

Summary of Request:

The Texas Board of Nursing (BON) will be required to complete a Legislative Appropriations Request (LAR) for fiscal years 2018 and 2019. Staff is presenting the list of exceptional items that will be set out in the 2017-2021 strategic plan. Staff have added the approximate cost within each exceptional item and included other items to the list for discussion regarding possible additional appropriations.

Historical Perspective:

The legislative items have been prioritized by Board staff and have approximate cost associated with each item. If the item is granted by the Texas Legislature, they will require the agency to raise sufficient funds to cover the cost of the item and overhead.

Pros and Cons:

Pros - Receiving additional funding and resources will allow the BON to investigate cases, review school proposals and license applicants in a more efficient and effective manner.

Cons - The cost of the exceptional items could increase licensure fees.

Staff Recommendation:

Board Action: Move to accept the staff recommendations for the list of LAR prioritized exceptional issues with approximate costs associated for the 2018 and 2019 Legislative Appropriations Request which include the current 2016/2017 base funding.

Exceptional Items
Legislative Appropriations Request
Fiscal Years 2018 and 2019

1. **Staffing**

A. Operations: One Accountant III

The Texas Board of Nursing has been listed by the State Comptroller as an agency to implement the new Centralized Accounting and Payroll/Personnel System (CAPPS). The Texas Board of Nursing has agreed to start implementation of the Payroll/Personnel System in September, 2017.

To accomplish this, the Texas Board of Nursing Accounting staff will be required to serve as subject matter experts to the Comptroller's office and document business processes. This is scheduled to last up to eight months. We will need to have additional accounting support to maintain the day-to-day accounting and payroll activities for the Texas Board of Nursing and the Board of Podiatric Medical Examiners (TSBPME). The Texas Board of Nursing provides accounting services for the TSBPME and plans on implementing the new CAPPS Payroll/Personnel system the same time for TSBPME as we implement for the Texas Board of Nursing.

We will need to hire an Accountant III at **\$50,000** per fiscal year to cover the salary and direct and indirect costs.

B. Legal: One Administrative Assistant IV

The open records function has been performed by legal administrative staff. With the complexity and increased number of cases, it has become increasingly difficult to respond to these requests within ten business days and/or request an attorney general's opinion to determine if the BON is required to release the information. Currently we average over 700 requests per fiscal year and staff spend a minimum of 25 hours a week on various stages of the open records request. Any other time remaining will be used to assist staff with legal correspondence and documents and other support duties required by the Legal team.

The annual costs to support the salary, benefits and other indirect expenses will be **\$42,511**.

C. Nursing: One Administrative Assistant IV for APRN

One additional APRN administrative support position is required to implement and maintain records relating to advanced practice registered nurses due to the increased volume of applications received each fiscal year. We have experienced a 25% increase in the number of APRN approvals from fiscal year 2014 to fiscal year 2015. The majority of fiscal year 2015 and this fiscal year, we have employed a full time temporary staff member to assist with these duties. To keep the approval time line under 30 days, we will need additional administrative assistance.

The annual costs to support the salary, benefits and other indirect expenses will be **\$42,511**.

Implications for the 2018 and 2019 Biennium

The Texas Board of Nursing will be requesting up to \$135,022 to fund three additional FTEs to support the Accounting, APRN and Legal departments.

2. Merit Salary Increases

The BON requested and received additional funding for merit increases in fiscal years 2016 and 2017. The agency would like to continue to provide merit increases based on performance to provide incentive for high performing staff including difficult to recruit areas such as nursing and information technology.

Implication for the 2018-2019 Biennium

Based on the agency salaries for fiscal year 2016, we are requesting an additional 4% merit funding in fiscal year 2018 or \$281,608 and an additional \$563,216 to sustain and provide merit increases in fiscal year 2019.

3. Legal Costs

The Board utilizes medical experts to review evidence and testify in "pill mill" and other complicated enforcement cases. During FY 2015, the Board spent \$134,474 for expert review/testimony and other legal costs. For the first six months of fiscal year 2016, we have expended \$120,794. Our current budget for legal costs is \$100,000. Of the current pending "pill mill" cases, we expect 22 to be heard within the next 12-18 months with 39 active "pill mill" cases still in the pipeline. Since the majority of "pill mill" cases are reported by DEA and law enforcement, it cannot be determined how many of these complaints the Board may receive in the foreseeable future. What can be expected, however, is that the investigation and prosecution of these cases will continue to be labor and time intensive and resource demanding. If the trends seen in the current biennium continue in the future, additional resources will be needed to investigate and litigate these complex cases. The board will need to continue to seek the expertise of external experts who have knowledge of the standard of care in this area which will significantly increase the cost of the investigating and prosecuting these cases.

Implications for the 2018 and 2019 Biennium

The BON will request an additional **\$100,000** per fiscal year to cover increased legal costs.

4. Increase funding for TPAPN

The Texas Board of Nursing (BON) provides up to \$873,558 per fiscal year to support a peer assistance program. Currently, the program is operated by the Texas Nurses Foundation and has been since the inception of the program's authorization. There has been incremental increases and decreases in the appropriations but the current spending cap has been in place since September 1, 2013 and since that time, the BON has required the peer assistance program to add an additional year of monitoring to LVN and RN licenses and 3 additional years to APRNs in accordance with best practices for nursing peer assistance programs. The program would need 1.5 FTEs to continue to monitor the additional years for VNs/RNs and APRNs.

Implications for the 2018 and 2019 Biennium

To support this additional monitoring, the Texas BON will be requesting to increase the ceiling cap for the peer assistance program by **\$131,900** per fiscal year.

5. Nursing Salary Adjustments

The Texas BON has a total of twenty-five (25) positions that require a licensed registered nurse. Of these twenty-five positions, nine (9) are nursing investigators and sixteen (16) are nursing consultants. The turnover/retirement rate in this group was 24% from January 1, 2015 through December 31, 2015. Also during that period, we had 6 nursing positions open more than 5 months. We have made several salary adjustments in the past two fiscal years to attempt to remain competitive at the mid-range pay scale. In doing this, we have put all nurses above the middle of their pay grade. We were not funded at that level. In order to remain competitive, we will need to make further adjustments for current nursing staff and increase beginning salaries to attract a qualified pool of applicants for open nursing positions.

Implications for the 2018 and 2019 Biennium

Based on the current salaries of nursing staff (\$1,894,230) and requesting 10% of current salaries for each fiscal year, we project that the BON will need an additional \$189,423 per fiscal year to fund past and future increases.

6. Information Technology Update

The BON replaces hardware and software in compliance with the Board's Technology Refresh Plan of 4 years. The refresh schedule staggers the replacement and yearly purchases of these systems to assist the BON in maintaining a consistent budget and workload. Analysis of services, software, costs and purchase as compared to leasing is performed prior to each purchase.

Implications for the 2018 and 2019 Biennium

To replace and update 25% of staff computers and one server, we would need up to \$50,000 per fiscal year.

7. Health Professions Council Funding

The Texas Board of Nursing receives shared services from the Health Professions Council (HPC), specifically Imaging and Document Management System hosting, Web Administrator assistance, staff development and toll free complaint line support. The BON has entered into a formal memorandum of understanding for these services and reimburses HPC a specific appropriation each fiscal year as set in the General Appropriations Act, Article VIII, Special Provisions Relating to all Regulatory Agencies, Section 3.

Specifically, the Texas BON will transfer to HPC \$71,651 in fiscal year 2016 and \$67,070 in fiscal year 2017. Up to this time, the Texas BON has absorbed any funds appropriated to HPC within current budgets. For the next biennium, the Texas BON will request to include these amounts in our legislative appropriations request for fiscal years 2018 and 2019 for the specific purpose of reimbursing HPC.

Implications for the 2018 and 2019 Biennium

The Texas Board of Nursing will be requesting up to \$75,000 per fiscal year to fund the Health Professions Council.

8. Internal Audit Funding

The Texas Internal Audit Act requires a state agency that receives more than \$10 million or more in revenue and has more than 100 employees must comply with the Texas Government Code, Section 2102.005.

The Texas BON reached the threshold stated above in September, 2011 and entered into a contractual agreement with a qualified certified public accountant, not to exceed \$25,000. This funding was not included in our appropriations and since fiscal year 2012, has absorbed this cost. The Texas BON has absorbed many unfunded costs over the past few fiscal years which makes it difficult to fund day-to-day operations. Also, with a cap of \$25,000, we are limited to the number of audits that can be accomplished.

Implications for the 2018 and 2019 Biennium

The Texas Board of Nursing will be requesting up to \$50,000 per fiscal year to fund the current level of audits and to allow the Board to conduct additional and more in depth audits of agency financial and program areas.

9. Executive Directory Salary

The Board is will be requesting that the salary of the Executive Director be set by the Board itself within the salary group allowed by the Legislature. The Executive Director is accountable to the Board within a governance policy and the Board has no means to reward the Executive Director based on performance. With a nursing shortage, the retention and recruitment of a nurse executive such as the executive director is becoming acute. Our request for a salary increase for the agency executive director is to reward excellent job performance of the current executive director and if for any reason the incumbent vacated this position, we would need to recruit a high level nursing executive with a minimum of a master's degree in nursing and have nursing knowledge in education, nursing practice and general knowledge of information technology, human resources and finance. By April 29, 2016, staff will receive a compensation analysis which will provide a salary range for like positions in the public and private sectors. Staff will use this compensation analysis for the board to request an increase in the executive director's salary. The BON will be requesting that the Legislature either allow the BON to set the salary within the approved salary group or increase the ceiling of executive compensation and be placed in Group 4 of the Schedule of Exempt Positions in the State's Position Classification Plan.

The Total Cost to increase the Executive Director Salary would be absorbed in the budget.

10. Hobby Building Upkeep

The Texas Board of Nursing is located in Tower III, floors 2 and 4 and share a board conference room in Tower II and have parking spaces located below the building and a state parking garage on San Antonio Street.

The Texas Board of Nursing has made some improvements within our offices but the overall general appearance, building maintenance, sanitation and security are lacking. Infrastructure maintenance is slow at best with a new alarm system coming soon and possible replacement of our elevators to be scheduled later. Specific problems with the building are:

1. The unused water fountain in front of the building is used for unsanitary means for transient individuals.
2. The outside of the buildings are in desperate need of cleaning or needing to be power-washed.
3. The stairwells in both parking garages are trash receptacles and used for overnight camping which leaves garbage every night, especially after downtown festivals.
4. Rodents occupy space intermittently.

The Texas Board of Nursing would like to assist the Texas Facilities Commission in upkeep of the Hobby Building and feel it is necessary for physical safety of our staff and the right thing to do since we occupy space in the building.

Implications for the 2018 and 2019 Biennium

We will be requesting up to \$100,000 per fiscal year for this purpose.

Costs

	<u>FY 2018</u>	<u>FY 2019</u>
1. 3 Additional Staff	\$135,022	\$135,022
2. Merit Salary Increases	\$281,608	\$563,216
3. Legal Costs	\$100,000	\$100,000
4. Increase in TPAPN Funding	\$131,900	\$131,900
5. Nursing Salary Adjustments	\$189,423	\$189,423
6. Information Technology Update	\$ 50,000	\$ 50,000
7. Health Professions Council Funding	\$ 75,000	\$ 75,000
8. Internal Audit Funding	\$ 50,000	\$ 50,000
9. Executive Director Salary	Absorbed	Absorbed
10. Hobby Building Upkeep	<u>\$100,000</u>	<u>\$100,000</u>
Total	\$1,112,953	\$1,394,561

Total for Biennial Request: \$2,507,514

To cover this increase, if not covered by normal renewal revenue growth, the BON would have to increase renewal fees for VNs, RNs and APRNs by \$5 per renewal.