

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 three 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. 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
- Funding increases 6.2% in FY 2014 and increases 1.1% in FY 2015
- About 259,830 active licensees and certificate holders

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), dialysis technicians, community health workers, and 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. About 259,830 Board-issued licensees and certificates 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 (one must be an advanced practice nurse), four licensed practical nurses (LPNs) with at least five years' experience, and one 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 \$5,000 for conducting official board business.

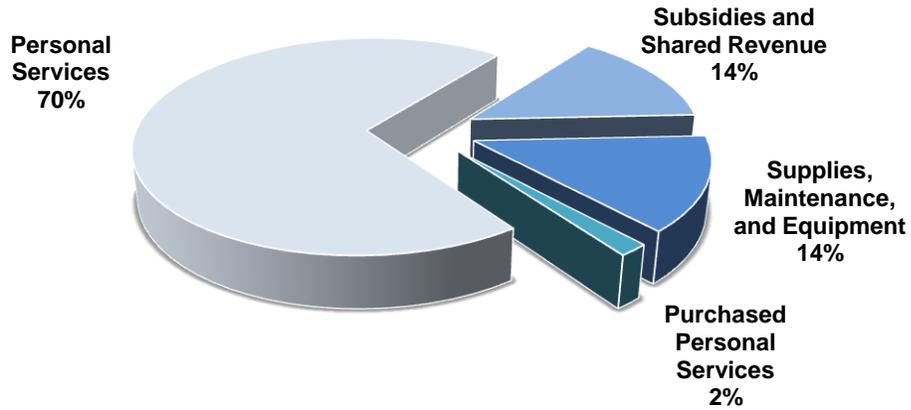
The Board's daily operations are the responsibility of an executive director appointed by the 13-member governing authority. The Executive Director must be a registered nurse with at least five years' experience. Including the Executive Director, the Board currently has 67 full-time employees divided among three program areas: Certification and Licensure (18); Compliance (34); and Education, Practice, and Administration (15). The Board has a budget of \$8.1 million for FY 2013. The Board receives no General Revenue Fund (GRF) dollars; it is entirely supported by fees.

Appropriation Overview

The executive recommends funding of \$8.6 million in FY 2014 and in FY 2015, a 6.2% increase over FY 2013 estimated expenditures. At the recommended level, the Board will maintain current operations and likely increase staffing levels.

As a regulatory agency, personal services is the largest expense category for the Board. As seen in the chart below, 70% of the executive budget recommendations for the biennium is for personal services; 14% is for subsidies and shared revenue; 14% is for supplies, maintenance, and equipment; and 2% is for purchased personal services.

**Executive Budget Recommendations
by Expense Category, FY 2014-FY 2015**



Most of the smaller professional licensing boards utilize services available through the Central Service Agency (CSA) of the Department of Administrative Services (DAS) 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.

Fee Revenues and Fund 4K90

The Board issues ten different types of licenses and certificates. Table 1 below shows the current fee amount for each type of license and certification. (In addition, there are four separate types included in Certificate of Authority: 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.

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 1	\$35	N/A*
Temporary Certified Dialysis Technician 2 and 3	\$25	N/A*
Community Health Worker	\$35	\$35
Medication Aide	\$50	\$50

* These certificates are not renewable.

In March 2013, the three Temporary Certified Dialysis Technician certificates will be replaced by one Certified Dialysis Technician Intern certificate. This change was made in H.B. 303 of the 129th General Assembly. The initial fee for this certificate will be established in rule.

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. Twenty-seven 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, the Director of Budget and Management (OBM) transfers cash from Fund 4K90 to the Nurse Education Grant Program Fund (Fund 5AC0) in an amount equal to \$10 of each nurse license renewal. The Director of OBM also transfers cash from Fund 4K90 to the Board of Regents (BOR) for the Nurse Education Assistance Loan Program in an amount equal to \$5 of each nurse license renewal. In FY 2012, \$1.7 million was transferred to Fund 5AC0 and \$857,705 was transferred to BOR.

Table 2 shows the Board's annual revenues, expenditures, and transfers to Fund 5AC0 and the Board of Regents from FY 2010 through FY 2015 as well as the net of revenues less expenditures and transfers. RNs generally renew in odd-numbered fiscal years and LPNs in even-numbered fiscal years. Since there are more active RN licenses than LPN licenses, revenues are higher in the second year of each biennium.

	FY 2010	FY 2011	FY 2012	FY 2013 (estimate)	FY 2014 (estimate)	FY 2015 (estimate)
Revenues	\$7,156,566	\$11,226,088	\$9,239,576	\$11,450,000	\$9,300,000	\$11,500,000
Expenditures	\$5,542,569	\$5,681,781	\$6,312,361	\$6,680,896	\$7,181,743	\$7,273,978
Transfers Out	\$2,018,685	\$941,315	\$2,573,115	\$950,000	\$2,600,000	\$975,000
Net Rev. less Exp. & Trans.	-\$404,688	\$4,602,992	\$354,100	\$3,819,104	-\$481,743	\$3,251,022

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 2014	FY 2015
General Services Fund Group				
4K90	884609	Operating Expenses	\$7,181,743	\$7,273,978
5AC0	884602	Nurse Education Grant Program	\$1,373,506	\$1,373,506
5P80	884601	Nursing Special Issues	\$2,000	\$2,000
Total Funding: Board of Nursing			\$8,557,249	\$8,649,484

Operating Expenses (884609)

Through this line item, the Board pays for most of its operating expenses (though a small portion of payroll costs are paid out of line item 884602, Nurse Education Grant Program). The executive recommends \$7.2 million in FY 2014, a 7.5% increase over FY 2013 estimated expenditures, and \$7.3 million in FY 2015, a 1.3% increase over FY 2014. The recommended funding level will allow the Board to maintain current operations and increase staffing levels. Licensees, complaints, and administrative hearings have increased consistently over the past several years, which has increased the need for additional staff. According to the Board, the recommended appropriations will likely provide adequate funding to hire three additional employees. The Board last hired three additional employees in FY 2012 to accommodate the increasing workloads.

In the FY 2012-FY 2013 biennium, in addition to ongoing operating expenses, the Board paid the cost of its biennial audit conducted by the Auditor of State (in accordance with section 117.13 of the Revised Code). In FY 2012, the Board expended \$11,879 for this audit. The Board has budgeted about \$13,500 for an audit in the FY 2014-FY 2015 biennium.

For the FY 2014-FY 2015 biennium, the Board's main priorities will be handling complaints and conducting investigations in a timely manner, working with colleges and universities to increase nursing student capacity, monitoring nursing education programs, and addressing patient safety in collaboration with employers.

Regulatory Responsibilities

To carry out its regulatory responsibility, the Board does 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 active licenses and certificates issued by the Board in FY 2011 and FY 2012. The total number of active RN licenses slightly decreased by 0.4% from FY 2011 to FY 2012, LPN licenses increased 8.3%, certificates to prescribe increased 10.8%.

Type	FY 2011	FY 2012	% Change
Registered Nurse	179,203	178,462	-0.4%
Licensed Practical Nurse	55,575	60,187	8.3%
Certificate of Authority	9,813	10,270	4.7%
Certificate to Prescribe	5,343	5,922	10.8%
Certified Dialysis Technician	1,333	1,507	13.1%
Temporary Certified Dialysis Technicians	304	295	-3.0%
Certified Medication Aide	133	112	-15.8%
Community Health Worker	61	95	55.7%
Total	251,765	256,850	2.0%

*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. The Board's web site includes online license verification through the eLicensing system. In addition, RN and LPN licenses as well as certificates of authority may be renewed online, 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 estimates that costs for eLicensing will be \$100,000 for the FY 2014-FY 2015 biennium.

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 2012. Including initial licenses, certificates, and renewals, the Board issued 109,252 licenses and certificates in FY 2012.

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 2012. The table shows no renewals for temporary certified dialysis technicians, as expired certificates are not renewable.

Type	Initial	Renewal	Total
Registered Nurse	11,945	62,846	74,791
Licensed Practical Nurse	4,559	22,239	26,798
Certificate of Authority	1,033	3,118	4,151
Certificate to Prescribe	1,395	1,529	2,924
Certified Dialysis Technician	159	22	181
Temporary Certified Dialysis Technicians	237	--	237
Community Health Worker	33	1	34
Medication Aide	46	90	136
Total	19,407	89,845	109,252

Investigation and Enforcement

The Board's regulatory obligations also include investigating complaints and, when necessary, administering discipline of licensees and certificate holders.¹ In FY 2012, the Board received, reviewed, and investigated 7,300 complaints, an increase of 6.1% over FY 2011 (6,880) and 18.8% over FY 2010 (6,144). The recent increases require more investigations and disciplinary actions by the Board, which has increased costs related to administrative hearings, such as personal service contracts for hearing officers and publication of hearing notices. The Board also monitors licensees that have been disciplined to ensure compliance with Board orders or settlement agreements. In FY 2012, the Board monitored about 3,040 licensees. The most common disciplinary actions taken by the Board are consent agreements and some form of suspension. In FY 2012, the Board permanently revoked 122 licenses, 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).

Patient Safety Initiative Program

In the FY 2010-FY 2011 biennium, as part of its efforts to ensure compliance with standards of practice, the Board developed the Patient Safety Initiative Program. The program's main goal is to improve the reporting, reviewing, and remediation of failures to provide adequate care for patients in acute care facilities throughout the state. Such failures may involve issues of human error, reckless behavior, or system flaws outside of an individual's control. To address these issues, the Board encourages hospitals to implement effective training and remediation programs related to medical error. Under the initiative, the Board also established the Taxonomy of Error, Root Cause Analysis, and Practice Responsibility (TERCAP) database, which all Ohio hospitals use to report complaints to the Board. The database helps the Board identify patterns associated with patient care issues. The initiative also provides licensees exhibiting repeated or at-risk behavior with the option to participate in the Practice Intervention and Improvement Program (PIIP), a confidential alternative to discipline remediation programs. Under the program, employers monitor participants and provide remedial education until the participants can return to safe practice. In FY 2012, there were eight successful completions in PIIP, and as of the end of that year, there were ten licensees participating in PIIP. The Board plans to continue the Patient Safety Initiative Program in the FY 2014-FY 2015 biennium.

Education

The Board approves pre-licensure education programs for nurses and training programs. Currently, the Board oversees 174 pre-licensure programs, an increase from 143 in 2008. The Board addresses issues when nurse education programs fail to meet or maintain regulatory requirements defined in state law. In FY 2011 and FY 2012, the Board sanctioned 13 nursing education programs for failing to meet requirements.

Since the end of FY 2012, the Board has approved eight new nurse education programs and has been notified of other entities that intend to begin new nurse education programs in the FY 2014-FY 2015 biennium. The Board anticipates the number of nursing education programs seeking approval to continue to increase during the FY 2014-FY 2015 biennium thereby increasing the workload for the staff that monitor these programs.

Licensees and certificate holders must meet continuing education requirements to renew their license or certificate. The Board randomly audits about 2% of all licensees and certificate holders to ensure they have met continuing education requirements. Licensees and certificate holders must provide proof to the Board of all continuing education units obtained during the auditing period. The Board audited about 4,020 RNs and LPNs over FY 2011 and FY 2012.

Cost Containment

In the FY 2014-FY 2015 biennium, the Board will continue with cost containment initiatives implemented in the last two biennia. Some of these initiatives include:

- Operating with reduced central office staff in the areas of fiscal, human resources, and clerical;
- Operating with four less field offices;
- Sharing fiscal and licensure staff and hiring intermittent staff during times of high workloads;
- Using teleconferences to reduce staff travel time and minimize out-of-state travel;
- Maintaining quick processing of discipline cases when a hearing is not requested (the current average is about seven months, which has been reduced from about two and a half years);
- Increasing online renewal rates (currently at about 95%); and
- Eliminating paper wallet cards.

Nurse Education Grant Program (884602)

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. Grants are awarded to pre-licensure programs for licensed practical nurses and registered nurses and to post-graduate programs. The program began in January 2004 and, in accordance with R.C. section 4723.063, will continue through December 2023. The executive recommends flat funding of \$1.4 million in FY 2014 and FY 2015.

Funding for the Nurse Education Grant Program is supported by \$10 of each nursing license fee renewal. Each quarter, based on the number of nurse license renewals, the OBM Director transfers cash from Fund 4K90 to the Nurse Education Grant Program Fund (Fund 5AC0), which supports this line item. In FY 2012, \$1,715,410 was transferred to Fund 5AC0 for this program. The Board is allowed to use 10% of the funds received to pay administrative costs; therefore, some payroll expenses are paid from this line item.

Each grant cycle is for two years, beginning September 1 of an odd-numbered year. In the current grant cycle (September 1, 2011 to August 31, 2013), the Board has awarded 15 nursing education programs grants totaling \$2.5 million. The table below lists the grant recipients and awards for the current grant period.

Table 6. Nursing Education Grant Awards for Current Grant Period (September 1, 2011 to August 31, 2013)	
Program Name	Award
Licensed Practical Nurse Pre-Licensure Programs	\$550,556
Nancy J. Knight School of Nursing	\$200,000
Tri-Rivers School of Practical Nursing	\$186,800
Columbiana County School of Practical Nursing	\$163,756
Registered Nurse Pre-Licensure Programs	\$1,150,633
Marion Technical College Nursing Department	\$200,000
North Central State College	\$200,000
Xavier University Bachelor of Science in Nursing Program	\$199,784
Otterbein University	\$199,685
Franciscan University of Steubenville Nursing Program	\$198,672
James A. Rhodes State College	\$103,450
Firelands Regional Medical Center School of Nursing	\$49,042
Post-Graduate Programs	\$804,862
The Ohio State University College of Nursing	\$199,988
Otterbein University	\$199,671
Lourdes College	\$197,772
Xavier University Master of Science in Nursing Program	\$174,388
Kent State University College of Nursing	\$33,043
Total	\$2,506,501

Nursing education programs may apply for funding in each grant period and typically receive funds quarterly. A grant recipient may not receive more than \$200,000 in each grant cycle or more than \$1 million over the life of the program. Funds can be used for clinical faculty, instructional personnel, educational equipment, and any approved activities that may support an increase in enrollment. The program requires grant recipients to submit annual reports to the Board. Since the program's start, including the current grant period, the Board has awarded over \$7.3 million to 28 different programs.

Nurse Education Assistance Loan Program

In addition to transferring cash from Fund 4K90 to Fund 5AC0 for the Nurse Education Grant Program, the OBM Director also transfers cash from Fund 4K90 for another nurse education program, the Nurse Education Assistance Loan Program (NEALP). Each quarter, the OBM Director transfers an amount equal to \$5 of each nursing license renewal fee from Fund 4K90 to the Nurse Education Assistance Fund

(Fund 6820), used by the Ohio Board of Regents (BOR) to administer NEALP. In FY 2012, the OBM Director transferred \$857,705 to BOR for this program.

NEALP provides financial assistance to Ohio students enrolled in at least half-time study in approved pre-licensure or post-licensure nurse education programs. The program's purpose is to encourage students to enter the nursing profession and provide affordable college access to nursing students. In accordance with the discretion of the BOR Chancellor and under approval of the Board, NEALP funds are prioritized to support nurses intending to become nurse faculty (which requires a graduate level of education), then to support students intending to serve as registered nurses.

Nursing Special Issues (884601)

The Board uses this line item to pay for its membership with the National Forum on Nursing Centers, an organization that provides nursing workforce data. The fund that supports this line item accepts grants and gifts to help fund programs related to patient safety and the supply and demand for nurses and healthcare workers. The executive recommends appropriations of \$2,000 in FY 2014 and FY 2015.

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Board of Nursing

General Services Fund Group

4K90 884609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$5,542,568	\$5,681,781	\$6,312,361	\$6,680,896	\$7,181,743	\$7,273,978
	2.5%	11.1%	5.8%	7.5%	1.3%

Source: General Services Fund Group: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4723.082 and 4743.05; Section 345.10 of Am. Sub. H.B. 153 of the 129th 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. The Board is responsible for licensing nurses and for certifying nurses who practice various specialties, such as midwifery and anesthesia. The Board also certifies dialysis technicians, community health workers, and medication aides. The Board sets standards of practice, investigates complaints, determines appropriate disciplinary actions for licensees and certificate holders, and approves pre-licensure and continuing nurse education programs.

5AC0 884602 Nurse Education Grant Program

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$1,031,034	\$1,022,157	\$1,326,627	\$1,373,506	\$1,373,506	\$1,373,506
	-0.9%	29.8%	3.5%	0.0%	0.0%

Source: General Services Fund Group: Quarterly transfers made by the Director of Budget and Management from Fund 4K90 in an amount equal to \$10 of each nurse license renewal fee paid that quarter

Legal Basis: ORC 4723.063; Section 345.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to award grants to nurse education programs that partner with other educational programs, community health agencies, or health care facilities to increase their nursing student enrollment capacity. Grant dollars may be used for instructional personnel, education equipment and materials, and other activities acceptable to the Board (but not construction or renovation costs).

Board of Nursing

5P80 884601 Nursing Special Issues

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$629	\$631	\$500	\$5,000	\$2,000	\$2,000
	0.3%	-20.8%	900.0%	-60.0%	0.0%

Source: General Services Fund Group: Grants

Legal Basis: ORC 4723.062; Section 345.10 of Am. Sub. H.B. 153 of the 129th G.A.
(originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item may be used to develop and maintain programs that address patient safety and health care issues related to the supply of and demand for nurses and other health care workers. This line item also supports the Board's membership to the National Forum on Nursing Centers.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
NUR Board of Nursing								
4K90	884609	Operating Expenses	\$ 6,312,361	\$ 6,680,896	\$ 7,181,743	7.50%	\$ 7,273,978	1.28%
5AC0	884602	Nurse Education Grant Program	\$ 1,326,627	\$ 1,373,506	\$ 1,373,506	0.00%	\$ 1,373,506	0.00%
5P80	884601	Nursing Special Issues	\$ 500	\$ 5,000	\$ 2,000	-60.00%	\$ 2,000	0.00%
General Services Fund Group Total			\$ 7,639,489	\$ 8,059,402	\$ 8,557,249	6.18%	\$ 8,649,484	1.08%
Board of Nursing Total			\$ 7,639,489	\$ 8,059,402	\$ 8,557,249	6.18%	\$ 8,649,484	1.08%