

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

Year-end fund balances

This section of the report provides an overview of the year-end FY 2020 financial position of Ohio's occupational licensing and regulatory boards whose operations were supported by license fees, fines, penalties, and other assessments deposited into various non-GRF funds. None of these boards and commissions receive funding from the GRF. Table 1 is a simplified cash balance statement showing income and expenses in these 23 funds at the close of FY 2020.¹ Table 2 shows operating income and expenditures for each board by fund over the course of their licensing cycles. This information helps indicate whether these licensing and regulatory boards and commissions are financially self-supporting.

Table 1 shows that, as of July 1, 2019, the first day of FY 2020, the 23 funds had a combined cash balance of \$86.3 million. During FY 2020, a total of \$108.5 million in receipts (including transfers) were deposited into the funds and a total of \$85.7 million in expenditures (including transfers) were paid out of the funds. As of June 30, 2020, the last day of FY 2020, these 23 funds had a combined cash balance of \$109.1 million and outstanding encumbrances of just over \$6.0 million, leaving the funds with a combined, unobligated cash balance of about \$103.1 million. All 23 of these funds finished FY 2020 with positive unobligated cash balances.

In FY 2020, of the \$85.7 million in expenditures made by boards and commissions, \$82.0 million (95.7%) was used for operations and \$3.7 million (4.3%) was transferred out. Of the amount expended for operations, \$55.5 million (67.7%) was for personal services, which includes payroll and fringe benefits, \$16.6 million (20.2%) 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, \$4.5 million (5.5%) was for purchased personal services, and the remaining \$618,400 (0.8%) was for equipment and other miscellaneous expenditures.

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 2020 with a cash balance of nearly \$27.0 million, an increase of approximately \$5.0 million (22.7%) from the beginning cash balance of just under \$22.0 million. Taking into account the year-end encumbrance of \$1.1 million, Fund 4K90 finished FY 2020 with an unobligated cash balance of \$25.8 million.²

¹ 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.

² 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 \$45.9 million in FY 2020, an increase of \$2.5 million (5.8%) when compared to FY 2019 receipts of \$43.4 million. Fund 4K90 expenditures and transfers out for FY 2020 totaled \$40.9 million, an increase of \$3.8 million (10.2%) from FY 2019 expenditures of \$37.1 million.

Table 1. Simplified Cash Balance Statement for Funds Used by Occupational Licensing and Regulatory Boards and Commissions, FY 2020

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	\$17,496,483	\$19,273,531	\$6,010,437	\$30,759,577	\$1,274,891	\$29,484,686
Occupational Licensing and Regulatory Fund	4K90	\$21,989,194	\$45,867,612	\$40,894,355	\$26,962,451	\$1,114,007	\$25,848,443
Medical Marijuana Control Program Fund	5SY0	\$6,059,728	\$12,559,368	\$7,119,244	\$11,499,852	\$1,613,334	\$9,886,518
Consumer Finance Fund	5530	\$7,289,091	\$4,348,017	\$4,118,301	\$7,518,808	\$556,617	\$6,962,191
Investor Education and Enforcement Expense Fund	5GK0	\$7,209,262	\$0	\$268,274	\$6,940,988	\$6,196	\$6,934,792
Trauma and Emergency Medical Services Fund	83M0	\$8,222,822	\$4,874,680	\$7,255,082	\$5,842,420	\$148,392	\$5,694,027
State Medical Board Operating Fund	5C60	\$4,853,212	\$10,445,012	\$10,268,015	\$5,030,208	\$440,132	\$4,590,076
Private Investigator and Security Guard Provider Fund	5B90	\$2,592,010	\$1,548,830	\$1,692,874	\$2,447,967	\$67,716	\$2,380,251
Division of Real Estate Operating Fund	5490	\$1,927,348	\$4,131,033	\$3,670,206	\$2,388,174	\$244,038	\$2,144,137
Motor Vehicle Dealers Board Fund	5390	\$1,602,970	\$233,796	\$13,612	\$1,823,153	\$45,206	\$1,777,947
Real Estate Recovery Fund	5480	\$1,227,345	\$22,461	\$0	\$1,249,805	\$0	\$1,249,805
Nurse Education Grant Program Fund	5AC0	\$331,140	\$2,268,639	\$1,513,000	\$1,086,779	\$0	\$1,086,779
Real Estate Appraiser Recovery Fund	4B20	\$1,043,349	\$21,600	\$0	\$1,064,949	\$0	\$1,064,949
Real Estate Education and Research Fund	5470	\$901,954	\$68,548	\$6,843	\$963,659	\$2,299	\$961,359
Manufactured Homes Regulatory Fund	5SU0	\$603,249	\$195,671	\$189,462	\$609,458	\$33,566	\$575,892
Real Estate Appraiser Operating Fund	6A40	\$707,734	\$914,543	\$672,784	\$949,492	\$457,564	\$491,929
CPA Education Assistance Fund	4J80	\$627,765	\$262,450	\$398,962	\$491,254	\$0	\$491,254
Board of Pharmacy Drug Law Enforcement Fund	4A50	\$537,323	\$500	\$76,273	\$461,550	\$7,367	\$454,184
Auction Education Fund	4D20	\$281,794	\$29,649	\$18,530	\$292,913	\$1,617	\$291,296
Board of Executives of Long-Term Services and Supports Fund	5MT0	\$358,578	\$650,752	\$708,623	\$300,708	\$20,058	\$280,650
Auctioneers Fund	5B80	\$317,536	\$293,893	\$356,718	\$254,711	\$2,024	\$252,688
Drug Database Fund	5SG0	\$88,124	\$451,872	\$445,584	\$94,412	\$0	\$94,412
Veterinary Student Loan Program Fund	5BU0	\$24,498	\$43,920	\$20,000	\$48,418	\$0	\$48,418
Total		\$86,292,508	\$108,506,375	\$85,717,178	\$109,081,705	\$6,035,023	\$103,046,682

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.³

Nearly all of the revenue received by the boards and commissions covered in this report comes from license fees.⁴ This means that license renewal cycles (generally one, two, or three years) can have a significant effect on annual revenues. For those boards and commissions issuing biennial licenses, the table lists total revenues and expenditures by fund over the FY 2019-FY 2020 period. Likewise, for boards and commissions issuing on a triennial basis, the table lists revenue and expenditure data over the FY 2018-FY 2020 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.

Annual renewal cycles

As shown in Table 2, in FY 2019, nine 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 nearly \$13.0 million. The Division uses two funds: the Division of Securities Fund (Fund 5500), which had a surplus of \$13.3 million, and the Investor Education and Enforcement Expense Fund (Fund 5GK0), which had a deficit of \$268,275. In contrast, four boards and commissions on annual renewal cycles registered higher expenditures than revenues. The Motor Vehicle Repair Board registered the largest deficit of \$302,723 in its portion of Fund 4K90.

Biennial renewal cycles

In FY 2020, 17 boards and commissions that operate mainly on biennial renewal cycles registered higher revenues than expenditures over their two-year licensing period. The State Board of Pharmacy had the largest surplus of \$9.6 million in its seven funds, including a surplus of \$5.7 million in its portion of Fund 4K90. Four boards on biennial renewal cycles registered

³ 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).

⁴ 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.

higher expenditures than revenues. The largest, a deficit of approximately \$717,000, was incurred by the State Cosmetology and Barber Board which renews licenses in odd-numbered fiscal years.

Triennial renewal cycles

Of the boards that mainly renew licenses on a triennial basis, two registered surpluses in FY 2020 while two registered deficits. The Accountancy Board registered a surplus of \$2.1 million in their portion of Fund 4K90 and the Division of Real Estate and Professional Licensing within the Department of Commerce registered a surplus of just under \$150,000. The Board of Building Standards within the Department of Commerce and the Board of Emergency Medical, Fire, and Transportation Services within the Department of Public Safety registered deficits of \$1.4 million and \$4.4 million, respectively.

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 2020				
Division of Securities (Commerce)	Total	\$19,267,836	\$6,278,712	\$12,989,124
	5500	\$19,267,836	\$6,010,437	\$13,257,399
	5GK0	\$0	\$268,275	-\$268,275
Manufactured Homes Program (Commerce)*	5560	\$985,403	\$480,502	\$504,901
Division of Industrial Compliance (Commerce)	5560	\$638,856	\$196,922	\$441,934
State Vision Professionals Board	4K90	\$770,348	\$553,117	\$217,231
Ohio Construction Industry Licensing Board (Commerce)	5560	\$1,272,339	\$915,599	\$356,740
Division of Financial Institutions (Commerce)	5530	\$4,343,130	\$4,118,301	\$224,829
Division of Real Estate and Professional Licensing (Commerce)**	Total	\$1,005,552	\$679,627	\$325,925
	5480	\$22,461	\$0	\$22,461
	5470	\$68,548	\$6,843	\$61,705
	4B20	\$21,600	\$0	\$21,600
	6A40	\$914,543	\$672,784	\$241,759
Sanitarian Registration Program (Health)	4700	\$148,487	\$112,008	\$36,479
Private Investigator and Security Guard Unit (Public Safety)	5B90	\$1,542,477	\$1,692,875	-\$150,398
Board of Executives of Long-Term Services and Supports (Aging)	5MT0	\$650,752	\$708,622	-\$57,870
Ohio Athletic Commission	4K90	\$137,955	\$278,715	-\$140,760
Motor Vehicle Repair Board	4K90	\$302,489	\$605,212	-\$302,723
Medical Marijuana Control Program (Commerce)	5SY0	\$5,561,140	\$3,953,130	\$1,608,010

*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.

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 2019-FY 2020				
Board of Nursing	4K90	\$25,847,072	\$17,142,866	\$7,150,121
State Board of Pharmacy***	Total	\$36,581,022	\$26,969,229	\$9,611,793
	4K90	\$24,583,787	\$18,864,946	\$5,718,841
	5SY0	\$10,562,391	\$6,490,794	\$4,071,596
	3HD0	\$663,599	\$660,501	\$3,098
	5SG0	\$730,571	\$729,294	\$1,278
	4A50	\$40,675	\$223,694	-\$183,019
	3EB0	\$0	\$0	\$0
	3HH0	\$2,67,429	\$2,067,429	\$0
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	4K90	\$2,659,719	\$1,921,467	\$738,252
State Medical Board	5C60	\$20,487,290	\$20,285,754	\$201,536
Counselor, Social Worker, and Marriage and Family Therapist Board	4K90	\$3,987,789	\$3,119,777	\$868,012
Ohio State Dental Board	4K90	\$4,081,073	\$3,056,586	\$1,024,487
State Speech and Hearing Professionals Board	4K90	\$1,441,667	\$1,147,790	\$293,876
Motor Vehicle Dealer Licensing Board (Public Safety)	5390	\$233,796	\$13,612	\$220,184
State Board of Registration for Professional Engineers and Surveyors	4K90	\$3,390,665	\$1,959,700	\$1,430,965
Architects Board and the Ohio Landscape Architects Board	4K90	\$1,389,937	\$1,116,517	\$273,420
Veterinary Medical Licensing Board	4K90	\$1,137,520	\$773,953	\$363,566
Chemical Dependency Professionals Board	4K90	\$1,285,210	\$1,182,927	\$102,283
State Cosmetology and Barber Board	4K90	\$9,491,939	\$10,209,598	-\$717,659
State Chiropractic Board	4K90	\$1,114,290	\$1,102,226	\$12,064

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	\$1,521,580	\$1,291,077	\$230,503
Manufactured Homes Program (Commerce)	5SU0	\$468,530	\$339,419	\$129,111
Motor Vehicle Salvage Dealers Licensing Board (Public Safety)	5TM0	\$53,243	\$854	\$52,389
Auctioneers Program (Agriculture)	Total	\$623,760	\$724,184	-\$100,423
	4D20	\$52,124	\$45,707	\$6,418
	5B80	\$571,636	\$678,477	-\$106,841
State Board of Embalmers and Funeral Directors	4K90	\$1,442,230	\$1,819,890	-\$377,660
X-ray Program (Health)	4700	\$47,344,572	\$46,129,650	\$1,214,922

***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 3EBO, 3HD0, and 3HHO 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.

Triennial Renewal Cycle, FY 2018-FY 2020

Accountancy Board	4K90	\$5,372,316	\$3,242,905	\$2,129,411
Division of Real Estate and Professional Licensing (Commerce)	5490	\$10,672,845	\$10,522,883	\$149,962
Board of Building Standards (Commerce)	5560	\$3,257,410	\$4,671,000	-\$1,413,590
Board of Emergency Medical, Fire, and Transportation Services (Public Safety)****	83M0	\$17,200,192	\$21,627,233	-\$4,427,041

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