

Chiropractic Board

House Human Services Subcommittee

*Wendy Risner, Budget Analyst
Legislative Service Commission*

February 24, 2005

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LSC Redbook for the Chiropractic Board

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February 24, 2005

Chiropractic Board

- The Board licensed 2,154 chiropractors in FY 2004
- The Board received no funding in FY 2007 and will be absorbed into the Department of Health that year

OVERVIEW

The Ohio State Chiropractic Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

In 1975, the Ohio General Assembly created the Ohio State Chiropractic Board to regulate the chiropractic industry. The Board is responsible for the examination and licensure of chiropractors and the enforcement of the provisions of Chapter 4734. of the Revised Code. The Chiropractic Board oversees the licensure and regulation of over 2,000 chiropractic physicians.

Revenue is generated from new and renewal license fees, which are collected annually. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Expenditures and revenues for FY 2004 were \$552,162 and \$586,970, respectively. The Board contributed \$34,808 more to Fund 4K9 than it expended during the FY 2004 renewal cycle.

CAVU Licensing System

The Board, in partnership with the Department of Administrative Services, implemented the web-based multi-board CAVU licensing system in FY 2004. The Chiropractic Board will pay a fee of \$1,120 for FY 2006 and \$1,025 for FY 2007 for costs associated with this system.

Increase in Salary

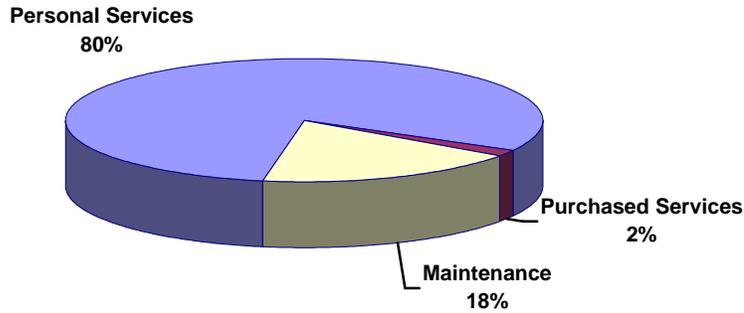
Payroll expenditures for the Board, as well as other state boards and agencies, will increase in this biennium as a result of the negotiated 4% increase in salary for state employees.

Governor's Recommendations

The Governor recommended funding of \$605,278 in FY 2006 and \$0 in FY 2007. The Board had requested \$612,434 in FY 2006 and \$621,621 in FY 2007. The Executive recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and

Public Safety. As such, the Executive recommended no funding in FY 2007 for the boards. In the case of the Chiropractic Board, the Board and its duties will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentive will be offered to regulatory board staff. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board members will be retained.

Total Budget by Object Code for FY 2006



As shown in the chart above, the majority of funding for FY 2006 is for personal services. Personal services are expected to increase by 3.6% over estimated FY 2005 levels.

Staffing Levels

Chiropractic Examiners Board Staffing Levels						
Program Series/Division	2002	2003	2004	2005	Estimated	
					2006	2007
Board Members	5	5	5	5	5	5*
Board Staff	7	7	7	7	7	7*
Totals	12	12	12	12	12	12*

*In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, it is expected that some staff reductions will occur as a result of the implementation of a hiring freeze and early retirement incentive. Remaining staff for the Board will be transferred to the Department of Health in FY 2007. Board members will be retained.

FACTS AND FIGURES

Number of Licensees

License Type	FY 2003	FY 2004
Chiropractic Physician	2,203	2,154

Source: *Ohio's Occupational Licensing and Regulatory Boards Annual Report for Fiscal Year 2004*

Current License Fees

Licenses are renewed on an annual basis. Fees were last increased in July 1997.

Chiropractic Physician	
Initial License	\$250
Renewal License	\$250

Revenues and Expenditures

Fund 4K9	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Revenues	\$548,881	\$564,378	\$574,849	\$571,805	\$583,538	\$586,970
Expenditures	\$451,747	\$527,056	\$489,885	\$488,902	\$520,989	\$552,162
Net	\$97,134	\$37,322	\$84,964	\$82,903	\$62,549	\$34,808
Two Year Net	\$134,456		\$167,867		\$97,357	

ANALYSIS OF EXECUTIVE PROPOSAL

State Chiropractic Board

Purpose: License and regulate the chiropractic profession.

The following table shows the line items that are used to fund the State Chiropractic Board, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
GSF	878-609	Operating Expenses	\$605,278	\$0
General Services Fund Subtotal			\$605,278	\$0
Total Funding: State Chiropractic Board			\$605,278	\$0

State Chiropractic Board

Program Description: In accordance with Chapter 4734. of the Revised Code, the Ohio State Chiropractic Board protects the health and welfare of Ohio's citizens by setting standards for licensure and by enforcing these standards through examination, renewal, clinical inspection, investigation, and disciplinary action.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and then reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Line Items: 878-609, Operating Expenses

Implication of Executive Recommendation: The Board requested \$612,434 in FY 2006 and \$621,621 in FY 2007. The Executive recommended funding of \$605,278 in FY 2006 and \$0 in FY 2007. Recommended funding for FY 2006 was \$7,156 less than requested. According to the Board, the Board will look to reduce costs in FY 2006. However, there will be no staffing reductions. The Board's estimated expenditures in FY 2005 are \$591,724. Therefore, there is a 2.3% increase in FY 2006 recommended funding levels. In FY 2007, the Board will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

Temporary and Permanent Law Provisions: House Bill 66, As Introduced, includes a provision that consolidates the Board into the Department of Health beginning in FY 2007. The provision also includes the creation of a transition team to ensure the consolidation occurs smoothly and on schedule. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

REQUESTS NOT FUNDED

Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
878-609	\$612,434	\$605,278	(\$7,156)	\$621,621	\$0	(\$621,621)
TOTALS	\$612,434	\$605,278	(\$7,156)	\$621,621	\$0	(\$621,621)

In FY 2006, the Board received \$7,156 less than requested. The Board will explore cost-cutting measures, but will not reduce staffing levels. In FY 2007, the Board requested funding of \$621,621 for operating expenses for things such as licensure and enforcement. The Executive recommended funding of \$0. The Board will be absorbed into the Department of Health. Specifics of this transfer will be addressed by a task force made up of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

General Services Fund Group

4K9 878-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$488,900	\$533,209	\$556,210	\$591,724	\$605,278	\$0
	9.1%	4.3%	6.4%	2.3%	-100.0%

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4734.02 and 4743.05 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation supports the general operating expenses, including payroll, supplies, and equipment for the Ohio State Chiropractic Board. The Board sets standards for licensure and registration for Ohio's chiropractic physicians.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<i>CHR Chiropractic Board, State</i>								
4K9	878-609	Operating Expenses	\$ 556,210	\$591,724	\$ 605,278	2.3%	\$ 0	-100.0%
General Services Fund Group Total			\$ 556,210	\$ 591,724	\$ 605,278	2.3%	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 556,210	\$ 591,724	\$ 605,278	2.3%	\$ 0	-100.0%