

2017-2019 Oregon Physical Therapist Licensing Board Proposed Budget Executive Summary

The staff is presenting a balanced budget for the Board's consideration.

- **Income is up by \$161,000 for a 15.8% increase over the prior biennium.**
 - Increase in new application fees of \$45 to offset the increased expense for implementing the new FBI fingerprint background check. This will raise income by \$30,000/year or \$60,000 over the biennium.
 - Renewal revenues for the 15-17 biennium came in \$100,000 over projected budget. Using 15-17 actual and holding it flat for 17-19 will raise budgeted renewal income by \$100,000 for 17-19.

- **Expenses are also up by \$161,000 for a 15.8% increase over the prior biennium.**
 - Implementation of the new FBI fingerprint background check will cost the Board \$30,000/year or \$60,000 over the biennium in service charges paid to the Oregon State Police for processing. These charges will be offset by the increased application fee noted above.
 - The Board is facing a monumental change for the 17-19 biennium. In prior years the Board's total IT infrastructure has been handled by a single outside contractor. The scope of work included; IT management of firewall security, network administration, email, files and folders, desktop maintenance management and replacement and the Board licensure database development, management and maintenance. Historically, this contact has been shared by the 7 health boards that reside in the Portland State Office Building. The PT Board's share of this contact has been \$6,000/year or \$12,000 over a biennium. Effective July, 2017 the Board's IT contract will expire and not be renewed. The current vendor is retiring from State work. The Board will have to replace its entire IT infrastructure using various solutions.
 - DAS IT infrastructure support \$36,000/biennium.
 - Shared computer desktop IT management staff person \$30,000/biennium.
 - Shared new database solution \$21,000.
 - The remainder of the increase in expense can be attributed to benefits.
 - Medical premium up 8% or \$9,000/biennium.
 - PERS administration contributions up 25% or \$15,000/biennium.

Physical Therapist Licensing Board
Budget Comparison
2015/2017 to 2017/2019

	<u>Jul '15 - Jun 17</u>	<u>Jul '17 - Jun 19</u>	<u>\$ Difference</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4000 · Income				
4100 · Physical Therapists				
4110 · PT Exam Applications	61,440.00	80,000.00	18,560.00	30.2
4115 · PT NPTE Early Release	0.00	0.00	0.00	0.0
4120 · PT Endorsement Applications	108,000.00	188,000.00	80,000.00	74.1
4125 · PT Temporary Permits	4,200.00	4,200.00	0.00	0.0
4130 · PT Renewals	663,852.00	684,400.00	20,548.00	3.1
4140 · PT Delinquent Renewals	2,400.00	2,400.00	0.00	0.0
4150 · PT Duplicate Licenses	1,200.00	1,200.00	0.00	0.0
4170 · PT Civil Penalties	11,520.00	6,000.00	-5,520.00	-47.9
4190 · PT NSF Check Fee	0.00	0.00	0.00	0.0
4195 · PT Other	240.00	6,000.00	5,760.00	24.0
Total 4100 · Physical Therapists	852,852.00	972,200.00	119,348.00	14.0
4200 · Physical Therapist Assistants				
4210 · PTA Exam Applications	18,000.00	24,000.00	6,000.00	33.3
4215 · PTA NPTE Early Release	0.00	0.00	0.00	0.0
4220 · PTA Endorse Applications	19,752.00	25,800.00	6,048.00	30.6
4225 · PTA Temporary Permits	1,392.00	1,400.00	8.00	0.6
4230 · PTA Renewals	82,868.00	111,700.00	28,832.00	34.8
4240 · PTA Delinquent Renewals	600.00	600.00	0.00	0.0
4250 · PTA Duplicate Licenses	600.00	600.00	0.00	0.0
4270 · PTA Civil Penalties	2,472.00	1,800.00	-672.00	-27.2
4290 · PTA NSF Check Fee	0.00	0.00	0.00	0.0
4295 · PTA Other	0.00	1,500.00	1,500.00	
Total 4200 · Physical Therapist Assistants	125,684.00	167,400.00	41,716.00	33.2
4300 · PT & PTA Combined				
4330 · PTand/or PTA Mailing Diskette	17,184.00	17,160.00	-24.00	-0.1
4340 · PTand/or PTA Other	0.00	0.00	0.00	0.0
Total 4300 · PT & PTA Combined	17,184.00	17,160.00	-24.00	-0.1
4400 · PT/PTA License Verification Fee	26,280.00	26,240.00	-40.00	-0.2
4500 · Miscellaneous Income				
4510 · Photocopy Charges	0.00	0.00	0.00	0.0
4500 · Miscellaneous Income - Other	0.00	0.00	0.00	0.0
Total 4500 · Miscellaneous Income	0.00	0.00	0.00	0.0
Total 4000 · Income	1,022,000.00	1,183,000.00	161,000.00	15.8
Total Income	1,022,000.00	1,183,000.00	161,000.00	15.8
Gross Profit	1,022,000.00	1,183,000.00	161,000.00	15.8
Expense				
5100 · Payroll Costs				
5132 · FICA (SS + Medicare)	35,457.00	36,464.00	1,007.00	2.8
5133 · FICA Administrative Fee	30.00	30.00	0.00	0.0
5110 · Gross Salaries	468,271.00	476,697.00	8,426.00	1.8

Physical Therapist Licensing Board
Budget Comparison
2015/2017 to 2017/2019

	Jul '15 - Jun 17	Jul '17 - Jun 19	\$ Difference	% Change
5136 · Mass Transit Tax	3,304.00	3,498.00	194.00	5.9
5140 · Employee Benefits				
5141 · PERS ER Paid EE Cont	27,739.00	25,811.00	-1,928.00	-7.0
5142 · PERS ER Admin Contribution	61,556.00	76,744.00	15,188.00	24.7
5143 · Obligation Bond Debt Repayment	29,343.00	25,811.00	-3,532.00	-12.0
5144 · Workers Compensation	360.00	360.00	0.00	0.0
5146 · PEBB Medical/Dental Insurance				
5146 · PEBB Medical/Dental Insurance	106,260.00	115,265.00	9,005.00	8.5
Total 5146 · PEBB Medical/Dental Insurance	106,260.00	115,265.00	9,005.00	8.5
5140 · Employee Benefits - Other	0.00	200.00	200.00	
Total 5140 · Employee Benefits	225,258.00	244,191.00	18,933.00	8.4
5150 · Employee Training	4,800.00	4,800.00	0.00	0.0
5190 · Board Stipends	12,600.00	13,200.00	600.00	4.8
5199 · Other Payroll Expenses	2,400.00	2,600.00	200.00	8.3
Total 5100 · Payroll Costs	752,120.00	781,480.00	29,360.00	3.9
5600 · Travel Costs				
5610 · Instate Travel				
5612 · Lodging	3,600.00	4,000.00	400.00	11.1
5614 · Airfare/Mileage	8,400.00	8,200.00	-200.00	-2.4
5616 · Meals	2,400.00	2,000.00	-400.00	-16.7
Total 5610 · Instate Travel	14,400.00	14,200.00	-200.00	-1.4
5620 · Out of State Travel				
5622 · Lodging	2,400.00	2,400.00	0.00	0.0
5624 · Airfare/Mileage	3,600.00	3,600.00	0.00	0.0
5626 · Meals	1,200.00	1,200.00	0.00	0.0
Total 5620 · Out of State Travel	7,200.00	7,200.00	0.00	0.0
Total 5600 · Travel Costs	21,600.00	21,400.00	-200.00	-0.9
6100 · General Office Expenses				
6110 · Copier	1,200.00	1,000.00	-200.00	-16.7
6120 · Printing/Copying	9,600.00	7,200.00	-2,400.00	-25.0
6140 · Office Supplies	3,600.00	3,900.00	300.00	8.3
6145 · Other	0.00	1,000.00	1,000.00	
6150 · Board Meeting Expenses	1,800.00	1,500.00	-300.00	-16.7
6155 · Parking Validation Stickers	1,200.00	2,000.00	800.00	66.7
6180 · Telecommunications	7,200.00	9,600.00	2,400.00	33.3
6185 · Bank Charges/Fees	6,000.00	8,000.00	2,000.00	33.3
6186 · Liability Insurance (Risk Mgmt)	4,200.00	6,330.00	2,130.00	50.7
Total 6100 · General Office Expenses	34,800.00	40,530.00	5,730.00	16.5
6190 · Dues and Subscriptions	6,000.00	18,080.00	12,080.00	201.3
6200 · Postage				
6210 · Mail/Mail Room Charges	6,000.00	6,000.00	0.00	0.0
6220 · Newsletters	4,800.00	0.00	-4,800.00	-100.0
6230 · Stamps/USPS Mailings	0.00	1,800.00	1,800.00	
Total 6200 · Postage	10,800.00	7,800.00	-3,000.00	-27.8

Physical Therapist Licensing Board
Budget Comparison
2015/2017 to 2017/2019

	<u>Jul '15 - Jun 17</u>	<u>Jul '17 - Jun 19</u>	<u>\$ Difference</u>	<u>% Change</u>
6300 · Publications				
6330 · Other	480.00	640.00	160.00	33.3
Total 6300 · Publications	480.00	640.00	160.00	33.3
6400 · Contracted Services				
6405 · Merchant Account Fees	16,800.00	21,200.00	4,400.00	26.2
6410 · Investigators	3,000.00	3,000.00	0.00	0.0
6420 · Computer Support	12,000.00	48,000.00	36,000.00	300.0
6430 · Attorney General-Legal Counsel	64,800.00	70,000.00	5,200.00	8.0
6440 · Audit Charges	9,600.00	10,000.00	400.00	4.2
6450 · Accountant / CPA	1,200.00	1,000.00	-200.00	-16.7
6460 · Payroll Service Charges	3,600.00	4,000.00	400.00	11.1
6490 · DAS Charges (Miscellaneous)	600.00	3,470.00	2,870.00	478.3
6495 · EmplDept/HearingOfficerPanel	7,200.00	5,000.00	-2,200.00	-30.6
6499 · Other Services	24,000.00	20,000.00	-4,000.00	-16.7
Total 6400 · Contracted Services	142,800.00	185,670.00	42,870.00	30.0
6500 · Rent and Occupancy				
6510 · Rent	36,000.00	40,800.00	4,800.00	13.3
Total 6500 · Rent and Occupancy	36,000.00	40,800.00	4,800.00	13.3
6600 · Background Checks				
6630 · Vantage Data	10,800.00	60,000.00	49,200.00	455.6
Total 6600 · Background Checks	10,800.00	60,000.00	49,200.00	455.6
6650 · Investigation Expenses	600.00	200.00	-400.00	-66.7
6800 · Computers & Accessories				
6810 · Software	2,400.00	22,400.00	20,000.00	833.3
6820 · Hardware	3,600.00	3,600.00	0.00	0.0
6840 · Other - Data Lines, etc.	0.00	400.00	400.00	
Total 6800 · Computers & Accessories	6,000.00	26,400.00	20,400.00	340.0
Total Expense	1,022,000.00	1,183,000.00	161,000.00	15.8
Net Ordinary Income	0.00	0.00	0.00	0.0

Oregon Physical Therapist Licensing Board 2015-2017 Budget Comparative Narrative to 2017-2019

4000 - Total Income

Total income for 2017-2019 is projected at **\$1,183,000** a 16% increase over the prior biennium or \$160,000. Despite the Board's efforts to balance the 2015-2017 budget by reducing renewal fees 15%, the Board did not anticipate the 11% increase in numbers of new applicants. For fiscal yearend 2016, actual income exceeded budgeted income by \$100,000. This increased number of applications and revenue is anticipated to carry forward into the 2017-2019 biennium. Effective January 2017 the Board is implementing FBI fingerprint background checks on all applicants for initial licensure. Per OAR 848-005-0020(1)(a) & (b) the cost of an initial licensure application is \$150 plus the actual cost of a national background check. The cost to the applicant for a background check will be approximately \$45. This will generate additional revenue of approximately \$60,000 over the biennium. This income will be used to offset the expense generated from the FBI screenings.

5100 – Payroll Cost

Overall Payroll Costs (**\$781,480**) are up 3.9% over the prior biennium or \$29,360. Payroll costs consist primarily of salaries and benefits. Salaries make up the greatest portion of payroll costs. Actual proposed salaries for 2017-2019 (**\$476,697**) are up 1.8% over the prior biennium. 2015-2017 will be a biennium of change for the Board. The Director of 14 years is planning to retire December 31, 2017. The plan is to replace the Director effective November 2017 providing up to two months of shadow time in transitioning to the new Director. The new Director's salary will be set by the Board but for purposes of this analysis has been set just below midrange of the current job classification. The current Director is at the top of the range so in subsequent years the Board should see savings in the salary expense classification. Although the Board will see savings in this area, there will be additional expenses that offset most of the savings. Effective July 2017 the Board is planning to hire an IT desktop management person. The estimated cost to fill this position, including salary and benefits is set at 100,000/year. This position will be shared by all 7 of the Portland State Office Building (PSOB) health boards. The biennial cost to the PT Board is estimated at \$30,000.

5140 – Employee Benefits

Benefit costs (**\$244,191**) are as a result of negotiated PEBB State contracts and collective bargaining agreements. Costs are estimated to be up a total of 8.4% which is close to the current trends in premiums and coverage's. For the 2017-2019 biennium, a rate of 10% has been used to project annual medical/dental premiums (**\$115,265**). The Board will be picking up 1/7th of the benefit costs for the new IT position. Offsetting part of these costs is the 1% or 5% employee contribution paid towards medical premiums by the employees, depending on their choice of medical plans. The increases in medical and dental insurance costs make up the largest portion of the increase. The actual PERS Employer Administrative Contribution (**\$76,744**) is a projected 24.7% increase over the

prior biennium. This cost is calculated as a percent of covered salaries. The analysis, along with the projected rates is provided by the State's actuarial firm (Mercer). The rate is set to increase from the current rate of 13.28% to a rate of 17.84% for 2017-2019. The Board has no control over the PERS Employer Administrative Contribution.

6100 – General Office Expense

General office expense (**\$40,530**) is made up of several expenses categories. The total expense for this classification has increased by 16.5% for 2017-2019. Most of the expense categories remain flat with no projected increases. The areas where you see projected savings are in; Printing and Copying, the Board is moving from a paper published Newsletter to an online version of the Newsletter. Also the Board is utilizing Licensees email addresses to communicate through blast emails as opposed to paper mailings. The telecommunication expense (**\$9,600**) is up 33% due to the addition of Board member ipads and moving to a paperless/electronic board meeting packet. In implementing the ipads the Board now pays a \$200/month AT&T invoice that covers the data plans for the ipads. The bank charge expense (**\$8,000**) is up 33% and was estimated based on a trending expense pattern over the prior 5 years. It should be noted that the projection for 2015-2017 came in low compared to actual. Liability insurance expense (**\$6,330**) is up nearly 51%. The Board participates in a State Risk Management Insurance Pool. The premium is based on the Pool's experience rating. For the 2017-2019 biennium the premium calculated and set by the Oregon Risk Management group.

6190 – Dues and Subscriptions

Dues and subscriptions expense (**\$18,000**) is up just over 200%. In 2016 the legislature passed the national physical therapy compact (Compact) into law. It is anticipated that the Commission for the Compact will convene mid 2017. It is also anticipated that there will be a fee charged to individual States for their membership to the Commission and participation in the Compact. That fee is estimated at \$6,000/year or \$12,000 for the 2017-2019 biennium.

6200 - Postage

Postage expense (**\$7,800**) is down by almost 28%. It is planned that for the 2017-2019 biennium the Board will no longer physically mail out the Newsletter instead, it will be distributed the Newsletter via electronic mail. Also, by moving to a two year renewal cycle there will be only one mailing of renewal notices sent during the biennium instead of two.

6400 – Contracted Services

The category Contracted Services (**\$185,670**) is up 30% over the prior biennium. The increase is the net effect of several expense classifications. Merchant Account Fees (**\$21,200**) are up by 26% based on prior biennium actual experience. Computer support charges (**\$48,000**) are up by 300%. For the past 15 years all 7 of the PSOB health Boards have shared in a computer service contract. The contractor has provided all computer support for a fraction of what DAS service would cost. Effective July 2017 that support, costing only \$12,000 per biennium, will no longer be available and the Board has priced alternative DAS support at an estimated cost of \$36,000/biennium. Legal Counsel

charges (**\$70,000**) are up 8%. This is a flat rate quarterly charge based on the average actual billing for the prior two biennium. DAS Charges (**\$3,470**) are up 478%. DAS services are expensive to use. Under the new enterprise initiative all services remotely related to the global operation of a board or agencies are charged back to the Board. This expense is taken directly from the Price List of State Goods and Services and includes items like the state archives for rule making, library, ethics commission etc. Contrary to the increase in DAS charges the Office of Administrative Hearing charges (**\$5,000**) are down nearly 31%. This charge is provide by the OAH and is based on usage carried forward from the prior biennium. Other services charges (**\$20,000**) are down nearly 17%. This charge represents the Oregon Health Workforce Institute (OHWI) per licensee analysis charge for collection and assimilation of workforce data upon renewal. In 2017-2019 the fee has been lowered from \$5/renewal to \$4/renewal.

6510 - Rent

Rent expense (**\$40,800**) is up by 13%. This increase includes an inflationary factor of 8% plus the addition of a \$100 monthly charge for use of a secured offsite records storage facility.

6600 - Background Checks

Background check charges (**\$60,000**) are up by 456%. This increase is due to the Board moving from a \$12/applicant national databank criminal background check to a \$45/applicant FBI fingerprint background check. This move is long overdue. The PT Board is one of the last health licensing Board's in Oregon that does not conduct an FBI fingerprint check. Also, a fingerprint background check is mandatory for participation in the national PT Licensure Compact.

6800 – Computers & Accessories

Computers and accessories expense (**\$26,400**) is up 340%. The largest portion of that increase being computer software (**\$22,400**) up 833%. As noted above the computer service contract shared by the 7 PSOB health boards is due to expire at the beginning of the 2017-2019 biennium. This contract also includes the provision and maintenance of the Board's licensure data base system. This system is the heart of the Board's licensure program. It now needs to be replaced. Again the Board is looking for a viable solution that can be shared by all 7 of the PSOB health boards. The current estimate to replace the data base is set at \$150,000 shared 7 ways at a cost of \$21,000 to the PT Board.

Total Expense

The total expense for the 2017-2019 biennium is projected at **\$1,183,000** a 16% increase over the prior biennium or \$160,000. The greatest portion of increase in expense is attributed to the increases in salaries at \$8,500, the PERS admin fee at \$15,000, medical premiums at \$9,000, Compact membership at \$12,000, computer support at \$36,000, attorney fees at \$5,000, rent at \$4,800, background checks at \$49,000 and new data base system at a cost of \$20,000.

Rule Making Process

ORS 182.462 outlines the procedures for the adoption of the Board budget. In accordance to ORS 182.462, once the Board approves a proposed budget, prior to February 1 of every odd numbered calendar year the Board will present a copy of the budget to the Governor, the President of the Senate, the Speaker of the House of Representatives and the Legislative Fiscal Office. Prior to July 1st of every odd numbered calendar year the Board will post a Notice of Rulemaking Hearing in the Oregon Bulletin and also send a copy of the Notice to the Legislature, all Interested Parties, and to all Licensees of the Board. The Board will have a public hearing on the budget and take into consideration any testimony prior to final adoption of the proposed budget. The Board will then adopt the final version of the budget during the public session of a regularly scheduled Board meeting and post Notice of Permanent Rule Making. The Board's adopted budget with narrative will be posted on the Board's website at www.ptboard.state.or.us.