Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Sub. S.B. 147** DATE: **November 12, 2008**

STATUS: **As Passed by the Senate** SPONSOR: **Sen. Faber**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Prison nurse and dentist recruitment program**

State Fiscal Highlights

STATE FUND	FY 2009 – FUTURE YEARS
General Revenue Fund (GRF) and Other DRC* Funds	
Revenues	- 0 -
Expenditures	Potential decrease, annual 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 2009 is July 1, 2008 – June 30, 2009.
*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 $65,062) or a contractor (estimated at $104,000) 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 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.

Recruitment program expansion to include nurses and dentists

Nurses. The bill extends DRC's currently authorized physician recruitment program to include nurses. (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.

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. This provision of the bill will not likely have any immediate state fiscal effect.

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.

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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