

State Board of Psychology

Senate Finance and Financial Institutions Committee

*Holly Wilson, Budget Analyst
Legislative Service Commission*

April 20, 2005

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LSC Redbook for the State Board of Psychology

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April 20, 2005

State Board of Psychology

- Governor's recommended budget calls for transferring the Board's funding and duties to the Department of Health
- Number of investigations and hearings on the rise

OVERVIEW

The State Board of Psychology was formed in 1972 in order to provide regulatory oversight of psychologists and nonschool-based school psychologists (the State Department of Education regulates school-based school psychologists). The primary mission of the Board is to provide protection to the public through examinations, licensing, monitoring of continuing education, monitoring of unlicensed practice, (both supervised practice of extenders and illegal practice), and to investigate complaints and discipline licensees pursuant to Chapter 4732. of the Revised Code.

The Psychology 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.

Licensing

The Board acts as the enforcement and compliance body for ensuring maintenance of accountability among licensees. Licensees, currently numbering approximately 4,000, must renew their licenses biannually during the summer of odd-numbered fiscal years. In addition, the Board is charged with monitoring the registration and practice of approximately 2,500 unlicensed supervisees working under the licensed authority of psychologists. The Board has a staff of seven FTEs, although a recently retired employee will not be replaced. License renewal fees plus other revenues generate average annual receipts of approximately \$700,000, allowing the Board to be self-supporting through the 4K9 fund.

Enforcement

The Board performs on average approximately 100 investigations each year. Currently, the Board has two investigators to handle investigations. Two years ago, the caseload was approximately 70 open cases. According to the Board, this leaves them chronically stressed in the enforcement division. To put this in

perspective, the Board held only twelve hearings during the decade of the 1990s. Currently, they have held five hearings in the last six-month period. Dealing with this hardship, the Board requested funding for 20 hours weekly of dedicated legal services from the Office of the Attorney General. The Board wanted to have more of an in-office presence from the Attorney General's Office to assist in timely processing of complaints toward hearing, Consent Agreement, or closure. According to the Board, the currently available 3 to 10 hours per week of legal services is no longer tenable with so many cases moving toward hearings.

Governor's Recommendation

Issues Facing the Boards

The boards have been working in conjunction with the Department of Administrative Services to implement a licensing system (CAVU). This system has been implemented for many of the boards. The boards are responsible for the costs of the system.

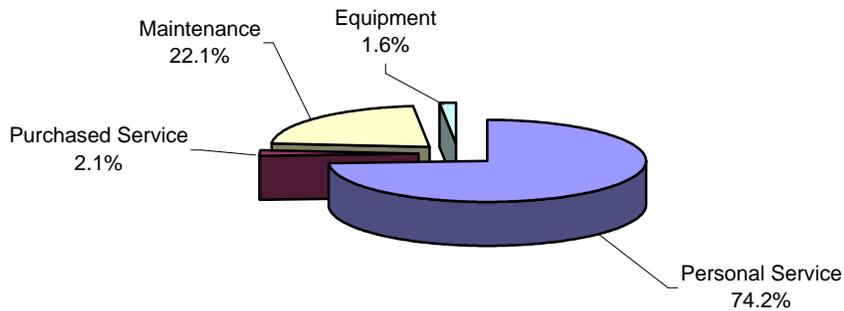
The boards are faced with increasing payroll costs, as a result of the negotiated 4% increase in salary for state employees. Boards have also had to absorb increased administrative costs charged by other state agencies. Many boards contracted for services that were once provided for free such as lock-box services and computer technical support. Currently, the boards share the services and costs of an IT support person.

Board Consolidation

The Executive Budget 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. The specifics of the consolidation will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM's *Blue Book*, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentive will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each board will be retained and continue to serve in the manner in which they were appointed.

The most notable change in the Psychology Board's budget comes from the executive budget recommendation that would move the Psychology Board, along with 16 other licensing and regulatory boards, into the Department of Health. The biggest challenge the consolidation presents for the Psychology Board is the uncertainty of how its functions would be affected under the Department of Health. The Board collects license fees, which are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K9). License renewal fees plus other revenues generate average annual receipts of approximately \$640,000 allowing the Board to be self-supporting.

FY 2006 Total Budget by Object Code



Staffing Levels

Psychology Board Staffing Levels						
Program Series/Division	2002	2003	2004	2005	Estimated	
					2006	2007
Board Members	7	9	9	9	9	9*
Administrative Staff	4	5	5	5	4	4*
Investigative Staff	2	2	2	2	2	2*
Totals	15	16	16	16	15	15*

* 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 Psychology Board will be transferred to the Department of Health in FY 2007. Board members will be retained.

The nine Board members and five School Psychology Members are projected to total 1.02 FTEs for FYs 2006 and 2007. The Board staff numbers 7 FTEs, although the Board is not planning to fill a vacancy left by an employee who received disability retirement during FY 2004.

FACTS AND FIGURES

Board Expense and Revenue Summary

Psychology Board Fund 4K9 Cash Flow History			
Fiscal Year	Revenue	Expenses	4K9 Balance
2003	\$ 1,284,071	\$ 464,841	\$ 660,712
2004	\$ 24,255	\$ 435,390	\$ 205,109
2005*	\$ 1,400,000	\$ 561,000	\$ 1,040,466
TOTALS	\$2,708,326	\$1,461,231	\$1,906,287

*The amounts for FY 2005 are estimates.

The Board’s annual operating expenses are supported entirely by moneys appropriated from Fund 4K9, the Occupational Licensing and Regulatory Board Fund that receives fees and other assessments collected by 27 of the state’s independent professional and occupational licensing boards and in turn finances the annual operating expenses of the 27 boards. The table above displays the amount of revenue that the State Board of Psychology has deposited, or will deposit, to the credit of Fund 4K9 from FY 2003 through FY 2005, as well as the amount of funding that the Board has drawn from Fund 4K9 over the same period of time. The table also suggests that the Board has historically deposited more revenue to the credit of Fund 4K9 annually than it has drawn from Fund 4K9 to support annual operating expenses.

There is some notable background information to the financial material displayed in the above table. The expense for FY 2005 is an estimate. The 4K9 Balance amounts in the table’s last column do not reflect the Psychology Board’s net balance because these amounts include moneys removed from Fund 4K9 by the Office of Budget and Management for administrative purposes. That said, the table is, however, a reasonable indication of the Board’s cash flow picture over the last several fiscal years.

Number of Licensees

License Type	FY 2000	FY 2002	FY 2003	FY 2004
Psychologist	3,398	3,527	3,328	3,438
School Psychologist	349	369	351	355
Total	3,747	3,896	3,679	3,793

Licensees must renew their licenses during the summer of odd-numbered years.

According to the Board, the number of administrative hearings is significantly higher now than in years past. In addition, the Board is offering more hearings to licensees in matters alleging significant violations, as opposed to the historical preference to offer minimal sanctions as a way to avoid the expenditure of resources that hearings inherently require.

Current License Fees

	Initial	Renewal
Psychologist	\$125	\$350
School Psychologist	\$125	\$350

Fees for the initial license were last increased in 1996. Renewal fees were last increased in 2001. The average annual revenue from license fees is approximately \$640,000. This is half of the biennial fees (\$350) received during the renewal period, reinstatement fees from those who were late on the renewal deadline (\$50), and from initial license and application fees (\$125).

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1

License/Registration/Enforcement

Purpose: To enforce and regulate the practice of Psychology and nonschool-based School Psychology

The following table shows the line items that are used to fund the License/Registration/Enforcement program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
GSF	4K9	Operating Expenses	\$566,112	\$0
General Services Fund Subtotal			\$566,112	\$0
Total Funding: Psychology Board			\$566,112	\$0

License/Registration/Enforcement

Program Description: In accordance with Chapter 4732. of the Revised Code, the State Board of Psychology tests, licenses, and regulates all psychologists and non-school based school psychologists who practice in Ohio.

Funding Source: GSF Fund 4K9. Currently, all revenue from the 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: 882-609, Operating Expenses

Implication of Executive Recommendation: The most notable change in the Board’s budget comes from the executive budget recommendation that would move the Psychology Board, along with 16 other licensing and regulatory boards, into the Department of Health. The biggest challenge the consolidation presents for the Psychology Board is the uncertainty of how its functions would be affected under the Department of Health. The Board collects license fees, which are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K9). License renewal fees plus other revenues generate average annual receipts of approximately \$640,000, allowing the Board to be self-supporting.

Both the Board and LSC are uncertain at this time if the consolidation will affect the Board’s staffing level. Under the Governor’s recommended budget, all Occupational and Licensing Boards would be subject to a hiring freeze and early retirement buy-outs in FY 2007. The Board currently has a staffing level of 6 FTEs. Also uncertain at this time is whether the Board would move its office from the Vern Riffe Center.

Temporary and Permanent Law Provisions: Consolidation of Regulatory Boards (Section 315.03). The executive budget contains a temporary law provision that: (1) expresses the intent to consolidate 16 health-related regulatory boards, including the Chemical Dependency Professionals Board, within the Department of Health not later than July 1, 2006, (2) creates a transition team to develop a plan to ensure the smooth and timely transition of those boards into the Department, and (3) expresses the intent to

introduce a bill in FY 2006 that will include the necessary statutory changes to effect the consolidation and include revised appropriations for FY 2007.

REQUESTS NOT FUNDED

License/Registration/Enforcement Funding						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
4K9	\$560,789	\$566,112	\$5,323	\$561,525	\$0	(\$561,525)
TOTALS	\$560,789	\$566,112	\$5,323	\$561,525	\$0	(\$561,525)

The amount of funding that the Board requested in each of FYs 2006 and 2007 reflected its calculation of the future cost of responding to the increased investigation workload. It also accounted for an increase in staffing by one half-time Assistant Attorney General for legal services. The executive budget would move the Psychology Board, along with 16 other licensing and regulatory boards, into the Department of Health. The biggest challenge the consolidation presents for the Psychology Board is the uncertainty of how its functions and staffing would be affected under the Department of Health.

As shown above, the Board actually received an increase in appropriations for Fund 4K9 for FY 2006 of around \$5,323. According to the Board, this increase in appropriation will be used to cover increased costs of doing business. For example, each 4K9 Board shares a portion of the fees for licensing software (CAVU) and firewall protection for the software. The Office of Budget and Management added the \$5,323 to pay for the Board's share of the CAVU.

General Services Fund Group

4K9 882-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$408,910	\$464,843	\$435,390	\$561,525	\$566,112	\$0
	13.7%	-6.3%	29.0%	0.8%	-100.0%

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

Legal Basis: ORC 4732.02 and 4743.05; Section 83 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: Funds are used for general operating expenses, including payroll and supplies for the State Board of Psychology. The Board licenses and regulates psychologists and school psychologists who practice in Ohio.

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

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2005</i>	<i>As Introduced 2006</i>	<i>House Passed 2006</i>	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	<i>House Passed 2007</i>	<i>% Change House 2006 to House 2007</i>
PSY		Psychology, State Board of							
4K9	882-609	Operating Expenses	\$561,525	\$ 566,112	\$ 566,112	0.8%	\$ 0	\$ 0	-100.0%
General Services Fund Group Total			\$ 561,525	\$ 566,112	\$ 566,112	0.8%	\$ 0	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 561,525	\$ 566,112	\$ 566,112	0.8%	\$ 0	\$ 0	-100.0%

As Introduced (Executive)

As Passed by the House

(CD-739-PSY) Consolidation of Regulatory Boards**R.C. 315.03**

Consolidates the occupational licensing boards into the departments of Health, Public Safety, or Commerce not later than July 1, 2006. In the case of the State Psychology Board, the Board will be consolidated into the Department of Health. The directors of Budget and Management, Administrative Services, Commerce, Health, and Public Safety must appoint representatives to a transition team. The team is to develop a plan for the smooth and timely consolidation of the boards and also address the details of the consolidation. The team is to submit a report containing recommendations and the details of the consolidation not later than December 31, 2005 to the Governor, Speaker of the House, and President of the Senate. A bill will be introduced in fiscal year (FY) 2006 that will include the necessary statutory changes and appropriations for consolidation.

Fiscal effect: The Board will receive no appropriation in FY 2007. The total fiscal effect is unknown at this time since the specifics of the transfer will not be addressed until FY 2006.

R.C. 315.03

Same as the Executive.

Fiscal effect: Same as the Executive.