

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 147** DATE: **May 16, 2007**
STATUS: **As Introduced** SPONSOR: **Sen. Faber**
LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**
CONTENTS: **Prison nurse recruitment program**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund (GRF) and Other DRC* Funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential decrease, magnitude a function of: (1) applicant demand, and (2) available funding to cover "upfront" expenses	Potential decrease, magnitude a function of: (1) applicant demand, and (2) available funding to cover "upfront" expenses	Potential decrease, magnitude a function of: (1) applicant demand, and (2) available funding to cover "upfront" expenses

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

*DRC denotes the Department of Rehabilitation and Correction.

- **Department of Rehabilitation and Correction expenditures.** The difference between the annual costs of employing a nurse as a civil service employee (estimated at \$64,771) or a contractor (estimated at \$104,000), a difference of \$39,229, 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 education expenses incurred by the nurse.

Local Fiscal Highlights

- No direct fiscal effect on the revenues or expenditures of the state's political subdivisions.



Detailed Fiscal Analysis

Physician recruitment program

Under current law, the Department of Rehabilitation and Correction (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.

Nurses added and program renamed

The bill extends DRC's currently authorized physician recruitment program to include nurses and renames it to reflect this change. (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 \$64,771. The difference between those two costs is \$39,229, 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.

Local fiscal effects

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

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