

Oregon Physical Therapist Licensing Board  
Year-End Financial Report  
Reporting Period July 2010 - June 2011

	<u>Jul '10 - Jun 11</u>	<u>Budget</u>	<u>Variance</u>
Income/Expense			
Income			
4000 · Income	496,578.00	450,000.00	46,578.00
Total Income	<u>496,578.00</u>	<u>450,000.00</u>	<u>46,578.00</u>
Gross Profit	496,578.00	450,000.00	46,578.00
Expense			
5100 · Payroll Costs	314,293.69	338,726.00	-24,432.31
5600 · Travel Costs	8,831.16	8,820.00	11.16
6100 · General Office Expenses	24,905.61	21,240.00	3,665.61
6190 · Dues and Subscriptions	3,175.00	2,500.00	675.00
6200 · Postage	9,630.43	8,400.00	1,230.43
6400 · Contracted Services	56,544.80	60,324.00	-3,779.20
6500 · Rent and Occupancy	18,448.60	16,800.00	1,648.60
6600 · Background Checks	5,948.00	14,990.00	-9,042.00
6650 · Investigation Expenses	61.75	0.00	61.75
6800 · Computers & Accessories	7,839.69	4,200.00	3,639.69
Total Expense	<u>449,678.73</u>	<u>476,000.00</u>	<u>-26,321.27</u>
Net Income/Loss	<u>46,899.27</u>	<u>-26,000.00</u>	<u>72,899.27</u>

**Oregon Physical Therapist Licensing Board  
Year-End Financial Report Narrative  
Reporting Period July 2010 – June 2011**

**Total Income is over budget by \$46,578**

The Board’s projected income for the fiscal year 2010 – 2011 was budgeted at \$450,000. Actual income booked for July ’10 through June ’11 was \$496,578; this created a positive income variance of \$46,578.

The vast majority of the Board income variance was derived from renewal and initial licensure income received being greater than projected. The income forecast was originally based on historical data and adjusted for current environment and economic trends, tending to be conservative. Not taken into account, was the number of therapist re-entering the workforce through the reinstatement of lapsed licenses; the increase in initial examination applications to meet the June 30<sup>th</sup> deadline for continuous testing of the national examination (almost doubled over the previous period); and the number of therapists who have moved or relocated outside the State but continue to hold a current Oregon license.

**Total Expenses are under budget by (\$26,321)**

**5100 Payroll Costs** are **(\$24,433)** under budget as a combination of several expense factors:

Expense Classification	Over Budget	Under Budget
Salaries		(\$19,159)
PEBB Medical Premiums		(\$1,876)
PERS Bond Debt Obligation		(\$1,274)
Payroll Taxes		(\$1,167)
Employee Training		(\$357)
PERS ER Paid EE Contrib		(\$245)
Board Stipends		(\$225)
PERS Employer Admin		(\$130)

Narrative:

- Salaries - are under budget due primarily to the 2009-2011 salary freeze and reduction in pay due to planned furlough days.
- PEBB Medical Premiums were budgeted at an increase rate of 10%; the actual group plan increase for 2010 was 4.83%.
- PERS Bond Debt, Employer paid employee contributions and payroll taxes are all under budget relative to total salaries. Since these costs are a direct product of total salaries, and because salaries are below budget, it is reasonable to expect the associated costs to be under budget also.

**5600 Travel Costs** are **\$11** over budget.

**6100 General Office Expenses** are **\$3,666** over budget because of a combination of several expense factors:

Expense Classification	Over Budget	Under Budget
Bank Charges/Fees	\$8,659	
Printing/Copying		(\$1,291)
Office Supplies		(\$750)
Liability Insurance		(\$738)
Telecommunications		(\$649)
Dues		(\$600)
Parking Validation Stickers		(\$380)
Board Meeting Expenses		(\$273)
Other		(\$210)
Copier		(\$102)

Narrative:

- Bank charges – this variance is a matter of timing. The Bank fee assessments are charged back to the Board’s DDA account biannually. Actual fees from January through June of 2010 are just over \$8,000. These fees are higher than budgeted because of the drop in the earnings credit rate used to offset bank charges. Earnings credit rates drop from just over 1% a year ago to .35%. The \$8,000 in fees includes nearly \$5,000 for the last of the heavy lockbox services used for renewals January through March 2010, and another \$3,000 for the setup and equipment to move from lockbox services to E-Pay and Electronic Deposit Services. The lockbox services were cancelled as of May 1, 2010. The move to electronic deposit and E-payment merchant account should save the Board several thousand dollars annually in bank service fees. Because it was not the end of a biennium, no adjustments were made to accrue the fee back into the 2009-2010 fiscal year end reports. They occurred in July 2010.
- Printing and copying fees - are below budget by almost \$1,300 because the Board budgeted for three Newsletters but only published two Newsletters during this timeframe.

**6190 Dues and Subscriptions** are \$675 over budget.

**6200 Postage** is \$1,230 over budget. Because the Board was receiving numerous complaints and returns of bulk mail not being received, including renewals and actual licenses, and because of changes in the postal service policy regarding the forwarding of mail. The Board started to send all of its outgoing mail by first class postage to guarantee address forwarding. The comparative cost is .44 cents per 1 oz envelope compared to .34 cents for a 1 oz. presort envelope.

**6400 Contracted Services** are (\$3,779) under budget as a combination of several expense factors:

Expense Classification	Over Budget	Under Budget
Other Services	\$20,909	
Merchant Account Fees	\$8,082	
Attorney General Fees		(\$18,763)
Emp Hearing Officer Panel		(\$5,040)
Investigators Fee		(\$4,697)
Audit Charges		(\$3,000)
CPA Accounting Fees		(\$525)
Computer Support		(\$450)
Payroll Service Charges		(\$295)

Narrative:

- Other Services – are over budget by \$20,000 due primarily to the \$18,000 cost assessed by the Oregon Health Agency for the analysis of the workforce demographics data collected during the 2010 renewal cycle for the Oregon Health Workforce Institute. This was new legislation mandating the collection of health care provider demographics data. The legislation gave the Boards the option to pass the cost of the data collection and analysis onto its licensees in the form of the renewal surcharge of \$5.00 per renewal. The PT Board determined, based on its reserves, that for now it would absorb the cost for the analysis. This item was not budgeted for. The remainder of the \$20,000 can be attributed to the Board's share of the costs for the SIBA lobbyist contract. The lobbyist's contract expired at the end of the 2011 Legislative session and the Board has no plans to renew the contract.
- Merchant Account Fees - were not budgeted for this biennium. These fees are incurred through the use of credit, debit, and ACH account transactions allowed through the Board's new on-line renewal system. In the prior fiscal year the charge for usage of the system was offset by the charging of a convenience fee that is credited to Other Income. Again because of the Board's current reserves and to encourage licensees to use the online renewal system, the Board determined that for now, it would absorb the merchant charge and waive any online fees to the licensees.
- Attorney General Fees - are under budget based on lower than anticipated utilization of legal counsel, no contested case hearing requests in this fiscal year, and expanded use of staff resources in the drafting of Board action documents.
- Hearing Officer Panel - is under budget as mentioned above in attorney fees. During the 2010-2011 fiscal year, there have been no requests or referrals to the Office of Administrative Hearings.
- Investigators Fee - is under budget based on lower than anticipated utilization. The staff investigator has been able to maintain the current status on open cases. The contract investigator was used to perform the annual LEDs audit which did not occur until after fiscal year-end 2011.
- Audit Charges - are under budget as a matter of timing, accruing at \$250/month evenly over the biennium for a total of \$6,000. The audit, performed for the fiscal biennium 2007-2009 was conducted in the fall of 2010 with billing in the spring 2011. The accrual for audit expense was spread evenly over the 2010-2011 biennium. In the last fiscal year this expense class showed a variance of nearly \$8,000 over budget. The actual variance was actually \$3,000 less if you included the \$3,000 accrued this fiscal year and shown as a variance under budget. So including the 2009-2010 over budget and the 2010-2011 under budget the actual audit charges variance \$5,000 last fiscal year and explained in the 2009-2010 fiscal year-end report.

**6500 Rent and Occupancy** is **\$1,649** over budget as a matter of timing. The June 2010 rent will be charged in July 2010. Because this is not the end of a biennium, no adjustments were made to accrue the June rent back into the 2009-2010 fiscal year end reports.

**6600 Background Checks** are **(\$9,042)** under budget.

Background checks are under budget because of a change in the vendor cost structure. Originally, budgeted at a cost of \$40 per background screening at the beginning of the biennium, the actual cost dropped to \$12 per background screening. This is a cost that is directly offset by an actual cost charged back to the applicants via the application fee. After this change, the application fee dropped from \$190 per application to \$162 per application.

**6650 Investigation Expenses** are \$62 over budget.

**6800 Computer & Accessories** are \$3,640 over budget.

Computer and accessories are over budget because of the unplanned/unbudgeted migration to a new licensee data base tracking system. The current in-house system is being replaced with a generic Microsoft system call CRM (Client Relationship Manager). This will allow the Board flexibility in tracking data, reporting and maintenance. The new system further enhances the Board's abilities in a business recovery scenario. All the small health boards currently using the FoxPro system will migrate to the new CRM system. The project started in the last fiscal quarter of 2010-2011 and will continue through the first half of fiscal 2011-2012.

**Note: Only significant variances greater than \$1,000 are addressed by this document.**