerce)	Total	\$18,983,515	\$5,453,021	\$13,530,494
	5500	\$18,983,515	\$5,040,449	\$13,943,066
	5GK0	\$0	\$412,572	-\$412,572
Division of Financial Institutions (Commerce)	5530	\$5,429,874	\$4,209,722	\$1,220,152
State Board of Pharmacy**†	Total	\$13,947,571	\$12,820,489	\$1,127,082
	4K90	\$10,040,708	\$8,712,315	\$1,328,393
	4A50	\$76,510	\$16,911	\$59,599
	3HH0	\$1,546,076	\$1,546,076	\$0
	3HD0	\$248,600	\$251,058	-\$2,458
	5SG0	\$104,798	\$127,773	-\$22,975
	3EBO	\$10,496	\$54,706	-\$44,210
	5SY0	\$1,920,383	\$2,111,650	-\$191,267
Division of Industrial Compliance (Commerce)	5560	\$547,164	\$180,780	\$366,384
Ohio Manufactured Homes Commission***†	5MC0	\$660,640	\$388,563	\$272,077
State Board of Optometry†	4K90	\$406,464	\$225,036	\$181,428
Medical Marijuana Control Program (Commerce)	5SY0	\$2,378,700	\$2,246,611	\$132,089
Ohio Optical Dispensers Board†	4K90	\$324,873	\$225,448	\$99,424
Manufactured Homes Program (Commerce)***†	5560	\$121,211	\$39,655	\$81,556
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,061,374	\$987,996	\$73,378
Board of Executives of Long-Term Services and Supports (Aging)	5MT0	\$617,970	\$568,011	\$49,959
State Board of Sanitarian Registration†	4K90	\$44,133	\$47,863	-\$3,730
Hearing Aid Dealers and Fitters Licensing Board (Health)†	4700	\$96,858	\$109,194	-\$12,336
Sanitarian Registration Program (Health)†	4700	\$111,909	\$135,560	-\$23,651
Private Investigator and Security Guard Unit (Public Safety)	5B90	\$1,596,680	\$1,657,744	-\$61,064
Motor Vehicle Repair Board	4K90	\$509,807	\$573,786	-\$63,979
State Board of Orthotics, Prosthetics, and Pedorthics†	4K90	\$49,066	\$153,648	-\$104,582
Ohio Board of Dietetics†	4K90	\$112,729	\$220,132	-\$107,403

Table 2. Summary of Revenues and Expenditures by Agency by Fund				
Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Ohio Athletic Commission	4K90	\$160,412	\$297,222	-\$136,810
State Vision Professionals Board [‡]	4K90	\$53,566	\$232,146	-\$178,580
Division of Real Estate and Professional Licensing (Commerce) ^{***}	Total	\$739,468	\$970,528	-\$231,060
	5480	\$62,131	\$36,399	\$25,732
	4B20	\$23,115	\$0	\$23,115
	5470	\$67,836	\$88,257	-\$20,421
	6A40	\$586,386	\$845,872	-\$259,486

*The State Board of Pharmacy has a number of funds that receive grants, holding funds, or special law funds and do not collect license revenue. In addition, funds 3EB0, 3HD0, and 3HH0 are federal funds. Thus, not all funds are used for licensing activities.

**These amounts do not include revenues and expenditures related to licenses that are renewed biennially or triennially (Fund 5SU0).

***The total shown for the Division does not include Fund 5490, which is used by the Division for licenses issued on a triennial basis.

[‡]This board was abolished, is new, or acquired the responsibilities of an abolished board. FY 2018 revenues and expenditures do not represent a full fiscal year.

Table 2. Summary of Revenues and Expenditures by Agency by Fund				
Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
Biennial Renewal Cycle, FY 2017-FY 2018				
Board of Nursing	4K90	\$23,955,779	\$16,300,123	\$7,655,656
State Medical Board [‡]	5C60	\$20,766,760	\$17,992,603	\$2,774,157
Occupational Therapy, Physical Therapy, and Athletic Trainers Board [‡]	4K90	\$2,672,290	\$1,673,627	\$998,663
Ohio State Dental Board	4K90	\$3,926,849	\$3,105,724	\$821,125
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$3,469,569	\$2,676,950	\$792,619
State Cosmetology and Barber Board [‡]	4K90	\$8,802,800	\$8,036,069	\$766,731
State Board of Registration for Professional Engineers and Surveyors	4K90	\$2,299,631	\$1,715,577	\$584,054
Motor Vehicle Dealer Licensing Board (Public Safety)	5390	\$478,396	\$28,292	\$450,104
Chemical Dependency Professionals Board	4K90	\$1,387,997	\$960,574	\$427,423
Veterinary Medical Licensing Board	4K90	\$1,087,376	\$720,773	\$366,603
Architects Board and the Ohio Landscape Architects Board	4K90	\$1,439,951	\$1,080,208	\$359,743
Board of Speech-Language Pathology and Audiology [‡]	4K90	\$1,139,940	\$815,121	\$324,818

Table 2. Summary of Revenues and Expenditures by Agency by Fund

Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
State Chiropractic Board	4K90	\$1,332,935	\$1,029,220	\$303,715
Respiratory Care Board [‡]	4K90	\$1,093,602	\$802,090	\$291,512
State Board of Psychology	4K90	\$1,472,214	\$1,190,294	\$281,920
Ohio Manufactured Homes Commission [‡]	4K90	\$654,398	\$396,879	\$257,519
Ohio State Barber Board [‡]	4K90	\$1,377,058	\$1,127,030	\$250,028
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	Total	\$47,600	\$1,570	\$46,030
	5TM0	\$23,716	\$120	\$23,596
	4W40	\$23,884	\$1,450	\$22,434
Auctioneers Program (Agriculture)	Total	\$665,116	\$624,480	\$40,636
	4D20	\$54,868	\$19,392	\$35,476
	5B80	\$610,248	\$605,088	\$5,160
Manufactured Homes Program (Commerce) [‡]	5SU0	\$36,244	\$13,416	\$22,828
State Board of Embalmers and Funeral Directors	4K90	\$1,404,669	\$1,499,162	-\$94,493
State Speech and Hearing Professionals Board [‡]	4K90	\$99,797	\$215,766	-\$115,969
Bureau of Environmental Health and Radiation Protection (Health)	4700	\$766,930	\$912,523	-\$145,593

[‡]This board was abolished, is new, or acquired the responsibilities of an abolished board. FY 2018 revenues and expenditures do not represent a full fiscal year.

Triennial Renewal Cycle, FY 2016-FY 2018

Accountancy Board	4K90	\$4,822,633	\$3,006,413	\$1,816,220
Division of Real Estate and Professional Licensing (Commerce)	5490	\$9,578,897	\$9,933,509	-\$354,612
Board of Building Standards (Commerce)	5560	\$3,126,164	\$4,354,426	-\$1,228,262
Board of Emergency Medical, Fire, and Transportation Services (Public Safety) ^{****}	83M0	\$18,733,559	\$20,241,743	-\$1,508,184

^{****}Fund 83M0 includes some grant-related expenditures for emergency medical services organizations, in addition to licensure activities.