

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

Year-end fund balances

In FY 2019, 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 23 of these funds at the close of FY 2019 (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.

Table 1 is a simplified cash balance statement covering 23 of the funds that are used primarily by the boards and commissions. As of July 1, 2018, the first day of FY 2019, these funds had a combined cash balance of \$86.2 million. During FY 2019, a total of \$103.0 million in receipts (including transfers) were deposited into the funds and a total of \$102.9 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2019, the last day of FY 2019, these 23 funds had a combined cash balance of \$86.3 million and outstanding encumbrances of \$7.2 million, leaving the funds with a combined, unobligated cash balance of \$79.0 million. All 23 of these funds finished FY 2019 with positive unobligated cash balances.

In FY 2019, of the \$102.9 million in expenditures made by boards and commissions, \$81.3 million (78.9%) was used for operations and \$21.7 million (21.1%) was transferred out. Of the amount expended for operations, \$52.2 million (64.3%) was for personal services, which includes payroll and fringe benefits, \$15.9 million (19.6%) was for supplies and maintenance, \$4.9 million (6.0%) was for subsidies for things such as training and education programs and grant-related activities, \$7.7 million (9.5%) was for purchased personal services, and the remaining \$546,000 (0.7%) was for equipment and other miscellaneous expenditures.

In total, \$21.7 million was transferred out of the funds used by boards and commissions in FY 2019. The largest transfer was \$20.0 million from the Division of Securities Fund (Fund 5500) to the GRF. Approximately \$10,000 was transferred from the Consumer Finance Fund (Fund 5530), used by the Division of Financial Institutions, to the Financial Literacy Education Fund (Fund 5FW0). Funds 5500, 5530, and 5FW0 are all within the Department of Commerce's budget. Additionally, \$8,600 was transferred from the State Medical Board Operating Fund (Fund 5C60) to the Physician Loan Repayment Fund (Fund 4P40), which is used by the Department of Health.

The Occupational Licensing and Regulatory Fund (Fund 4K90) had a total of \$1.7 million transferred to other funds. The largest Fund 4K90 transfer was \$822,870 transferred to funds

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.

used by boards for educational programs for nurses (Fund 5AC0) and accountants (Fund 4J80). Of the remaining funds transferred from Fund 4K90, \$577,663 was transferred to the Professional Licensing System Fund (Fund 5JQ0) to support 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. Additionally, \$249,560 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.

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 2019 with a cash balance of \$22.0 million, an increase of \$6.3 million (40.4%) from the beginning cash balance of \$15.7 million. Taking into account the year-end encumbrance of \$1.1 million, Fund 4K90 finished FY 2019 with an unobligated cash balance of \$20.9 million.³

Fund 4K90 receipts totaled about \$43.4 million in FY 2019, a decrease of \$4.2 million (-8.8%) from FY 2018 receipts of \$47.7 million. Fund 4K90 expenditures and transfers out for FY 2019 totaled \$37.1 million, a decrease of \$14.8 million (28.6%) from FY 2018 expenditures of \$51.9 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 \$35.5 million in FY 2019, about \$1.4 million (4.0%) more than FY 2018 expenditures of \$34.1 million.

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.

Table 1. Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2019

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
Occupational Licensing and Regulatory Fund	4K90	\$15,660,848	\$43,444,100	\$37,115,754	\$21,989,194	\$1,127,843	\$20,861,351
Division of Securities Fund	5500	\$23,399,444	\$19,405,862	\$25,308,823	\$17,496,483	\$1,133,377	\$16,363,106
Trauma and Emergency Medical Services Fund	83M0	\$9,101,448	\$6,073,952	\$6,952,577	\$8,222,822	\$562,360	\$7,660,462
Consumer Finance Fund	5530	\$7,166,036	\$4,562,257	\$4,439,201	\$7,289,091	\$61,366	\$7,227,726
Investor Education and Enforcement Expense Fund	5GK0	\$6,977,866	\$498,150	\$266,755	\$7,209,262	\$117,188	\$7,092,074
State Medical Board Operating Fund	5C60	\$4,837,272	\$10,042,278	\$10,026,339	\$4,853,212	\$587,471	\$4,265,741
Medical Marijuana Control Program Fund	5SY0	\$4,729,342	\$10,789,285	\$9,458,899	\$6,059,728	\$3,172,817	\$2,886,911
Private Investigator and Security Guard Provider Fund	5B90	\$2,662,211	\$1,609,724	\$1,679,924	\$2,592,010	\$43,538	\$2,548,472
Motor Vehicle Dealers Board Fund	5390	\$1,370,119	\$258,025	\$25,174	\$1,602,970	\$13,395	\$1,589,574
Division of Real Estate Operating Fund	5490	\$2,056,862	\$3,164,728	\$3,294,242	\$1,927,348	\$367,453	\$1,559,894
Real Estate Recovery Fund	5480	\$1,193,779	\$33,566	\$0	\$1,227,345	\$0	\$1,227,345
Real Estate Appraiser Recovery Fund	4B20	\$1,020,202	\$23,147	\$0	\$1,043,349	\$0	\$1,043,349
Real Estate Education and Research Fund	5470	\$868,671	\$62,758	\$29,475	\$901,954	\$2,009	\$899,945
Real Estate Appraiser Operating Fund	6A40	\$717,410	\$698,992	\$708,668	\$707,734	\$18,152	\$689,582
CPA Education Assistance Fund	4J80	\$769,217	\$323,750	\$465,202	\$627,765	\$0	\$627,765
Manufactured Homes Regulatory Fund	5SU0	\$480,347	\$272,859	\$149,957	\$603,249	\$117	\$603,132
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$644,569	\$40,175	\$147,422	\$537,323	\$3,000	\$534,323
Nurse Education Grant Program Fund	5AC0	\$1,345,520	\$499,120	\$1,513,500	\$331,140	\$0	\$331,140
Board of Executives of Long-Term Services and Supports Fund	5MT0	\$445,615	\$628,242	\$715,278	\$358,578	\$37,762	\$320,817
Auctioneers Fund	5B80	\$361,553	\$277,743	\$321,760	\$317,536	\$388	\$317,148
Auction Education Fund	4D20	\$280,817	\$28,154	\$27,177	\$281,794	\$679	\$281,115
Drug Database Fund	5SG0	\$93,134	\$278,699	\$283,710	\$88,124	\$0	\$88,124
Veterinary Student Loan Program Fund	5BU0	\$23,428	\$1,070	\$0	\$24,498	\$0	\$24,498
Total		\$86,205,709	\$103,016,635	\$102,929,835	\$86,292,508	\$7,248,914	\$79,043,594

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 2019 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 2018-FY 2019 period. Likewise, for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2017-FY 2019 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. Again, abolished boards that were on an annual license schedule are no longer included in the FY 2019 report.

Annual renewal cycles

As shown in Table 2, in FY 2019, eight 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 \$14.5 million. The Division uses two funds: the Division of Securities Fund (Fund 5500), which had a surplus of \$14.2 million, and the Investor Education and Enforcement Expense Fund (Fund 5GK0), which had a surplus of \$231,395.

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.

Five boards and commissions on annual renewal cycles registered higher expenditures than revenues. The Medical Marijuana Control Program, within the Department of Commerce, registered the largest deficit of \$2.9 million in its portion of the Medical Marijuana Control Program Fund (Fund 5SY0).

Biennial renewal cycles

In FY 2019, 19 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 \$7.2 million in their portion of Fund 4K90, followed by the State Board of Pharmacy⁶ with a surplus of \$5.0 million in its seven funds, including a surplus of \$7.1 million in its portion of Fund 4K90. Five boards on biennial renewal cycles registered higher expenditures than revenues. However, three of these boards were abolished during FY 2018. Of the existing boards, the largest deficit of \$250,631 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 other existing board that registered a deficit of \$187,255 was the State Board of Embalmers and Funeral Directors.

Triennial renewal cycles

Of the boards that mainly renew licenses on a triennial basis, the Accountancy Board registered a surplus of \$2.1 million in their portion of Fund 4K90. The three other boards registered deficits, which include: \$2.1 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, \$1.5 million in the Industrial Compliance Operating Fund (Fund 5560) used by the Department of Commerce's Board of Building Standards for licensing operations, and \$185,251 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).

⁶ H.B. 49 of the 132nd General Assembly adjusted the State Board of Pharmacy's licensing renewal schedules and fees. The Board was represented under the "**Annual renewal cycles**" portion of this report in prior years, but is now represented under the "**Biennial renewal cycles**" portion to reflect the changes made in H.B. 49.

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 2019				
Division of Securities (Commerce)	Total	\$20,054,012	\$5,575,578	\$14,478,434
	5500	\$19,555,862	\$5,308,823	\$14,247,039
	5GK0	\$498,150	\$266,755	\$231,395
Manufactured Homes Program (Commerce)*	5560	\$967,320	\$364,865	\$602,455
Division of Industrial Compliance (Commerce)	5560	\$531,402	\$190,964	\$340,438
State Vision Professionals Board	4K90	\$786,806	\$487,671	\$299,135
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,263,740	\$1,033,710	\$230,030
Division of Financial Institutions (Commerce)	5530	\$4,562,257	\$4,429,187	\$133,070
Division of Real Estate and Professional Licensing (Commerce)**	Total	\$818,298	\$738,143	\$80,155
	5480	\$33,566	\$0	\$33,566
	5470	\$62,758	\$29,475	\$33,283
	4B20	\$23,147	\$0	\$23,147
	6A40	\$698,827	\$708,668	-\$9,841
Sanitarian Registration Program (Health)	4700	\$157,668	\$97,338	\$60,330
Private Investigator and Security Guard Unit (Public Safety)	5B90	\$1,609,724	\$1,679,924	-\$70,200
Board of Executives of Long-Term Services and Supports (Aging)	5MT0	\$628,242	\$715,278	-\$87,036
Ohio Athletic Commission	4K90	\$157,301	\$275,469	-\$118,168
Motor Vehicle Repair Board	4K90	\$247,146	\$584,567	-\$337,421
Medical Marijuana Control Program (Commerce)	5SY0	\$3,212,530	\$6,134,219	-\$2,921,689

*These amounts do not include revenues and expenditures related to licenses that are renewed biennially or triennially (Fund 55U0).

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

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 2018-FY 2019				
Board of Nursing	4K90	\$24,292,987	\$17,142,866	\$7,150,121
State Board of Pharmacy***†	Total	\$33,283,986	\$28,240,636	\$5,043,350
	4K90	\$25,218,782	\$18,088,759	\$7,130,023
	5SY0	\$5,484,545	\$5,436,330	\$48,215
	3HDO	\$523,905	\$531,724	-\$7,819
	5SG0	\$383,497	\$411,483	-\$27,986
	3EBO	\$10,496	\$54,706	-\$44,210
	4A50	\$116,685	\$164,333	-\$47,648
	3HHO	\$1,546,076	\$3,553,301	-\$2,007,225
Occupational Therapy, Physical Therapy, and Athletic Trainers Board†	4K90	\$3,783,187	\$1,758,044	\$2,025,143
State Medical Board†	5C60	\$21,079,528	\$19,263,074	\$1,816,454
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$4,051,498	\$2,819,347	\$1,232,151
Ohio State Dental Board	4K90	\$4,166,367	\$3,124,228	\$1,042,139
State Speech and Hearing Professionals Board†	4K90	\$1,396,573	\$794,033	\$602,540
Motor Vehicle Dealer Licensing Board (Public Safety)	5390	\$498,942	\$41,081	\$457,861
State Board of Registration for Professional Engineers and Surveyors	4K90	\$2,322,320	\$1,867,360	\$454,960
Architects Board and the Ohio Landscape Architects Board	4K90	\$1,478,658	\$1,089,897	\$388,761
Veterinary Medical Licensing Board	4K90	\$1,130,053	\$743,552	\$386,501
Chemical Dependency Professionals Board	4K90	\$1,373,544	\$1,058,959	\$314,585
State Cosmetology and Barber Board†	4K90	\$9,758,052	\$9,484,267	\$273,785
State Chiropractic Board	4K90	\$1,340,150	\$1,078,380	\$261,770

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

Agency Name	Fund Code	Revenues	Expenditures	Revenues Over (Under) Expenditures
State Board of Psychology	4K90	\$1,503,058	\$1,259,384	\$243,674
Manufactured Homes Program (Commerce) [†]	5SU0	\$309,103	\$163,373	\$145,730
Ohio Manufactured Homes Commission [†]	4K90	\$203,783	\$112,537	\$91,246
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	5TM0	\$51,149	\$548	\$50,601
Auctioneers Program (Agriculture)	Total	\$654,364	\$617,568	\$36,796
	4D20	\$57,873	\$38,522	\$19,351
	5B80	\$596,491	\$579,046	\$17,445
State Board of Embalmers and Funeral Directors	4K90	\$1,456,124	\$1,643,379	-\$187,255
Board of Speech-Language Pathology and Audiology [†]	4K90	\$61,387	\$293,208	-\$231,822
Respiratory Care Board [†]	4K90	\$53,651	\$294,034	-\$240,383
X-ray Program (Health)	4700	\$771,710	\$1,022,341	-\$250,631
Ohio State Barber Board [†]	4K90	\$103,205	\$486,863	-\$383,658

***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 3E80, 3HD0, and 3HH0 are federal funds. Thus, not all funds are used for licensing activities. In FY 2019, the Board changed from an annual to a biennial licensing cycle.

[†]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 2017-FY 2019

Accountancy Board	4K90	\$5,176,494	\$3,119,565	\$2,056,929
Division of Real Estate and Professional Licensing (Commerce)	5490	\$9,961,412	\$10,146,663	-\$185,251
Board of Building Standards (Commerce)	5560	\$3,133,130	\$4,610,339	-\$1,477,209
Board of Emergency Medical, Fire, and Transportation Services (Public Safety)****	83M0	\$18,408,635	\$20,539,998	-\$2,131,363

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