

## ANALYSIS

### Item 71: Oregon State Board of Nursing Licensing and Department of Justice Cost Increases

---

**Analyst:** Doug Wilson

**Request:** Increase the Other Funds expenditure limitation by \$500,000 for costs associated with increased licensing and Department of Justice costs and establish two permanent full-time positions (1.08 FTE) to address the increased licensing workload.

**Analysis:** The Oregon State Board of Nursing Board (OSBN) is requesting a \$500,000 increase in its Other Funds expenditure limitation and two positions (1.08 FTE) to address cost increases in licensing and Department of Justice (DOJ) expenses. Due to the COVID pandemic, the number of nursing licenses issued by OSBN has increased substantially over the past two years. High hospital occupancy rates, increased turnover in the nursing occupation, and other factors have led to this increase. To address the need for licensed nurses, hospitals and other employers have turned to nurses who were not licensed in Oregon. Since Oregon is not part of a state compact, these out-of-state nurses must have an Oregon license before they can practice. This type of license is referred to as an endorsement and the number of endorsements has grown over 200% since the beginning of the pandemic. The Governor, under an emergency authorization, allowed nurses to work in Oregon with only an emergency authorization from the Board. This has now been lifted and any nurses remaining in Oregon to work will need to be fully licensed. This increase has more than doubled the processing time for these licenses. Transferring staff responsible for other types of licenses will only shift the problem to the other license types.

The significant increase in the number of licensing applications increases costs in multiple ways. First, each applicant must go through fingerprint testing through the Oregon State Police (OSP). When combining the increased number of applicants with a \$6 increase in the fee charged by OSP (increased in September 2021), the monthly fingerprinting cost has increased from approximately \$40,000 to \$80,000. OSBN now estimates fingerprinting costs for 2021-23 will be approximately \$300,000 over what was originally budgeted. Due to the workload from the growing number of applications, OSBN is also requesting two permanent positions (1.08 FTE) at a cost of \$164,645. One of the positions will receive and review supporting documents submitted by applicants and the other will be assigned to process endorsements. Legal costs have also increased over the amount budgeted due to more formal legal opinions requested by the agency during the pandemic, more complex cases, and changes in Board and DOJ practices.

Overall, the Board estimates that the licensing (including the cost of the two positions) and DOJ cost exceed the budgeted amount by over \$750,000. Using savings identified in other parts of the budget to offset some of this increase, OSBN is requesting \$500,000 for funding the additional licensing and DOJ costs. The original request letter inadvertently left out the \$164,645 for the positions, which is now added to the recommended amount for a total of \$664,645. The positions were requested to be permanent, but they are recommended as limited duration since it is unclear whether there will be an ongoing need for the positions once the pandemic is over.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase the Other Funds expenditure limitation for the Oregon State Board of Nursing by \$664,645 and authorize the establishment of two limited duration positions (1.08 FTE) for increased licensing and legal costs.

71  
Oregon State Board of Nursing  
Michelson

---

**Request:** Increase Other Funds expenditure limitation by \$664,645 for costs associated with increased fingerprinting expenses and Department of Justice (DOJ) expenses. Establish two permanent full-time (1.08 FTE) positions for the Licensing Department.

**Recommendation:** Approve the request.

**Discussion:** The Oregon State Board of Nursing is requesting a total increase of \$664,645 in Other Funds expenditure limitation to address increased fingerprinting and the Department of Justice (DOJ) costs and to add two positions to the Licensing Department.

In September of 2021, the Oregon State Board of Nursing (OSBN) received notification of the Oregon State Police's increase in fingerprinting charge from \$52 to \$58 per applicant. Due to the pandemic and the Governor's emergency authorization ending on April 1, 2022, OSBN has seen a 229 percent increase in the number of applications for permanent Oregon licenses, leading to a rise in the average monthly cost for fingerprints. OSBN has also experienced an increase in DOJ expenses due to the difficulty of the cases, including pandemic based discussions requiring DOJ's insight. The Board is requesting an increase of \$500,000 in Other Funds expenditure limitation for increased costs.

Additionally, OSBN requests an increase in Other Funds expenditure limitation of \$164,645 and the establishment of two Public Services Representative 4 positions (1.08 FTE) within the Licensing Department. OSBN currently employs one technician to process applications received. Due to the increase in the number of applicants, processing time has increased significantly. The establishment of two additional positions will alleviate the amount of work placed on the current technician and decrease the processing time for applications. The Chief Financial Office recommends approval of the positions, contingent on a complete review of classification and representation by the Chief Human Resource Office.

**Legal Reference:** Increase the Other Funds expenditure limitation established by chapter 310, section 1, Oregon Laws 2021 for the Oregon State Board of Nursing by \$664,645 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

**Board of Nursing**  
17938 SW Upper Boones Ferry Rd  
Portland, OR 97224-7012  
(971) 673-0685  
Fax: (971) 673-0684  
Oregon.BN.INFO@state.or.us  
[www.oregon.gov/OSBN](http://www.oregon.gov/OSBN)

**April 29, 2022**

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

**Increase in expense limitation due to increases in fingerprinting expenses, DOJ expenses, and additional FTEs for the Licensing Department.**

- In September 2021 the Oregon State Board of Nursing (OSBN) received notification of an increase in the cost of fingerprints by a total of \$6 (six) dollars payable to the Oregon State Police. The fee to the licensing applicant increased from \$52 to \$58. What was thought a minor increase at the time had profound effects on the agency's operating budget when the agency experienced, and are still experiencing, increasing volumes of endorsement applications from nurses applying for permanent Oregon licenses both during and post pandemic. The current rate of increase of endorsement applications is 229% since the preparation of the biennium budget. The number of fingerprints processed by the agency during the month of April 2022 was 2131 at a cost of \$58 each.
- Requesting 2 (two) Additional PSR4 positions for the Licensing Department. Public perception of Board efficiency rests on the ability of the Board to process applications for licensure and have licensed nurses and nursing assistants available for the workforce. Currently there is one technician assigned to endorsements with the turn - around time for processing applications, due to a 229% increase in applications, having increased from 3-4 weeks to 6-8 weeks. Current staffing does not allow for transferring staff to assist in endorsements without resulting in the delay of renewal applications for those already licensed, new graduate applications for first time licenses, reactivation for those wishing to re-enter the workforce, issuing of licenses for Nurse Practitioners. In response to the COVID 19 Emergency Declaration all applications and the needed associated documents are now processed electronically. This workflow creates an entirely different application

4/29/2022

support structure than the previous paper application processing. 1 FTE will be dedicated to receiving and reviewing received supporting documents and 1 FTE will be assigned to endorsement and new licenses to assist the currently assigned staff.

- Increased Assistant Attorney General time for case settlements, contested case preparation, and several respondents taking their cases to the appellate and state supreme court.

### **Agency Action**

The agency has realized some savings in smaller budget categories such as office expenses and professional services allowing for lower expense limitation request than the actual increase in expenses. These savings would not be enough to offset the expense increases of this request. During the 2021 legislative session there was a \$500,000 expense limitation increase to fund the requirements of HB 4003, in addition the agency received a second expense limitation of \$494,501 from HB 5202. Current Cash Balance is \$10,700,000 reflecting 14 months of expenses.

### **Action Requested:**

Requesting increase of \$500,000 over the 2021-2023 expense limitation.

- Prior to the increase in cost of the fingerprints and the number of fingerprints required, the average monthly cost for fingerprints was in the \$35,000 to \$45,000 range on average. Currently the average is \$60,000-\$80,000 per month. Fingerprints are required by statute for every application. The estimated difference in expenses for the remainder of the biennium will be \$300,000 over the current allocated fingerprint budget.
- 2.0 FTEs for the Licensing Department. Public Service Representative Grade OAS-20-Step 5: Based on current salaries for the 13 months remaining in the Biennium 2021-2023 is \$164,645 based on current wage and benefit calculations.
- Our current Department of Justice line-item budget is \$960,000 for the biennium. Based upon current expenses the actual expense is estimated to be \$1.26 million or \$300,000 increase over current expense limitation.

### **Legislation Affected**

2021-2023 appropriation budget, HB 5022-A.

---

Ruby R. Jason, MSN, RN  
Executive Director  
Oregon State Board of Nursing