
Detailed Fiscal Analysis

Overview

For the purposes of this fiscal analysis, the bill most notably:

- Permits the Department of Rehabilitation and Correction (DRC) to establish an educational loan repayment program for the recruitment of nurses and dentists.
- Modifies the laws governing the composition, inspections, and confidential records of the Correctional Institution Inspection Committee (CIIC).

Department of Rehabilitation and Correction

Recruitment program for physicians (current law)

Under current law, DRC has the authority to establish a physician recruitment program pursuant to which the Department enters into a contract with a physician who agrees to work for DRC as a civil service employee for a specified period of time, and, in exchange, the Department agrees to repay all or part of the principal and interest of a government or other educational loan taken by the physician for certain educational expenses.

Theoretically, the differential in the payroll costs associated with a physician working as a civil service employee and the much higher amount currently paid to a physician under a personal services contract with the Department, even after the repayment costs are factored in, reduces DRC's annual medical services expenditures. According to DRC medical personnel, the Department does not operate such a program because the civil service pay scale for physicians is too low to attract applicants even with the repayment provision.

Recruitment program for nurses and dentists (operation of the bill)

Nurses. The bill extends DRC's currently authorized "physician recruitment program" to include nurses and amends it to a "recruitment program" to reflect the broader purpose. (The bill defines "nurse" to include a registered nurse or licensed practical nurse.) The Department has experienced, and continues to experience, difficulty in the recruitment and retention of nurses as civil service employees, and, as a result, has had to rely on contract staff and overtime utilization in order to meet its nursing coverage needs.

Most of the nurses currently under contract with DRC are obtained from any of 20-plus health care staffing agencies that are on State Term Schedule. The average annual cost for a full-time registered nurse (RN) from one of these staffing agencies is approximately \$104,000. If that RN were a civil service employee, the average starting salary, including benefits, would be \$65,062. The difference between those two costs is \$38,938, which represents the potential annual savings to the Department for each nursing position that is filled by a civil service employee rather than covered by a contractor. This potential savings would then be reduced by the magnitude of the repayment for certain educational expenses incurred by the nurse.

Dentists. The bill also expands the program to include the recruitment of dentists. At this time, the fiscal effect would be very different from the incorporation of nurses into this program since the Department does not recruit nurses and dentists in the same manner. Due to the differences in workloads at its correctional institutions, there are fewer dentists employed by DRC; these individuals are typically working under personal services contracts and are not civil service employees. Currently, three dentists at DRC's senior management level are civil service employees. Based on the current job market conditions, it does not appear that the recruitment program's expansion will immediately affect DRC's ability to recruit, hire, and retain dentists as civil service employees.

Even though DRC currently provides for institutional dental services through personal services contracts, future budget cuts, as well as the settlement process for the *Fussell v. Wilkinson* lawsuit alleging constitutionally improper medical care, which now includes dental services, may compel the Department to consider the recruitment of dentists as civil service employees. Should this occur, the Department's perspective is that the bill will give the Department a viable recruitment tool, and at that point a more tangible level of savings would likely begin to occur assuming tuition reimbursement is a sufficient incentive to attract newer dentists.

Correctional Institution Inspection Committee (CIIC)

The bill makes changes to the composition and operations of CIIC, most specifically by: (1) increasing the number of members from eight to twelve, (2) requiring inspections be conducted by at least one staff person, while allowing, but no longer requiring, members to participate in inspections, and (3) providing that generally any record, report, or other information provided to CIIC, and all of its work products is confidential. Based on a conversation with the Executive Director of CIIC, LSC fiscal staff has discerned the following:

- The addition of four CIIC members will not increase annual operating costs, as this change alone is not expected to lead to more members making inspection trips. Members serve without compensation, but are eligible for reimbursement for their actual and necessary expenses incurred in the discharge of their duties.
- CIIC staff will be able to more easily perform the statutory charge to conduct certain inspections, as member participation would no longer be required.
- The confidentiality provision may reduce in some manner certain CIIC expenditures, defined in terms of staff time and reduced administrative burdens, related to the preparation of documents and letters for public records requests.
- The net of these CIIC-related provisions generally will be to create a potential savings effect, the magnitude of which in terms of budgetary dollars and cents is difficult to precisely estimate. That said, the potential savings in CIIC's annual operating expenditures is likely to be minimal at most, if that.

Local fiscal effects

The bill will have no direct effect on the revenues and expenditures of the state's political subdivisions.

LSC fiscal staff: Joseph Rogers, Senior Budget Analyst

HB0267HP.doc/th