

**Oregon Physical Therapist Licensing Board
Year-End Financial Report
Reporting Period July 2016 - June 2017**

	<u>Jul '16- Jun '17</u>	<u>Budget</u>	<u>Variance</u>
Income/Expense			
Income			
4000 · Income	169,955.00	140,430.00	29,525.00
Total Income	<u>169,955.00</u>	<u>140,430.00</u>	<u>29,525.00</u>
Gross Profit	169,955.00	140,430.00	29,525.00
Expense			
5100 · Payroll Costs	396,097.00	380,997.00	15,100.00
5600 · Travel Costs	5,248.00	10,800.00	-5,552.00
6100 · General Office Expenses	19,112.00	17,400.00	1,712.00
6190 · Dues and Subscriptions	3,123.00	3,000.00	123.00
6200 · Postage	5,087.00	5,400.00	-313.00
6300 - Publications	0.00	240.00	-240.00
6400 · Contracted Services	79,549.00	71,400.00	8,149.00
6500 · Rent and Occupancy	18,927.00	18,000.00	927.00
6600 · Background Checks	19,420.00	5,400.00	14,020.00
6650 · Investigative Expenses	56.00	300.00	-244.00
6800 · Computers & Accessories	6,637.00	3,000.00	3,637.00
Total Expense	<u>553,256.00</u>	<u>515,937.00</u>	<u>37,319.00</u>
Net Income/Loss	<u>-383,301.00</u>	<u>-375,507.00</u>	<u>-7,794.00</u>

**Oregon Physical Therapist Licensing Board
Year-End Financial Report Narrative
Reporting Period July 2016 – June 2017**

Total Income is over budget by \$29,525

The Board’s projected income for the fiscal year 2016 – 2017 was budgeted at \$140,430. Actual income booked totaled \$169,955; this created a positive income variance of \$29,525. The income variance is a result of several factors:

Income Classification	Over Budget	Under Budget
Physical Therapist	\$19,680	
Physical Therapists Assistants	\$10,077	
Other		(\$232)

Narrative:

- Physical Therapists and Physical Therapist Assistant Fees – initial income projections for the 2015-2017 proposed budget indicated revenues would exceed expenses by approximately \$141,000. Based on this projection and the Board’s current reserve balance, the Board decided to adopt a break-even budget. To achieve a break-even number, the Board elected to lower PT and PTA 2016-2018 renewal fees by 15%, which in turn would lower the projected renewal income by approximately \$140,000. What the Board did not account for was a larger than anticipated increase in initial applications, up 28% over the prior biennium. This unusual growth in numbers is attributed to the Board’s 2014 change in policy that allows a physical therapist student to take the national examination up to 90 days prior to graduation. This is a policy approved by the Federation but not offered in many states. The result; Oregon gets a large number of out of state PT/PTA applicants who want to test prior to graduation. They complete the application process, pay the fees but never intend to practice in the State of Oregon. In April 2017 per the 2016 PT Compact legislation, the Board implemented FBI criminal background checks. The applicant pays the cost for processing of the background checks. This raised the application fee from \$162 to \$190 resulting in almost \$10,000 of additional revenue for the months April through June 2017. That revenue will offset charges incurred from the Oregon State Police for the processing of the background checks.

Total Expenses are over budget by \$37,319

5100 Payroll Costs are \$15,100 over budget because of several factors:

Payroll Expense Classification	Over Budget	Under Budget
Salaries	\$14,771	

Payroll Taxes	\$1,575	
PERS ER Paid EE Contrib	\$1,459	
PERS Bond Debt Obligation	\$666	
Other	\$88	
Board Stipends	\$75	
Medical/Dental Premiums		(\$1,956)
Employee Training		(\$1,360)
PERS Employer Admin		(\$218)

Narrative:

- Salaries - are over budget due primarily to the hiring of an on-call hourly employee. The original dollars to fund the extra help were allocated to Contract Employees. Additionally the annual accounting adjustment to the vacation liability accrual was \$2,400. This is for vacation hours earned but not taken.
- Payroll taxes - are over budget because they directly relate to a percentage of total salaries that are over budget.
- PERS ER Paid EE Contributions – are over budget because they directly relate to a percentage of total salaries that are over budget.
- Medical/Dental Premiums – are under budget due to an over estimated rate of increase provided by PEBB regarding the premium increase projections for the biennium.
- Employee Training – is under budget due to scheduling conflicts that prevented staff/board from attending planned out of state training opportunities.
- **5600 Travel Costs** are **(\$5,552)** under budget due to scheduling conflicts which prevented staff/board from attending planned out of state training opportunities.

6100 General Office Expenses are **\$1,712** over budget because of several factors:

General Expense Classification	Over Budget	Under Budget
Bank Charges/Fees	\$2,780	
Telecommunications	\$1,683	
Office Supplies	\$1,373	
Other	\$764	
Printing/Copying		(\$3,564)
Liability Insurance		(\$618)
Parking Validation		(\$600)
Copier		(\$85)
Board Meeting Expenses		(\$21)

Narrative:

- Bank Charges/Fees – are over budget due to timing. The January through June 2016 invoice was paid in July after the 2016 fiscal year end. Accruals for outstanding expenses are only accrued at the end of a biennium.

- Telecommunications – is over budget due to the unplanned implementation of the new Board ipads adding 11 monthly wireless accounts fees totaling approximately \$175/month.
- Office Supplies – are over budget due to the purchase of several small pieces of office furniture, cabinets and a new recording device. Items and purchases that are not typical routine supplies.
- Printing and copying fees - are under budget primarily due to publishing only one Newsletter during the year. The budget plan allocated funds for two publications.

6190 Dues and Subscriptions are **\$123** over budget.

6200 Postage Charges are **(\$313)** under budget.

6300 Publications are **(\$240)** under budget.

6400 Contracted Services are **\$8,149** over budget because of several factors:

Contracted Services Expense Classification	Over Budget	Under Budget
Other Services	\$31,589	
DAS Misc.	\$611	
Payroll Service Charges	\$232	
Merchant Account Fees		(\$7,669)
Attorney General Fees		(\$6,173)
Audit Charges		(\$4,800)
Emp Hearing Officer Panel		(\$3,445)
Investigators Fee		(\$1,500)
Accountant/CPA		(\$600)
Computer Support		(\$96)

Narrative:

- Other Services – are over budget due to payment of the second installment for the development of the Board’s new jurisprudence assessment module implemented in December 2016. Plus the full payment of a two year assessment from the Oregon Health Authority for processing of the workforce survey data. In prior years, ½ of this payment would be assessed annually.
- Merchant Account Fees – are under budget. The fees are based solely on volume, both number of items processed and dollar value of transaction. Switching to a two year renewal cycle on an even numbered year doubled the dollar volume for the 2016 renewals thus twice the merchant fee. For fiscal Y/E 2017, merchant account fees will be under budget.
- Attorney General Fees – are under budget because the accrual was set too high and was based on the prior biennium experience. Effective 2016 the Board moved to a flat rate quarterly charge that averages usage over the prior two biennium. This calculation was much lower than the actual accrual.

- Audit Charges – are under budget due to the accrual method of allocating the expense evenly over the full term of the biennium. For fiscal Y/E 2017 audit charges represent ½ of the full audit payment that was paid in 2016.
- Hearing Officer Panel Fees - are under budget. Projections are based on long-term historical usage. There was no substantial hearing activity for the 2016-2017 fiscal year.
- Investigator Fees – are based on historical and projected usage. The current caseload has been manageable and there has been no need to contract with outside investigative services.

6500 Rent and Occupancy Charges are **\$927** over budget due to timing.

6600 Background Check Fees are **\$14,020** over budget due increased applications volumes and a change in the process. In April 2017, the Board implemented a FBI fingerprint background check at a cost increase from \$12 to \$40 per check. The move to the FBI fingerprint background check was mandated as part of the 2016 Laws that implemented the national PT Compact.

6650 Investigation Expenses are **(\$244)** under budget.

- **6800 Computer & Accessories** are **\$3,637** are over budget due to the accrual method of allocating the expense evenly over the full term of the biennium. ½ of the expense was accrued fiscal Y/E 2016 and expense was under budget. The actual purchase occurred in 2017 and was over the total biennium budget by \$1,300. A decision was made to purchase a second Board laptop for use by the Director that was not included in the original budget.

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

**Oregon Physical Therapist Licensing Board
2015-2017 BIENNIUM Financial Report**

	<u>Jul '15 - Jun '17</u>	<u>Budget</u>	<u>Variance</u>
Income/Expense			
Income			
4000 · Income	1,152,118.00	1,022,000.00	130,118.00
Total Income	<u>1,152,118.00</u>	<u>1,022,000.00</u>	<u>130,118.00</u>
Gross Profit	1,152,118.00	1,022,000.00	130,118.00
Expense			
5100 · Payroll Costs	768,505.00	752,120.00	16,385.00
5600 · Travel Costs	12,016.00	21,600.00	-9,584.00
6100 · General Office Expenses	34,590.00	34,800.00	-210.00
6190 · Dues and Subscriptions	6,801.00	6,000.00	801.00
6200 · Postage	11,461.00	10,800.00	661.00
6300 - Publications	0.00	480.00	-480.00
6400 · Contracted Services	166,035.00	142,800.00	23,235.00
6500 · Rent and Occupancy	34,959.00	36,000.00	-1,041.00
6600 · Background Checks	27,880.00	10,800.00	17,080.00
6650 · Investigative Expenses	151.00	600.00	-449.00
6800 · Computers & Accessories	7,316.00	6,000.00	1,316.00
Total Expense	<u>1,069,714.00</u>	<u>1,022,000.00</u>	<u>47,714.00</u>
Net Income/Loss	<u>82,404.00</u>	<u>0.00</u>	<u>82,404.00</u>

2015-2017 Biennium Financial Report Executive Summary

Total Income is over budget by \$130,118

There are two primary reasons for the positive income variance. The first variance is attributed to a larger than anticipated increase in initial applications, up 28% over the prior biennium. This unusual growth in numbers can be credited to the Board's 2014 change in policy that allowed a physical therapist student to take the national examination up to 90 days prior to graduation. This is a policy approved by the Federation of State Boards of Physical Therapy but not offered in many states. The result; Oregon gets a large number of out of state PT/PTA applicants who want to test prior to graduation. They complete the application process, pay the fees but never intend to practice in the State of Oregon.

The second variance can be attributed to the passage of the Oregon Laws 2016 PT Compact. The legislation mandated the Board to implement a FBI criminal background checks. Prior to this change, the Board ran a national criminal database background check that cost \$12 each. The new background check costs \$44 each. The applicant pays the cost for processing of the background checks as part of the application fee. This raised the application fee from \$162 to \$190 resulting in almost \$10,000 of addition revenue for the months April through June 2017. That revenue will be used to offset charges incurred from the Oregon State Police for the processing of the FBI background checks.

Total Expenses are over budget by \$47,714

In June 2017 the Board promulgated a temporary administrative rule to amend OAR 848-005-0010 Board's Budget. The Board's original 2015-2017 expenditure budget was \$1,022,000. It was amended by \$54,000 to \$1,076,000 representing the cost for two unplanned expenditures incurred during the biennium.

The first expenditure was \$45,000 approved and spent by the Board to develop and implement a new online jurisprudence assessment module (JAM). The JAM was implemented in December 2016. The second item was the April 2017 implementation of a FBI background fingerprint check. Prior to this change the Board ran a national criminal database background check that cost \$12 each. The new background check costs \$44 each and was mandated as part of the passage of the 2016 Oregon Laws National Physical Therapy Compact. This resulted in an additional \$9,600 in expense April through June 2017.

Had these two unplanned expenditures not occurred, the Board would have ended up approximately \$6,300 under budget in expenses for the 2015-2017 biennium.