



## DEPARTMENT OF AUDITS AND ACCOUNTS

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**Greg S. Griffin**  
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February 5, 2018

Honorable Renee Unterman  
Chairman, Senate Health and Human Services  
121-F State Capitol  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
Senate Bill 334 (LC 37 2474)

Dear Chairman Unterman:

This bill would establish the Georgia Board of Nursing (Board) as an independent agency. The Board, which is currently a part of the Office of the Secretary of State (SOS), would be attached to the Department of Community Health (DCH) for administrative purposes only. The bill also authorizes the Board to appoint an executive director whose duties, powers, and functions shall be prescribed by the Board.

The Board of Nursing would require additional funding of \$812,522 annually, while DCH would need approximately \$234,600 for additional support staff for a total of \$1,047,122 (Table 1). One-time expenditures related to the transfer are estimated at \$778,500. The state currently provides funding of approximately \$1.8 million<sup>1</sup> for the staff assigned specifically to the Board. Based on information provided by SOS, we estimate indirect expenditures in support of the Board at more than \$778,500 annually.<sup>2</sup>

### **Annual Costs**

We estimated total annual costs of \$2.9 million, with \$2.7 million for the Board of Nursing and \$234,600 for DCH. Most of the expenditures are for personnel, and most personnel funding would transfer from SOS. Additional costs of up to \$1.04 million will be incurred to transfer the Board from SOS to DCH.

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<sup>1</sup> The Board has direct personnel costs of \$1,548,299 for 22 employees. However, SOS indicated that five call center personnel—with a cost of \$203,455—are assigned to Board activities.

<sup>2</sup> These costs include personnel whose work supports the Board and operations that include both fixed costs (e.g., real estate) and variable costs (e.g., temporary labor, court filings). While the decrease in workload will reduce these expenditures, the amount of SOS funds used for indirect support that can be transferred to the Board is not known.

**Table 1. Total Expenditures for Board of Nursing and DCH**

	Annual Costs	One-Time Cost
<b>Board of Nursing</b>		
Personnel	\$2,201,231	
Operating	\$483,049	
Office Purchases		\$40,500
Vehicles		\$20,000
Licensing Software		\$700,000*
<u>Case Management Software</u>		<u>\$18,000</u>
<b>Total Board of Nursing</b>	<b>\$2,684,280</b>	<b>\$778,500</b>
<b>Department of Community Health</b>		
Support Personnel	\$234,596	\$0
<b>Total Board and DCH Expenditures</b>	<b>\$2,918,876</b>	<b>\$778,500</b>
<b>Current Appropriations</b>		
Board of Nursing	(\$1,871,754)	\$0
<b>Total Net Expenditures</b>	<b>\$1,047,122</b>	<b>\$778,500</b>

\* This number is subject to change due to contract negotiations

- *Board Personnel Costs* – Annual personnel costs for the Board of Nursing are estimated at \$2.2 million. This includes the cost of the 27 current positions assigned to Board activities, as well as a new executive director, and five additional staff for the tasks currently performed by SOS staff not assigned to the Board.

SOS noted that nurses are its largest licensed population, resulting in the Board utilizing a large portion of staff resources in the following support areas: intake, legal, administration, and IT. SOS estimated these indirect personnel costs for these groups at approximately \$400,000. Some of these support functions would be performed by DCH personnel (e.g., administration, IT), while other duties would require the Board to hire additional staff beyond the current 27. The additional staff would include an intake assistant and two legal staff. We estimated the personnel cost for Board and DCH employees to perform these functions at approximately \$394,000.

In addition to these support functions, SOS noted that investigators and call center staff not assigned to the Board serve as backups when workloads are particularly high. Our estimate includes salaries and benefits for an additional investigator and an additional call center employee at a cost of \$122,000.

- *Operating Costs* – The Board’s portion of SOS’s operating costs were estimated at \$483,000. These costs include real estate, temporary labor, postage, insurance, IT expenditures, and court costs. SOS would no longer incur those costs that can be directly attributed to Board activities (e.g., court costs, postage), but not all expenditures would decrease (e.g., real estate).

- *DCH Personnel Costs* – Given the size of the Board, DCH estimated the need for four additional personnel in the areas of IT, finance, and human resources. The positions would cost \$234,600.

**One-Time Costs**

The bill would require one-time costs of \$778,500, with most of the costs associated with acquiring four licensing software suites (RN, LPN, RN-Compact, LPN-Compact). According to SOS, the software currently used by the Board is nontransferable. In addition, the Board would require one vehicle for the fourth investigator, office furniture and equipment, and case management software. The other three investigators will transfer to the Board with the vehicles that are currently assigned to them.

Sincerely,



Greg S. Griffin  
State Auditor



Teresa A. MacCartney, Director  
Office of Planning and Budget

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