



FINANCE COMMITTEE

WITNESS FORM

Today's Date: May 4 2011
Scheduled: 4:30pm

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Representing: Ohio Manufactured Homes Commission

Testifying on bill number: Sub. H.B. 153

Testifying as: Proponent
 Opponent
 Interested Party

Are you a registered lobbyist? YES NO

Are you submitting written testimony? YES NO

Comments: _____

FY 2012-2013 Budget Testimony

Senate Finance Committee



Presented by
Janet M. Williams, Executive Director
May 4, 2011

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**Testimony of Janet M. Williams
Executive Director
Ohio Manufactured Homes Commission**

*Senate Finance Committee
May 4, 2011*

Chairman Widener and members of the Committee, my name is Janet M. Williams, and I am the Executive Director of the Ohio Manufactured Homes Commission (OMHC). Thank you for the opportunity to be here this afternoon to present testimony on the Commission's fiscal year 2012 and 2013 Executive Budget. The Executive Budget recommendations are for just under \$653,000 for FY12 and approximately \$642,000 for FY13. I am pleased to answer any questions the Committee may have about our relatively young Commission, its operations and the Commission's funding requirements for the upcoming biennium.

The Ohio Manufactured Homes Commission

Pursuant to Ohio Revised Code Section 4781.02, the Manufactured Homes Commission consists of nine members: three members appointed by the governor, three members appointed by the president of the senate, and three members appointed by the speaker of the House of Representatives. The current members of the Board are:

Daniel R. Rolfes, Chair
Represents Retailers
Milford, OH

Ronald P. Younkin, Vice-Chair
Represents Park Owners
Columbus, OH

J. Evan Atkinson
Represents OMHA
Frazeyburg, OH

Regina Hanshaw
Represents the Board of Building Standards
Reynoldsburg, OH

Emory Helmuth
Represents Installers
Plain City, OH

Tim Apel
Represents Installers
Ravenna, OH

Jim Demitrus
Represents Home Residents
Streetsboro, OH

Chris Miller
Represents Manufacturers
Garrett, IN

Vacant
Represents the Ohio Department of Health

Board Staff

The Commission staff consists of six (6) FTE's including an Executive Director, a Licensing Supervisor, an Inspector/ Investigator, and three (3) administrative staff.

Present members of the Commission administrative staff include:

Janet M. Williams	Executive Director
Mavis Giska	Licensing Supervisor
David Long	Inspector/ Investigator
Debbie Beaty	Licensing Specialist
Qiana Jones	Fiscal Specialist
Julie West	Administrative Assistant

Introduction and Overview

It is the mission of the Ohio Manufactured Homes Commission to protect the health, welfare, and property of people throughout Ohio through:

- The enforcement of HUD Final Rule: 24 CFR Parts 3280 and 3285 effective January 1, 2009
- The establishment and enforcement of uniform manufactured home installation standards
- The training and licensing of manufactured home installers
- The training and certification of manufactured home installation inspectors, including third party agencies, building departments and health departments
- The approval of quality course sponsors and their courses
- The administration of a responsive and rational dispute resolution program
- The efficient, fair and uniform enforcement of the laws and rules governing the practice of manufactured home installation and inspection pursuant to Chapter 4781 of the Revised Code

With effective regulation, OMHC envisions knowledgeable licensed installers following uniform installation standards with uniform enforcement thereby protecting the public, enhancing the value and reliability of manufactured homes, benefiting manufactured home owners throughout Ohio, increasing access to reliable homeownership for Ohioans, and strengthening industry and the economy.

The guiding principles of the Commission include collaboration among industry, regulators, and home owners, a belief in the benefits of uniform application and enforcement of installation standards throughout Ohio with a goal of 100% inspections of installations throughout the state. The Commission also believes that trained, certified inspectors can work together with trained licensed installers to ensure that home owners obtain quality, solid, safe, and sanitary manufactured homes. Trained licensed installers improve the quality,

health and safety of manufactured homes which benefits manufactured home owners, the industry, and the state. The Commission asserts that manufactured homes enable more Ohioans to achieve the American dream of home ownership. Through the regulation of manufactured home installations, home owners can be assured they have received a safe quality home installation. The Commission supports a dispute resolution program intended to resolve installation problems on behalf of the manufactured home owner within the first year of a home placement. The Commission's installation standards and inspection program, along with the Commission's dispute resolution program have been reviewed by HUD and both programs have been approved by HUD. Ohio has been a leader of the other states by being one of the first states to obtain HUD's approvals.

Objectives of the Ohio Manufactured Homes Commission include:

- To ensure the proper installation of all manufactured homes in Ohio.
- To license installers through the state
- To license manufactured home dealers, brokers and salespeople
- To certify building departments, their personnel, and third party inspection agencies
- To provide inspections to the uniform standard
- To provide for timely dispute resolution on behalf of the homeowner
- To provide minimum standards for the sale of manufactured homes
- To assist local titling offices with title transfer issues
- To provide fair, consistent, cost effective and timely enforcement of the OMHC laws and rules ORC 4781.

Staffing:

The Commission has expanded its staffing to six (6) employees. The staff now includes the executive director, a licensing supervisor, an investigator/inspector, a fiscal specialist, a licensing specialist and an administrative assistant. The Commission meets its core job functions of promulgating and interpreting the installation standard, licensing, enforcing, and regulating OMHC dealers, brokers, salespeople, installers and inspectors, and providing an alternative dispute resolution program with the dedicated staff of six (6) employees. With our limited staff each of these individuals has been crossed trained to perform other duties outside the scope of their own positions and is able to provide effective and efficient services to the Commission's licensees and members of the general public due to their specific and extensive knowledge of the manufactured home industry, code enforcement, dispute resolution, HUD and Ohio manufactured home regulation requirements, Ohio licensure and certification requirements and the practice of installing and inspecting manufactured homes in Ohio.

Overcoming Road Blocks

OMHC's statute required that the Commission base its rules on installation standards already adopted by HUD. The AG formal opinion #2006-020 confirmed the AAG memorandum dated August 17, 2005 which stated that the Commission could not enact installation standards until those standards were adopted by HUD. While HUD was required to adopt installation standards in December 2005, HUD did not accomplish this until January 1, 2009. OMHC rules completed the JCARR process in September, 2006. OMHC began regulatory operations in the Fall of FY 07 with the rules enforcement becoming effective July 1, 2007. With rules enforcement in place for FY 07, the Commission began its task of protecting and serving the public of Ohio by regulating manufactured home installation in the State of Ohio.

Accomplishments

The Executive Budget recommendations will allow the Commission to continue to provide an effective, efficient, and timely level of service in fiscal years 2012 and 2013.

Promulgation of Uniform Installation Standard: The Ohio Manufactured Homes Commission must meet statutory obligations to promulgate a uniform installation standard which is consistent with and not less stringent than the installation standards to be promulgated by HUD. The Commission’s manufactured home installation inspection enforcement became effective July 1, 2007. In the biennium, the Commission’s standing subcommittee on installation standards will continue to meet to provide code consistency, and interpretation to ensure that the installation standards are uniformly enforced. Ohio is one of the first states to gain HUD’s approval of our standards and programs.

Alternative Dispute Resolution Program: September 15, 2006 was also the effective date for the Commission’s alternative dispute resolution program. Based on the HUD model for alternative dispute resolution for state-based manufactured home regulatory agencies, the Commission anticipates only 5 to 10 cases per year. The low number of dispute case is a testament to just how well the mandated program is working. Prior to the Commission’s existence, there had been as many as 600-800 dispute cases per year. Because of the installation program, homes are being set properly and citizens of Ohio are living in safe homes. The process for alternative dispute resolution includes notification, assistance with voluntary resolution, investigation/inspection reports, mediation and arbitration. Ohio was one of the first States whose program was approved by HUD. The Commission currently has no cases in process. The Commission plans to develop an efficient data base for reports and complaints during FY 12-13. Such a database could be used to assist in providing installers and other interested parties with quality assurance feedback as well as provide the Commission with reports regarding findings from investigations.

Licensing and Certification:

The Commission has processed 1630 applications, with current active status for 273 installers, 57 inspectors, 35 building/health departments, 6 third party inspection agencies, 277 dealers, 20 brokers, 307 salespeople, and 4 course sponsors.

Manufactured Homes Commission Current Status at a Glance								
	<i>Installer Licenses</i>	<i>Inspector Certifications</i>	<i>Building/Health Department Certifications</i>	<i>Third Party Certifications</i>	<i>Dealer Licensing</i>	<i>Broker Licensing</i>	<i>Salesperson Licenses</i>	<i>Course Sponsors</i>
<i>Active</i>	273	57	35	6	277	20	307	4
<i>Renewal Cycle</i>	Every 2 years	Every 3 years	Every 3 years	Every 3 years	Every 2 years	Every 2 years	Every 2 years	Every year
<i>Fees</i>	\$250	\$50	No Fee	\$300	\$250	\$250	\$150	\$150

Inspections:

The Commission intends that all manufactured home installations be inspected in Ohio. To meet this goal, the Commission is certifying building departments and their personnel and third party inspection agencies and their personnel, and health departments and their personnel. The Commission installation standards call for three inspections for each home: footing inspection, an electrical service inspection and a final inspection. The Commission inspection program was initiated July 1, 2007.

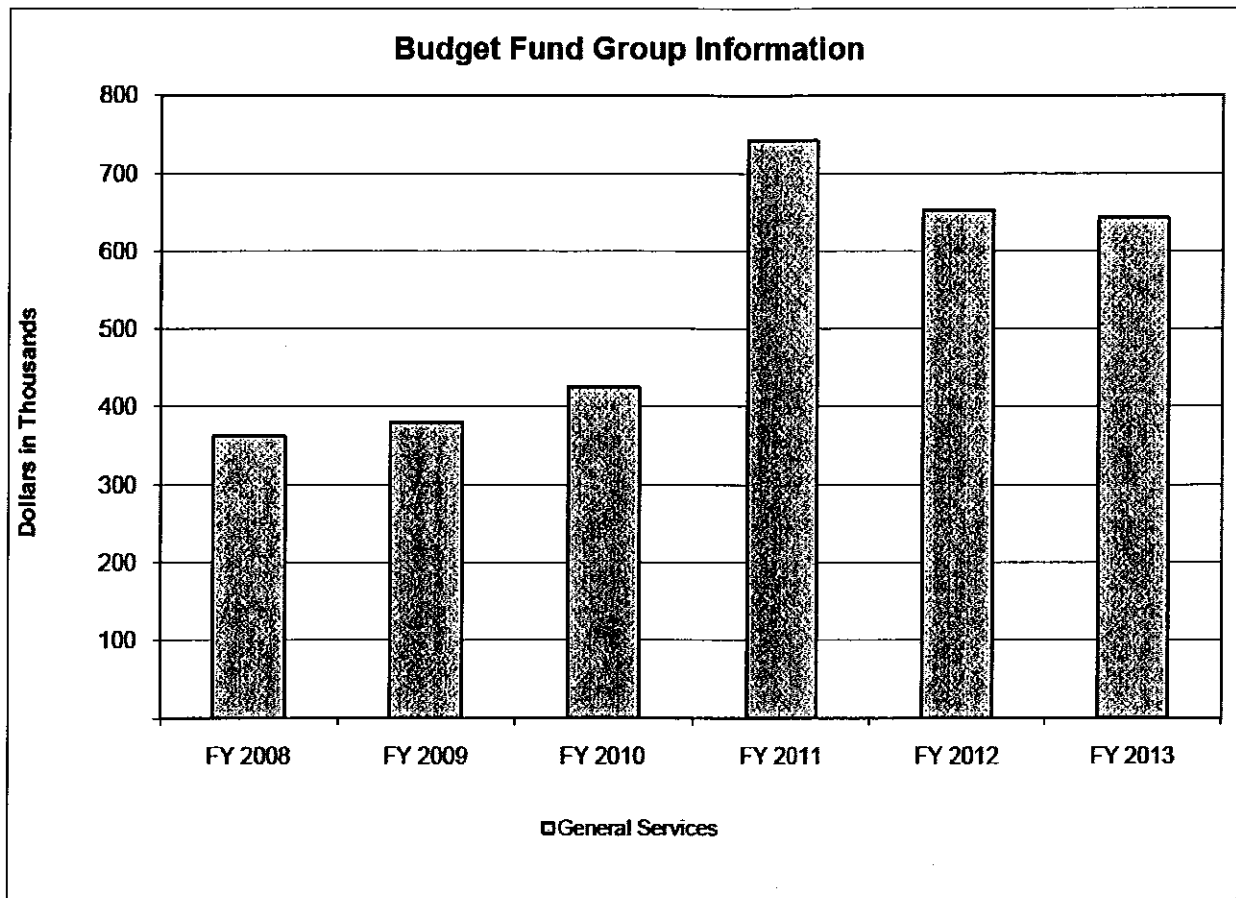
Revenues

Like other 4K9 boards and commissions, OMHC will be self-supporting. The Commission's primary source of income is not licensing but the sale of home inspection seals.

OMHC is a non-GRF funded agency. Similar to all professional licensing boards, OMHC is intended to generate sufficient revenue to meet its expenditures. Fees generated by this Commission and the majority of other regulatory boards are deposited into Fund 4K9, the joint professional regulatory board fund. The Office of Budget and Management ensures that each board collects enough revenue to support all budgetary needs. In addition, appropriated funds not spent in a given fiscal year are returned to Fund 4K9 and credited to each board's balance in the fund.

Estimated revenue in FY 2012 and 2013 are approximately \$586,710 and \$806,870 respectively, based on the normal economic climate. We are encouraged that the housing economy appears to be rebounding, therefore, we expect an upward trend in revenues since manufactured housing offers the most affordable housing. We also believe through increased enforcement we will receive additional revenues. Increased enforcement will also make it a level playing field for small business installers and dealers. In turn, the consumers of Ohio benefit by living in safe and securely set homes.

Executive Budget Recommendations



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
General Services	363	380	425	742	653	642
Totals	363	380	425	742	653	642

Program Structure

Although OBM designated the Commission as having only one program, operationally, the Commission has three activities: code enforcement installation standards, dispute resolution, and the licensing/ certification of installers, inspectors, dealers, brokers and salespersons.

Careful analysis of the Commission's needs in the upcoming biennium led to the agency's initial request. The recommended budget amount will cover projected staff payroll and maintenance expenses and allow the Commission to continue to meet its legislative mandates, which include licensing/certification of qualified applicants; supporting and monitoring inspections of new home placements; investigating complaints of violations; adopting administrative rules; maintaining the dispute resolution program, and maintaining ongoing continuing education.

The maintenance expenses contained in the recommendations will cover all anticipated maintenance costs, including expenses for the E-Licensing system. Any changes in the assumptions used to calculate this request (e.g.: increases in postage and/or mileage reimbursement) could impact the Commission's ability to maintain current services at the recommended budget levels.

Continuation Funding for Office Staff and Commission Member Payroll

Like other Boards and Commissions, the majority of the OMHC budget is for personnel services. Unlike other Boards and Commissions, OMHC Commissioners are volunteers. No OMHC Commission members receive payroll through OMHC.

The Executive Recommendations will support payroll costs for the Commission's four full-time employees. The following table details estimated payroll expenditures for FY's 2012 and 2013 that will be funded by this request.

Payroll		
	FY 2012	FY 2013
Staff Salary & Fringe	\$474,201	\$474,201

Continuation Funding for Maintenance Expenses

While Commission members do not receive salaries and are not on payroll, the Executive Budget does recommend including funding for Commissioner Travel expenses. Commissioners are entitled to actual and necessary expenses incurred in the performance of official duties. Commissioner travel expenses are funded in this request at approximately \$10,000 per fiscal year.

The recommended funding for maintenance expenses will allow the Commission to pay for all anticipated costs of doing business. Many of these expenses cover services provided by other state agencies. The request also provides funding of approximately \$35,000 in FY 2012 and in FY 2013 to cover the Commissions costs for DAS, CSA and other intrastate services. The cost for web support services and E-Licensing for FY 2011 year-to-date has been approximately \$24,000 due to taking over licensing of dealers, brokers, and salespersons from the BMV.

The Commission believes that on-line renewals and applications will make it easier for licensees to do business with the state and will streamline the process. For this reason, the Commission has determined that it is more important to absorb the costs for credit card processing versus levying a surcharge on licensees' who wish to have the convenience of the on-line system. The budget recommendations will allow the Commission to continue to absorb these costs.

As with other agencies, the Commission will be charged for the first time for the audit that is performed by the State Auditor's office. We were instructed to budget \$15,000 for that audit.

Funding for Equipment Purchases, Equipment Maintenance, LAN support, and Cost per Copy

The Commission does not anticipate any expenses for the purchase of computer equipment for FY12-13. The State cost per copy program printing services cost approximately \$6000 a year. This program enables the Commission to disseminate information, create brochures in-house and provide handouts at information sessions for a pre copy cost less than traditional state printing.

Miscellaneous Issues

In order to make the best use of funding levels, the boards make efforts to consolidate service and associated expenses where appropriate and necessary.

The Department of Administrative Services, Central Service Agency (CSA), provides services in areas of human resources, payroll, and warrant processing, and they represent the boards in various capacities, such as the OAKS project. Boards share the costs of CSA and they are billed services based on their individual needs. The E-Licensing system is another effort by boards and commissions to streamline licensure and renewal functions and share costs, which will allow boards to operate consistently and also communicate information in a consistent manner.

Conclusion

In summary, the Executive Budget recommendations of \$652,922 in FY 2012 and \$642,267 in FY 2013 for the Ohio Manufactured Homes Commission will permit the continuance of the Board's current operations and the ramp up to full operations with an emphasis on fair, efficient, effective and timely operation. This recommended funding level represents a 12% decrease in FY 2012 over the FY 2011 appropriation level and a 1.63% decrease for FY 2013 when compared to the FY12 amount. Although the Commission had anticipated adding another inspector to our staff for the FY 2012-2013 biennium, the executive's funding recommendation probably means it will not be possible to hire someone to fill this position. The additional inspector would have been, in part, responsible for overseeing those licensees that the Board recently acquired from the BMV. Under current practice, manufactured home dealers are only inspected when they are initially licensed and are not re-inspected unless a complaint is made. The Commission had intended upon re-inspecting the facilities it acquired from the BMV, but may not be able to do so given this level of funding. The Commission staff has undergone extensive cross-training of all its operations, to make their operations run as smoothly and efficient as possible. With the decrease in funding our Commission will also be unable to develop online renewals through E-Licensing as planned. The Commission and its staff will continue to meet the challenges that lay ahead. The Commission members are conscientious regarding their fiscal responsibilities and believe that FY 2012 and 2013 appropriation levels are reasonable and justified to ensure that the Commission meets its mission and goals.

Thank you for your consideration of the Ohio Manufactured Homes Commission's budget. I would be pleased to address any questions the Subcommittee may have or provide any information you may need.

Chairman Widener and members of the committee, my name is Janet Williams, and I am the Executive Director of the Ohio Manufactured Homes Commission (OMHC).

Thank you for the opportunity to be here this afternoon to present testimony on our Commission's fiscal year 12 and 13 Budget Recommendations of just under \$653,000 for FY12 and approximately \$642,000 in FY13, and to answer any questions your Committee may have about our relatively new Commission, its operations and funding requirements for this upcoming biennium.

It is the mission of the Ohio Manufactured Homes Commission to protect the health, welfare and property of citizens of Ohio through:

- the enforcement of HUD Final Rule: Parts 3280 and 3285 effective January 1, 2009;
- through the establishment and enforcement of uniform manufactured home installation standards;
- with the training and licensing of manufactured home installers;

- through the training and certification of manufactured home installation inspectors, including third party agencies, building departments, and health departments;
- through the inspection of 100% of manufactured home installations throughout the state of Ohio;
- through the licensing of all dealers, brokers and salespersons who sell manufactured homes;
- through the approval of quality course sponsors and their courses;
- and
- also the administration of a responsive and rational dispute resolution program.

The Commission's statute had required that the Commission base its rules on rules already adopted by HUD. While HUD was required to adopt installation standards in December 2005, they only became effective January 1, 2009. The Commission Rules completed the JCARR process and became effective in September, 2006, with regulatory operations and Rule enforcement beginning July 1, 2007.

In July of 2010, our Commission took over all licensing authority of dealers, brokers and salesperson from the Bureau of Motor Vehicles.

Estimated revenue in FY 2012 and 2013 would meet or exceed the amount requested for each year based on a "normal economy". In the current housing slump our numbers are down. As the housing economy bounces back we expect there will be an upward trend in revenue, since manufactured homes offer the most affordable housing. Our enforcement has increased dramatically in this downward economy, we believe through increased enforcement not only do we receive additional revenue, but will make it an level playing field for our small business installers, dealers and brokers, and the consumers of Ohio benefits by living in safe and securely set homes.

The recommended executive budget amount represents a 12% decrease in funds for FY12 and an additional 1.6% decrease in funds for FY13. Our Commission had received OBM approval to hire an addition inspector, because of our budget being cut, we will be putting the position on hold. The Commission had intended to re-inspect the facilities it acquired from the BMV, but may not be able to do so given this level of funding.

To compensate for not hiring an additional inspector at this time our Commission staff has undergone extensive cross-training of all its operations, to make their operations run as smoothly and efficient as possible. Also because of our decrease in funding the Commission will be unable to develop online renewals through the e-licensing as planned. The Commission and its staff will continue to meet the challenges that lay ahead. The Commission members are conscientious and business minded and taken serious their fiscal responsibilities and work towards the Commission meeting its mission and goals.

Approval of the Commission's FY 12 - 13 budget request, will enable the Commission to continue to enforce HUD's mandate and the Commission's administrative rules including the inspections of manufactured home installations and to provide an effective, efficient, and timely level of service in fiscal years 2012 and 2013.

Thank you for your consideration of the Ohio Manufactured Homes Commission's budget recommendations.

At this time, I would be pleased to address any questions you may have.