

LSC Redbook

Analysis of the Executive Budget Proposal

Board of Nursing

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Board of Nursing, which includes the following four sections.

1. **Overview:** Provides a brief description of the Board, an overview of the executive budget recommendations for the Board, and a discussion of the Board's license fee revenue.
2. **Analysis of Executive Proposal:** Provides a detailed analysis of the executive budget recommendations for the Board, including funding for each appropriation line item.
3. **Requests Not Funded:** Compares the Board's budget request with the executive budget recommendations.
4. **Attachments:** Includes the catalog of budget line items (COBLI) for the Board, which briefly describes each line item, and the LSC budget spreadsheet for the Board.

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Board of Nursing

- Non-GRF agency; funded by fee revenues
- Continuation budget
- More than 222,000 active licenses and certificates

OVERVIEW

Agency Overview

The Board of Nursing was established in 1956. Originally responsible for licensing nurses, the Board's responsibility has expanded over the years to include certifying nurses who practice various specialties, such as midwifery and anesthesia, as well as certifying dialysis technicians and community health workers. In FY 2009, the Board will begin certifying medication aides. The Board sets standards of practice, investigates complaints, administers discipline for licensees and certificate holders, and approves pre-licensure and continuing nurse education programs. Over 222,000 licensees and certificate holders issued by the Board are currently active.

The Board's governing authority consists of 13 members appointed by the Governor, including eight registered nurses (RNs) with at least five years' experience, four licensed practical nurses (LPNs), and one health care consumer representative. Members are appointed for four-year terms and may be reappointed once. The Board meets seven times each year. In addition to travel reimbursement, board members receive annual compensation of approximately \$6,000 for conducting official board business.

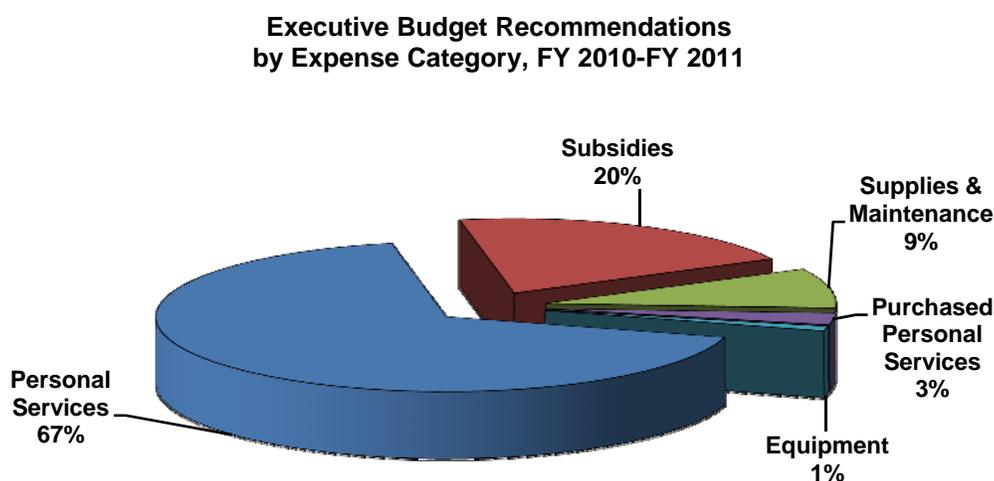
The Board's daily operations are the responsibility of an executive director appointed by the 13-member governing authority. The Executive Director must be a registered nurse with at least five years' experience. Including the Executive Director, the Board currently has 59 full-time employees divided among three program areas: Certification, Licensure, and Continuing Education (15); Compliance (29); and Education, Practice, and Administration (15). The Board has a budget of \$7.1 million for FY 2009. The Board receives no General Revenue Fund (GRF) dollars; it is entirely supported by fees.

For the FY 2010-FY 2011 biennium, the Board's main priorities will be managing the growing volume of initial licensees and renewals by promoting the use of on-line renewals, handling complaints and conducting investigations in a timely manner, monitoring nurse education programs, and providing guidance and clarity on scope of practice issues.

Appropriation Overview

The executive recommends flat funding at the FY 2009 level of \$7.1 million for FY 2010 and FY 2011. At the recommended level, the Board will generally continue its current operations and maintain its 59 employees; however, the Board anticipates some delays in processing licenses and responding to complaints as well as challenges to adequately monitor compliance of nurse education programs.

As a regulatory agency, personal services is the largest expense category for the Board. As seen in the chart below, 67% of the executive budget recommendations for the biennium are for personal services, 20% are for subsidies, 9% for supplies and maintenance, 3% for purchased personal services, and 1% for equipment.



Ten dollars of each nurse license renewal fee is used to fund the Nurse Education Grant Program. The dollars spent for this program accounts for the 20% of the Board's budget that is for subsidies.

While most of the smaller professional licensing boards utilize services available through the Central Service Agency (CSA) of the Department of Administrative Services such as assistance with budget development, Controlling Board request preparation, fiscal processing, and human resources, the Board of Nursing currently carries out those functions internally. The executive recommendations for the FY 2010-FY 2011 biennium include a provision that requires certain boards and commissions, including the Board of Nursing, to utilize CSA for those services. At this time, the Board cannot estimate how this provision will affect its budget or operations in the upcoming biennium.

Fee Revenues and Fund 4K90

The Board issues 11 different types of licenses and certificates. Table 1 below shows the current fee amount for each type of license and certification. (The table shows only eight types because included in certificate of authority are four separate types including nurse practitioner, nurse specialist, nurse midwife, and nurse anesthetist.) Licenses and certificates issued by the Board are required to be renewed on a biennial basis with RN and LPN renewals occurring in opposite years. The Board last increased fees in FY 2004 to fund the Nurse Education Assistance Loan Program.

Type	Initial	Renewal
Registered Nurse	\$75	\$65
Licensed Practical Nurse	\$75	\$65
Certificate of Authority	\$100	\$85
Certificate to Prescribe	\$50	\$50
Certified Dialysis Technician	\$35	\$35
Temporary Certified Dialysis Technician	\$35	\$25 ¹
Community Health Worker	\$35	\$35
Medication Aide	\$50	\$50/\$100 ²

¹ This certificate is not technically renewable; there are three levels of certification and the amount denotes the fee to apply for the next level.

² The renewal fee depends on when in the two-year cycle the person renews.

All fee revenue collected by the Board is deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90), which was established by H.B. 152 of the 120th General Assembly. About 26 occupational licensing and regulatory boards and commissions, including the Board of Nursing, use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Each licensing board or commission is generally expected to be self-sufficient, i.e., generating enough revenues to cover its expenses.

Each quarter, based on the number of nurse license renewals, the Director of Budget and Management transfers cash to the Board of Regents for the Nurse Education Assistance Loan Program (NEALP) and to the Nurse Education Grant Program Fund (Fund 5AC0). In FY 2008, the Director of Budget and Management transferred \$300,530 to the Board of Regents and \$601,060 to Fund 5AC0.

Table 2, specific to the Board's use of Fund 4K90, shows annual revenues, expenditures, and transfers to the Board of Regents and Fund 5AC0 from FY 2005 through FY 2011 as well as the net of revenues less expenditures and transfers. Since RNs and LPNs renew in opposite years of the biennium and the ratio of RNs to LPNs is about 2 to 1, revenues fluctuate year to year.

Table 2. Fund 4K90 Revenues, Expenditures, and Transfers for the Board of Nursing							
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 (estimate)	FY 2010 (estimate)	FY 2011 (estimate)
Revenues	\$6,597,808	\$2,824,976	\$10,631,869	\$6,997,537	\$10,500,000	\$7,000,000	\$10,500,000
Expenditures	\$5,092,233	\$5,221,560	\$5,349,190	\$5,669,529	\$5,661,280	\$5,661,280	\$5,661,280
Transfers Out	\$1,745	\$1,988,692	\$1,086,555	\$901,590	\$1,990,000	\$1,000,000	\$2,100,000
Net Rev. less Exp. & Trans.	\$1,503,830	(\$4,385,276)	\$4,196,124	\$426,418	\$2,848,720	\$338,720	\$2,738,720

ANALYSIS OF EXECUTIVE PROPOSAL

The Board's operations are funded through appropriations from the General Services Fund Group. Table 3 shows the Governor's recommended funding for each of the Board's line items.

Table 3. Governor's Recommended Funding for the Board				
Fund	ALI and Name		FY 2010	FY 2011
General Services Fund Group				
4K90	884609	Operating Expenses	\$5,661,280	\$5,661,280
5AC0	884602	Nurse Education Grant Program	\$1,450,000	\$1,450,000
5P80	884601	Nursing Special Issues	\$5,000	\$5,000
Total Funding: Board of Nursing			\$7,116,280	\$7,116,280

Operating Expenses (884609)

Through this line item, the Board pays most of its operating expenses; some payroll costs are paid out of line item 884602, Nurse Education Grant Program. The executive recommends flat funding at the FY 2009 level of \$5.7 million in FY 2010 and FY 2011. The recommended funding level will allow the Board to generally maintain its current operations and staffing level. However, according to the Board, the recommended level provides funding for only 58 of the 59 current employees. The Board is not planning a layoff but intends to evaluate its budget and operations and "find a way" to pay all personnel costs for the 59 current employees. The Board has 62 approved positions and believes that that level of staffing is necessary to adequately carry out all of its regulatory responsibilities in a timely manner. At the recommended funding level, the Board will continue operations, but anticipates some delays in processing licenses and responding to complaints as well as challenges to adequately monitor compliance of nurse education programs.

To carry out its regulatory responsibility, the Board does all of the following:

- Issues and renews licenses and certificates to those who meet the requirements to practice;
- Approves pre-licensure education programs for nurses and training programs for dialysis technicians, community health workers, and medication aides;
- Establishes regulatory and practice standards for all of those it licenses and certifies;
- Establishes and interprets scopes of practice;

- Investigates complaints, and when necessary, disciplines and monitors the practice of those who violate the laws and rules.

Licenses

The Board issues several different types of licenses and certificates, which must be renewed biennially. Table 4 shows the number of all active licenses and certificates issued by the Board in FY 2007 and FY 2008. The total number of active RN licenses decreased slightly by 0.8% (1,288) from FY 2007 to FY 2008; LPN licenses increased 9% (4,288); certificates to prescribe increased 10%.

Type	FY 2007	FY 2008	% Change
Registered Nurse	158,295	157,007	-0.8%
Licensed Practical Nurse	48,241	52,529	8.9%
Certificate of Authority	7,703	7,845	1.8%
Certificate to Prescribe	3,400	3,753	10.4%
Certified Dialysis Technician	1,194	1,306	9.4%
Temporary Certified Dialysis Technician	444	412	-7.2%
Community Health Worker	59	68	15.3%
Certified Medication Aide	35	63	80.0%
Total	219,371	222,983	1.6%

* Data is as of June 30th each year.

The Board currently utilizes several components of the eLicensing system, which is administered through CSA. Each board that participates in the eLicensing system receives a basic component of the system that includes a database of all licensees and their license status. Boards have the option of purchasing additional components of the system including initial licensure, renewal, image storing and indexing, and complaint tracking. During the FY 2008-FY 2009 biennium, the Board expanded the agency web site to include on-line license verification through the eLicensing system. Currently, RN and LPN licenses as well as certificates of authority may be renewed on-line, all licensure applicants may log in and review the status of their pending application, and the public may access disciplinary outcomes of investigations of licensees. The Board is considering adding on-line renewal for dialysis technicians in FY 2010. The Board estimates that costs for eLicensing will be \$103,458 in FY 2010 and FY 2011.

Licensees and certificate holders are required to renew their licenses every two years. Table 5 below shows the number of licenses and certificates issued and renewed by the Board during FY 2008. Including initial licenses, certificates, and renewals, the Board issued 95,706 licenses and certificates in FY 2008.

The Board requires RNs to renew in odd-numbered years and LPNs to renew in even-numbered years. The table shows licensure issuance for FY 2008 (an even-numbered year); however, renewals are based on the calendar year. The six month offset between the calendar year and fiscal year may explain why some RNs are shown in the table to have renewed in FY 2008, as some licensees renewed after July 1, 2007. The table also shows no renewals for temporary certified dialysis technicians or medication aides. The reason there are no renewals for temporary dialysis technicians is due to the fact that there are three levels of temporary dialysis technician certificates; an expired certificate is not renewable. Once a certificate expires the technician advances to the next level within this certification type and is issued a new initial temporary certificate. The reason there are no renewals for medication aides is because the Board issued the first medication aide certificates in FY 2007. Under the administrative rules for the pilot program, certificate renewals will begin May 2010. (For more information on the pilot program, see heading "Medication Aide Pilot Program" below.)

Table 5. Licenses and Certificates Issued in FY 2008			
Type	Initial	Renewal	Total
Registered Nurse	9,057	52,697	61,754
Licensed Practical Nurse	4,272	26,047	30,319
Certificates of Authority	608	1,261	1,869
Certificate to Prescribe	594	649	1,243
Certified Dialysis Technician	115	11	126
Temporary Certified Dialysis Technician	323	—	323
Community Health Worker	7	2	9
Medication Aide	63	—	63
Total	15,039	80,667	95,706

Investigation and Enforcement

The Board's regulatory obligations also include investigating complaints and, when necessary, administering discipline of licensees and certificate holders. In FY 2008, the Board received, reviewed, and investigated 4,021 complaints.¹ The most common disciplinary actions taken by the Board are consent agreements and some form of suspension. In FY 2008, the Board permanently revoked 83 licensees, which is the most severe discipline that can be imposed on a licensee.

¹ A complaint is anything that alleges grounds for disciplinary action by the Board (e.g., a report of abuse, an invalid license, or a background check of an applicant that reveals a criminal record).

In the FY 2010-FY 2011 biennium, as part of its efforts to ensure compliance with standards of practice, the Board plans to develop a pilot program with a health care facility to monitor nursing professionals' competence. The employer at the facility will assess its nurses' abilities and report to the Board any practice issues to proactively identify nurses who may have difficulty meeting nursing care standards. The employer will then report to the Board any actions taken to remediate the licensee. At that time, the Board will be able to monitor a nurse's progress as long as the nurse is licensed to practice in Ohio.

Continuing Education

Licensees and certificate holders must meet continuing education requirements to renew their license or certificate. Table 6 outlines the continuing education requirements of licensees and certificate holders.

Table 6. Continuing Education Requirements	
License or Certificate Type	Hours Required
All Licensees and Certificate Holders	1 hour related to the Ohio Nurse Practice Act and board rules
Registered Nurse	24 hours; if licensee has ≤ one year of experience, 12 contact hours
Licensed Practical Nurse	24 hours; if licensee has ≤ one year of experience, 12 contact hours
Certificates of Authority	12 hours unless certified by national nursing certifying organization
Certificate to Prescribe	12 hours in advanced pharmacology
Certified Dialysis Technician	15 hours; 10 in dialysis care
Community Health Worker	15 hours; 1 in establishing and maintaining professional boundaries
Certified Medication Aide	15 hours; 10 in medications or medication administration, 1 in establishing and maintaining professional boundaries

The Board randomly audits 2% of all licensees and certificate holders to ensure they have met continuing education requirements. Licensees or certificate holders must provide proof to the Board of all continuing education units obtained during the audited period. During FY 2008, the Board audited about 4,500 of its licensees and certificate holders.

Medication Aide Pilot Program

H.B. 66 of the 126th General Assembly, required the Board to establish and implement the Medication Aide Pilot Program, which certifies medication aides to administer medications in nursing homes and residential care facilities. H.B. 119 of the 127th General Assembly, extended the deadline for the Board to issue an evaluation of the pilot program from March 1, 2007, to no later than 181 days after the Board issued the 75th medication aide certificate and extended the date of statewide implementation of the Medication Aide Program from July 1, 2007 to the 31st day following the Board's

release of its evaluation report. On August 26, 2008, the Board issued the 75th certificate initiating the countdown for statewide implementation. On February 23, 2009, the Board will release its report on the Medication Aide Pilot Program and statewide implementation will begin March 26, 2009. As a result of the new program, the Board anticipates an increase in the number of applicants seeking certification through the program, as well as an increase in medication aide training programs seeking Board approval. Additionally, with the increased number of certificates, a corresponding number of complaints, investigations, and disciplinary actions are expected to occur. In the FY 2010-FY 2011 biennium, the Board will face the challenge of regulating the new certificate program with its current staff.

Nurse Education Grant Program (884602)

The executive recommends flat funding at the FY 2009 level of \$1.45 million in FY 2010 and FY 2011. Ten dollars of each renewal license fee supports the appropriation in this line item. The Nurse Education Grant Program provides grants to Ohio nurse education programs that have partnerships with health care facilities, community health agencies, or other education programs to establish support partnerships that will increase the enrollment capacity of the programs. The program began in January 2004 and, in accordance with R.C. section 4723.063, will continue through December 2013. Each grant cycle is for two years, beginning September 1 of an odd-numbered year. So far during the current grant cycle (September 1, 2007 to August 31, 2009), the Board has awarded 11 nursing education programs grants totaling \$1.8 million. The Board is allowed to use 10% of the funds for this program to pay administrative costs. In FY 2009, for the first time since the program's inception, the Board began to pay some payroll costs from this line item and will likely continue to do so in FY 2010 and FY 2011.

Nursing Special Issues (884601)

The executive recommends flat funding at the FY 2009 level of \$5,000 in FY 2010 and FY 2011. The Board plans to use this line item to pay some costs associated with a nursing professionals monitoring pilot program, the Nursing Center for Excellence web site, board staff resources such as subscriptions to professional periodicals, or membership dues to patient safety organizations.

REQUESTS NOT FUNDED

The Board requested funding in FY 2010 and FY 2011 to maintain existing operations and other administrative functions while responding to an increase in the number of licensees regulated by the Board. Table 7 shows the requested and recommended amounts for the Board.

Fund Line Item	FY 2010 Recommended	FY 2010 Requested	Difference	FY 2011 Recommended	FY 2011 Requested	Difference
4K90 884609	\$5,661,280	\$6,681,528	(\$1,020,248)	\$5,661,280	\$6,876,050	(\$1,214,770)

As of June 2008, the number of licenses increased by almost 13,000 and the number of nursing education programs seeking board approval increased by 20 since FY 2006. The Board anticipates the number of nursing education programs seeking approval to continue to increase during the FY 2010-FY 2011 biennium thereby increasing the workload for the staff that monitors these programs.

Complaints increased 20% in the FY 2008-FY 2009 biennium, requiring more investigations and disciplinary actions by the Board, which increased costs related to administrative hearings, such as personal service contracts for hearing officers and publication of hearing notices. The number of complaints is unlikely to decrease in the FY 2010-FY 2011 biennium since the number of licensees will continue to increase.

On March 26, 2009, statewide implementation of the Medication Aide Pilot Program will begin and about 1,000 nursing homes and residential care facilities will have the opportunity to employ medication aides. About 91,000 state-tested nursing aides will be eligible to seek training and certification to become medication aides. The Board anticipates a significant increase in the number of applications for medication aide certificates, as well as an increase in medication aide training programs seeking approval.

According to the Board, the requested funding level would have been used to hire three additional employees in the compliance, education, and licensing areas, and to pay the associated costs of supplies, maintenance, and equipment. The requested funding would have also been used to pay costs of the increasing number of administrative hearings. Without the additional funding, the Board anticipates delays in processing licenses and responding to complaints, as well as challenges to adequately monitor compliance of nurse education programs.

General Services Fund Group

4K90 884609 Operating Expenses

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$5,221,560	\$5,349,190	\$5,669,529	\$5,661,280	\$5,661,280	\$5,661,280
	2.4%	6.0%	-0.1%	0.0%	0.0%

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

Legal Basis: ORC 4723.02 and 4743.05; Section 345.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to pay the Board of Nursing's operating expenses, including personal services, supplies, maintenance, and equipment.

5AC0 884602 Nurse Education Grant Program

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$694,099	\$748,835	\$789,633	\$1,450,000	\$1,450,000	\$1,450,000
	7.9%	5.4%	83.6%	0.0%	0.0%

Source: GSF: \$10 from each nurse license renewal fee deposited into Fund 4K90 and then transferred quarterly to Fund 5AC0 by the Director of Budget and Management

Legal Basis: ORC section 4723.063; Section 345.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: These funds are awarded as grants to nurse education programs that partner with other educational programs or health care facilities to increase their nursing student enrollment capacity. Grants may be used to pay costs for things such as instructional personnel or education equipment.

5P80 884601 Nursing Special Issues

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$39,000	\$0	\$0	\$5,000	\$5,000	\$5,000
			N/A	0.0%	0.0%

Source: GSF: Grants and gifts

Legal Basis: ORC 4723.062; Section 345.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: The Board may choose to use to this line item to pay some costs associated with a nursing professionals monitoring pilot program, the Nursing Center for Excellence web site, board staff resources such as subscriptions to professional periodicals, or membership dues to patient safety organizations.

LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2008</i>	<i>2009</i>	<i>As Introduced 2010</i>	<i>% Change 2009 to 2010</i>	<i>As Introduced 2011</i>	<i>% Change 2010 to 2011</i>
<i>NUR Board of Nursing</i>								
4K90	884609	Operating Expenses	\$ 5,669,529	\$ 5,661,280	\$ 5,661,280	0.0%	\$ 5,661,280	0.0%
5AC0	884602	Nurse Education Grant Program	\$ 789,633	\$ 1,450,000	\$ 1,450,000	0.0%	\$ 1,450,000	0.0%
5P80	884601	Nursing Special Issues	\$0	\$ 5,000	\$ 5,000	0.0%	\$ 5,000	0.0%
General Services Fund Group Total			\$ 6,459,162	\$ 7,116,280	\$ 7,116,280	0.0%	\$ 7,116,280	0.0%
Total All Budget Fund Groups			\$ 6,459,162	\$ 7,116,280	\$ 7,116,280	0.0%	\$ 7,116,280	0.0%