

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 5.5% in FY 2016 and increases 0.2% in FY 2017
- About 270,000 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. Over 270,000 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 for conducting official Board business. In FY 2014, the average annual compensation for Board members was approximately \$3,500.

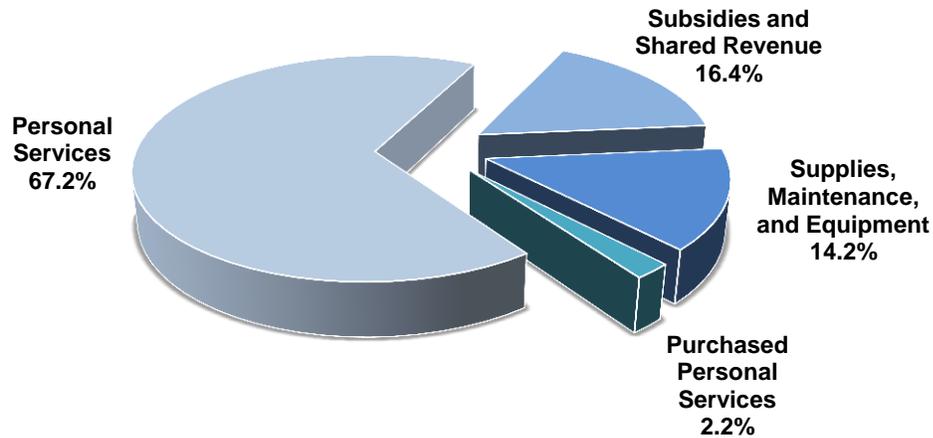
The Board's daily operations are the responsibility of an executive director appointed by the 13-member governing authority. The Executive Director must be a registered nurse with at least five years' experience. Including the Executive Director, the Board has 66 full-time employees divided among three program areas: Licensure, Certification, and Continuing Education (15); Compliance (37); and Education, Practice, and Administration (14). The Board is currently approved for 68 FTEs and hopes to fill two vacancies before the end of FY 2015. The Board has a budget of \$8.6 million for FY 2015. The Board receives no General Revenue Fund (GRF) dollars; it is entirely supported by fees.

Appropriation Overview

The executive recommends funding of \$9.13 million in FY 2016, an increase of 5.5% over FY 2015 estimated expenditures, and \$9.15 million in FY 2017, a 0.2% increase over FY 2016 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, 67.2% of the executive budget recommendations for the biennium is for personal services; 16.4% is for subsidies and shared revenue; 14.2% is for supplies, maintenance, and equipment; and 2.2% is for purchased personal services.

Chart 1: Executive Budget Recommendations by Expense Category, FY 2016-FY 2017



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 eight 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
Certified Dialysis Technician Intern	\$35	N/A*
Community Health Worker	\$35	\$35
Medication Aide	\$50	\$50

*This certificate is not renewable.

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-six 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 2014, \$1.2 million was transferred to Fund 5AC0 and \$941,180 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 2012 through FY 2017 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 2012	FY 2013	FY 2014	FY 2015 (estimate)	FY 2016 (estimate)	FY 2017 (estimate)
Revenues	\$9,239,576	\$11,314,528	\$10,407,512	\$11,500,000	\$10,000,000	\$12,500,000
Expenditures	\$6,312,361	\$6,832,139	\$7,033,883	\$7,273,978	\$7,695,837	\$7,725,837
Transfers Out	\$2,573,115	\$515,120	\$1,882,360	\$600,000	\$2,000,000	\$600,000
Net Rev. less Exp. & Trans.	\$354,100	\$3,967,269	\$1,491,269	\$3,626,022	\$304,163	\$4,174,163

ANALYSIS OF EXECUTIVE PROPOSAL

The Board's operations are funded through appropriations from the Dedicated Purpose Fund Group. The table below shows the Governor's recommended funding for each of the Board's line items.

Governor's Recommended Funding for the Board				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4K90	884609	Operating Expenses	\$7,602,328	\$7,622,328
5AC0	884602	Nurse Education Grant Program	\$1,523,506	\$1,523,506
5P80	884601	Nursing Special Issues	\$2,000	\$2,000
Total Funding: Board of Nursing			\$9,127,834	\$9,147,834

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 \$7.60 million in FY 2016, a 4.5% increase over FY 2015 estimated expenditures, and \$7.62 million in FY 2017, a 0.3% increase over FY 2016. 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 for the FY 2016-FY 2017 biennium.

In the FY 2014-FY 2015 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 2014, the Board expended \$4,936 for this audit. The Board has budgeted about \$14,000 for an audit in the FY 2016-FY 2017 biennium.

For the FY 2016-FY 2017 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 3 shows the number of active licenses and certificates issued by the Board in FY 2013 and FY 2014. The total number of active RN licenses slightly decreased by 0.7% from FY 2013 to FY 2014, LPN licenses increased 6.6%, and certificates to prescribe increased 14.4%.

Table 3. Active Licenses and Certificates*			
Type	FY 2013	FY 2014	% Change
Registered Nurse	189,642	188,312	-0.7%
Licensed Practical Nurse	56,146	59,836	6.6%
Certificate of Authority	11,473	12,318	7.4%
Certificate to Prescribe	6,655	7,613	14.4%
Certified Dialysis Technician	1,392	1,546	11.1%
Temporary Certified Dialysis Technician ¹	258	16	-93.8%
Certified Dialysis Technician Intern	20	262	1,210.0%
Certified Medication Aide	163	192	17.8%
Community Health Worker	83	122	47.0%
TOTAL	265,832	270,217	1.7%

*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 website includes online license verification through the eLicensing

¹ H.B. 303, effective March 20, 2013, streamlined the dialysis technician certification process. The Board will no longer issue Temporary Certificates 1, 2, and 3, but instead issue a dialysis technician certificate leading to full certification.

system. As of FY 2014, the Board mandated online license renewal and began testing an online initial licensure application. 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 \$716,406 for the FY 2016-FY 2017 biennium.

Licensees and certificate holders are required to renew their licenses every two years. Table 4 below shows the number of licenses and certificates issued and renewed by the Board during FY 2014. Including initial licenses, certificates, and renewals, the Board issued 123,008 licenses and certificates in FY 2014.

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 2014. The table shows no renewals for certified dialysis technician interns, as expired certificates are not renewable.

Type	Initial	Renewal	Total
Registered Nurse	11,573	78,439	90,012
Licensed Practical Nurse	2,808	19,632	22,440
Certificate of Authority	1,417	4,468	5,885
Certificate to Prescribe	1,444	2,589	4,033
Certified Dialysis Technician	137	31	168
Certified Dialysis Technician Intern	257	0	257
Community Health Worker	41	2	43
Medication Aide	30	140	170
TOTAL	17,707	105,301	123,008

Investigation and Enforcement

The Board's regulatory obligations also include investigating complaints and, when necessary, administering discipline of licensees and certificate holders.² In FY 2014, the Board received, reviewed, and investigated 9,790 complaints, an increase of 21.9% over FY 2013 (8,028) and 34.1% over FY 2012 (7,300). 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

² 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).

FY 2014, the Board monitored about 3,668 licensees. The most common disciplinary actions taken by the Board are consent agreements and some form of suspension. In FY 2014, the Board permanently revoked 130 licenses, which is the most severe discipline that can be imposed on a licensee.

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 2014, there were four successful completions in PIIP, and as of the end of that year, there were 11 licensees participating in PIIP. The Board plans to continue the Patient Safety Initiative Program in the FY 2016-FY 2017 biennium.

Education

The Board approves pre-licensure education programs for nurses and training programs. Currently, the Board oversees 178 pre-licensure programs, an increase from 145 in 2009. The Board addresses issues when nurse education programs fail to meet or maintain regulatory requirements defined in state law. In FY 2013 and FY 2014, the Board sanctioned 25 nursing education programs for failing to meet requirements.

Since the end of FY 2014, the Board has approved two new nurse education programs and has been notified of four other entities that intend to begin new nurse education programs in the FY 2016-FY 2017 biennium. The Board anticipates the number of nursing education programs seeking approval to continue to increase during the FY 2016-FY 2017 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 4,000 RNs and LPNs over FY 2013 and FY 2014.

Cost Containment

In the FY 2016-FY 2017 biennium, the Board will continue with cost containment initiatives implemented in the last two biennia. Some of these initiatives include:

- 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 to nine months, which has been reduced from about two and a half years);
- Mandatory online renewal; 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 funding of \$1.5 million in FY 2016 and FY 2017, a 10.9% increase over FY 2015 estimated expenditures.

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 2014, \$1,208,156 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, 2013 to August 31, 2015), the Board has awarded 14 nursing education programs grants totaling \$2.4 million. The table below lists the grant recipients and awards for the current grant period.

Table 5. Nursing Education Grant Awards for Current Grant Period (September 1, 2013 to August 31, 2015)	
Program Name	Award
Licensed Practical Nurse Pre-Licensure Programs	\$358,816
Tri-Rivers Center for Adult Education, PN Program	\$200,000
Robert T. White School of Practical Nursing	\$158,816
Registered Nurse Pre-Licensure Programs	\$1,439,124
Marion Technical College Nursing Dept.	\$200,000
Lourdes University	\$195,383
Xavier University BSN Program	\$194,383
Mercy College of Ohio	\$193,200
College of Mount St. Joseph Dept. of Graduate Nursing	\$177,740
Kent State University	\$159,580
Firelands Regional Medical Center School of Nursing	\$133,746
James A. Rhodes State College	\$100,486
North Central State College ADN Program	\$84,606
Post-Graduate Programs	\$593,713
Xavier University MSN Program	\$200,000
University of Cincinnati College of Nursing	\$198,330
Lourdes University	\$195,383
TOTAL	\$2,391,653

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 \$9.7 million to 59 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 2014, the OBM Director transferred \$941,108 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 2016 and FY 2017.

PROPOSED PERMANENT LAW CHANGE

H.B. 64 of the 131st General Assembly, As Introduced, removes the requirement that the Board of Nursing collect a \$5 fee for written verification of licensure or certification. As a result, the Board is expected to experience a minimal loss in revenue.

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Dedicated Purpose Fund Group

4K90 884609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$6,312,361	\$6,832,139	\$7,033,883	\$7,273,978	\$7,602,328	\$7,622,328
	8.2%	3.0%	3.4%	4.5%	0.3%

Source: Dedicated Purpose 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 335.10 of Am. Sub. H.B. 59 of the 130th 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 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$1,326,627	\$1,225,497	\$1,208,156	\$1,373,506	\$1,523,506	\$1,523,506
	-7.6%	-1.4%	13.7%	10.9%	0.0%

Source: Dedicated Purpose 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 335.10 of Am. Sub. H.B. 59 of the 130th 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 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$500	\$500	\$5,500	\$2,000	\$2,000	\$2,000
	0.0%	1,000.0%	-63.6%	0.0%	0.0%

Source: Dedicated Purpose Fund Group: Grants received for patient safety programs

Legal Basis: ORC 4723.062; Section 335.10 of Am. Sub. H.B. 59 of the 130th 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 2016 - FY 2017 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	% Change	FY 2017	% Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
NUR Board of Nursing								
4K90	884609	Operating Expenses	\$ 7,033,883	\$ 7,273,978	\$ 7,602,328	4.51%	\$ 7,622,328	0.26%
5AC0	884602	Nurse Education Grant Program	\$ 1,208,156	\$ 1,373,506	\$ 1,523,506	10.92%	\$ 1,523,506	0.00%
5P80	884601	Nursing Special Issues	\$ 5,500	\$ 2,000	\$ 2,000	0.00%	\$ 2,000	0.00%
Dedicated Purpose Fund Group Total			\$ 8,247,539	\$ 8,649,484	\$ 9,127,834	5.53%	\$ 9,147,834	0.22%
Board of Nursing Total			\$ 8,247,539	\$ 8,649,484	\$ 9,127,834	5.53%	\$ 9,147,834	0.22%