

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 267** DATE: **May 14, 2008**
STATUS: **As Introduced** SPONSOR: **Rep. Huffman**
LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**
CONTENTS: **Establishes the Department of Rehabilitation and Correction recruitment program for nurses and modifies the Correctional Institution Inspection Committee law**

State Fiscal Highlights

STATE AGENCY	FY 2009 – FUTURE YEARS
Department of Rehabilitation and Correction	
Revenues	- 0 -
Expenditures	Potential decrease in certain medical services payroll costs charged to GRF and/or other state funds, annual magnitude function of: (1) applicant demand, and (2) available funding to cover "upfront" expenses
Correctional Institution Inspection Committee	
Revenues	- 0 -
Expenditures	Potential, minimal at most, annual savings effect

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- **Department of Rehabilitation and Correction (DRC).** The bill extends DRC's currently authorized "physician recruitment program" to include nurses. Theoretically, the differential in the payroll costs associated with a nurse working as a civil service employee and the amount currently paid to a nurse under a personal services contract with the Department, even after the repayment costs are factored in, reduces DRC's annual medical services expenditures. The \$38,938 differential in the payroll costs associated with a nurse working as a civil service employee (estimated at \$65,062) and the amount currently paid to a nurse under a personal services contract (estimated at \$104,000) represents the potential annual savings to the Department for each nursing position that is filled by a civil service employee rather than filled by a contractor. This potential savings would then be reduced by the magnitude of the repayment for certain education expenses incurred by the nurse.
- **Correctional Institution Inspection Committee (CIIC).** The net of the bill's 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 Highlights

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



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.
- 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 (operation of the bill)

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 26 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.

Correctional Institution Inspection Committee

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

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