State Board of Orthotics, Prosthetics, and Pedorthics

House Human Services Subcommittee

Wendy Risner, Budget Analyst

Legislative Service Commission

February 24, 2005

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LSC Redbook

for the

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Catalog of Budget Line Items

LSC Budget Spreadsheet By Line Item

February 24, 2005

State Board of Orthotics, Prosthetics, and Pedorthics

- The Board contributed $9,105 more to Fund 4K9 than it expended in FY 2004
- The Board received no funding in FY 2007 and will be absorbed into the Department of Health that year

OVERVIEW

The State Board of Orthotics, Prosthetics, and Pedorthics, 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.

The State Board of Orthotics, Prosthetics, and Pedorthics, created by S.B. 238 of the 123rd General Assembly, licenses and regulates orthotists, prosthetists, and pedorthists, ensuring those individuals meet minimum education and experience qualifications. The Board meets its responsibilities through management of the licensure process, overseeing regulation of the industry, and enforcement through surveillance of licensees and investigation of complaints.

Ohio is one of only eight states requiring licensure in orthotics and prosthetics and even fewer states require licensure in pedorthics. However, according to the Board, the trend is gearing towards licensure for this profession. In FY 2004, licenses were issued as follows: 103 orthotists, 71 prosthetists, 107 pedorthists, 108 prosthetist-orthotists, and 2 pedorthist-temporary.

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 revenue for FY 2004 were $96,320 and $105,425 respectively. The Board contributed $9,105 more to Fund 4K9 than it expended during FY 2004.

Administrative Fees

Over the course of the last few years, occupational boards have had to absorb increased administrative costs charged by other state agencies. For instance, increases in the Department of Administrative Services (DAS) Central Service fees have raised occupational boards' expenditures. Central Service costs for the Orthotics, Prosthetics, and Pedorthics Board will be approximately $2,100 in FYs 2006 and 2007.

Many boards have also contracted for services that were once provided for free such as lock-box services and computer technical support. Many state boards now share the costs and services of an IT Support Person. The cost for this for the Orthotics, Prosthetics, and Pedorthics Board is estimated to be roughly $2,200 for each fiscal year. The Orthotics, Prosthetics, and Pedorthics Board is also responsible for $400 per fiscal year for computer firewall protection.

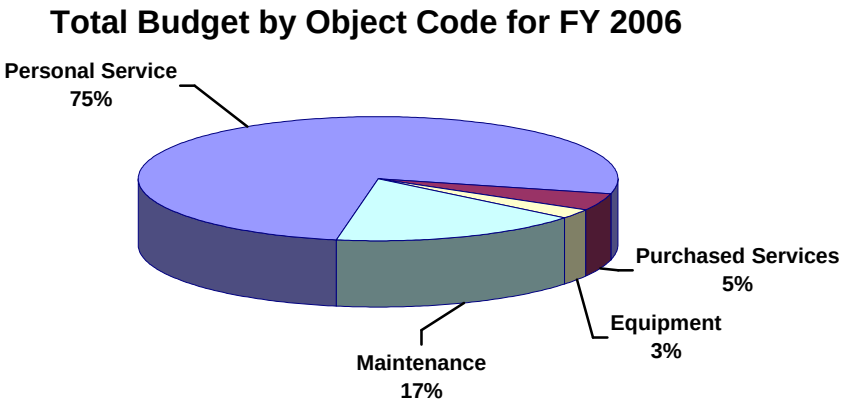
CAVU Licensing System

The Board, in partnership with DAS, has implemented a new web-based multi-board CAVU licensing system. The system became fully functioning in FY 2004. Each board is responsible for its own share of the costs. The Orthotics, Prosthetics, and Pedorthics Board will pay an annual fee during the next biennium of about $250 per fiscal year.

Governor's Recommendations

The Governor recommended funding of $99,571 in FY 2006 and $0 in FY 2007. The Board had requested funding of $105,000 in FY 2006 and $110,250 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 Orthotics, Prosthetics, and Pedorthics 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.

As shown in the chart below, the majority of the Board's expenses for FY 2006 are for personal services. Personal services for the Board decreased by 5.2% in FY 2006 from FY 2005 estimated levels.



Staffing Levels

Orthotics, Prosthetics, and Pedorthics Staffing Levels						
					Estimated	
Program Series/Division	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Board Members	7	7	7	7	7	7*
Staff	1	1	1	1.3	1.3	1.3*
Totals	8	8	8	8.3	8.3	8.3*

* 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.

Board members are uncompensated. The Board employs an intermittent part-time clerk.

FACTS AND FIGURES

Current License Fees

Licenses are renewed annually.

All License Types	Fees
Initial License	$125
Temporary	$150
Renewal	$300
Reinstatement	$150

Revenues and Expenditures

Fund 4K9	FY 2002	FY 2003	FY 2004
Revenues	$151,775	$109,179	$105,425
Expenditures	$84,889	$86,878	$96,320
Net	$66,886	$22,301	$9,105
Two-Year Net	N/A	$31,406	

ANALYSIS OF EXECUTIVE PROPOSAL

State Board of Orthotics, Prosthetics, and Pedorthics

Purpose: License and regulate the practice of orthotics, prosthetics, and pedorthics.

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

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4K9	973-609	Operating Expenses	$99,571	$99,571
		General Services Fund Subtotal	**$99,571**	**$99,571**
Total Funding: State Board of Orthotics, Prosthetics, and Pedorthics			**$99,571**	**$99,571**

State Board of Orthotics, Prosthetics, and Pedorthics

Program Description: In accordance with Chapter 4779. of the Revised Code, the State Board of Orthotics, Prosthetics, and Pedorthics protects the health and safety of Ohio citizens by regulating the practice of orthotics, prosthetics, and pedorthics by setting and enforcing the standards of practice through annual licensure requirements and investigating complaints against unlawful practices.

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: 973-609, Operating Expenses

Implication of Executive Recommendation: The Board requested $105,000 in FY 2006 and $110,250 in FY 2007. The Executive recommended funding of $99,571 in FY 2006 and $0 in FY 2007. The recommended funding for FY 2006 will allow the Board to maintain FY 2005 service levels, along with the intermittent clerk position. The current executive director does not take health care benefits. The requested funding included health care benefits for the executive director. 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: H.B. 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
973-609	$105,000	$99,571	($5,429)	$110,250	$0	($110,250)
TOTALS	$105,000	$99,571	($5,429)	$110,250	$0	($110,250)

In FY 2006, the Executive recommended $5,429 less than requested by the Board. According to the Board, this will not affect service or staffing levels. The current executive director does not take health care benefits. The requested funding included health care benefits for the executive director. In FY 2007, the Board requested funding of $110,250 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 973-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
$84,889	$86,877	$79,253	$102,395	**$99,571**	**$0**
	2.3%	-8.8%	29.2%	**-2.8%**	**-100.0%**

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

Legal Basis: ORC 4779.05 and 4743.05 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This appropriation supports the general operating expenses, including payroll, supplies, and equipment for the State Board of Orthotics, Prosthetics, and Pedorthics.

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

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
OPP		***Orthotics, Prosthetics and Pedorthics***						
4K9	973-609	Operating Expenses	$ 79,253	$102,395	$ 99,571	-2.8%	$ 0	-100.0%
General Services Fund Group Total			**$ 79,253**	**$ 102,395**	**$ 99,571**	**-2.8%**	**$ 0**	**-100.0%**
Total All Budget Fund Groups			***$ 79,253***	***$ 102,395***	***$ 99,571***	***-2.8%***	***$ 0***	***-100.0%***