

NSBMT Board Meeting June 8, 2022

Item 19

Fiscal Year (FY) 2023 Budget Narrative by Line Item

Items highlighted in gray have been updated since the initial release of this document to the Board.

Revenue Accounts

Administrative Fees – Charged by the Board for processing fines ordered by the Board, Administrative Fees are not projected to avoid the appearance of setting quotas for citations in the field. It is not the Board's position that goals of this type should be set; however, if individuals are cited by the Board or the inspection/investigation staff, the Board would experience revenue in this category.

Administrative Fees – Hearing Costs – This revenue account will be used for tracking hearing fees as they are paid and will be used as an offset account to Hearing Fees.

Administrative Fines – Fines assessed by the Board as part of the discipline process or for practicing massage without a license are transferred to the State's General Fund. These funds while tracked in a revenue category have an offset account Fines Assessed by the Board and are transferred to the Controller for deposit into the General Fund. There are no budget amounts in this category; however, the Board does anticipate experiencing revenue for fines assessed.

Application Fees – Assessed to individuals applying for a license to practice massage, reflexology or structural integration, the application fee is \$100 per application. The estimated number of applicants per month is 40 this may be less than what we receive in fiscal year 2023.

Background Investigation Fees – Assessed to individuals who apply for a license to practice massage therapy, reflexology, or structural integration and to some individuals on probation. Background investigation fees cover the cost of the LiveScan fingerprint processing and background investigation with both the State of Nevada and the Federal Bureau of Investigation, as well as the costs of subpoenaing additional information for individuals that have positive background checks and additional investigations carried out by Board staff to insure the safety of the public.

Duplicate License Fees – On average the Board receives two requests per month for duplicate licenses or name changes. The cost to process a duplicate license is \$45.

Establishment Fees – Establishment fees are based on an estimated combination of establishment sizes spread out over the year. As part of COVID the Board voted in May of 2020 to waive these fees until 12 months after the end of the declared state of emergency which was May 20, 2022. These fees will commence starting June of 2023.

Late Fees - Assessed at a rate of \$25 per month up to a maximum of \$500, late fees are normally calculated based on averaging. The Board voted to waive late fees from June of 2020 through 12 months after the declared state of emergency which was May 20, 2022. These fees will commence starting June of 2023.

License Fees – Composed of both, new licenses and renewals, fiscal year 2023 is a peak year for renewals and should result in sufficient revenue to carry the Board through the slower times in fiscal year 2024. The budgetary estimates are based on returning to a 10% expiration rate.

Temporary License App Fees and Temporary License Fees – No budgeted allocation was made for this category since the average revenue in this category remained minimal over the past three (3) fiscal years. The Board may experience some revenue in these two categories but not in amounts significant to the budget calculations.

Verification Fees – Licensees wishing to license in other states or jurisdictions are required to provide verification of licensure. The rate per verification is \$10.

Returned Check Charges - No budget allocation was made for this category as the occurrence of returned money orders or certified checks is negligible.

Uncategorized Income – Income in this category allows for the receipt of revenue from public records requests where printed documentation rather than electronic documentation has been requested based on the Board’s cost analysis for the reproduction of documentation and the associated cost per page. Since public records requests are rarely for printed documents no revenue is anticipated in this category.

Interest Income – This income category reflects revenue earned on both the Money Market and Certificate of Deposit accounts held by the Board. The amounts reflected in this category are an average of the current interest rates and balances held in these reserve accounts. The interest rate for the Money Market is variable and based on prime. The annual percentage rate for the Certificates of Deposit are minimal at this time. All CD investments are evaluated and redeposited at the best interest rate available for options meeting the state requirements.

Expense Accounts

Operating

Advertising & Promotions – Costs for advertising and promotions include expenses for brochures and handouts provided by the Board. Most of the Board’s advertising is done electronically; therefore, no funds were budgeted in this category. If an advertising or promotional media push is needed this category can be modified by the Board as needed.

Attorney General – These expenses are allocated for representation by a Deputy Attorney General at each Board meeting and all hearings. Additional expenses may arise periodically for review of contracts and other legal advice. The billable rate per hour for FY 2022 was \$163. This line item may increase once we are provided with the new billable rate from the Governor’s Office of Finance.

Bank Service Charges – These service charges are for the checking account as well as processing fees for all credit card transactions. As the Board continues to move towards paperless transactions the Bank Service Charges have increased. With the increase in licensee use of the online system and payments made using credit cards, this category will continue to increase. This category has been increased over the fiscal year 2022 budget due to the volume of renewals anticipated.

Contract Services – A (Attorney) – This contract is for legal services provided by Platt Law Group.

Contract Services – B (Audit) – The contract for the mandated annual audit of the Board’s financial documents provides for compliance with the statutory requirements and a review of the fiscal transactions by the annual December 1st deadline.

Contract Services – C (Software) – This category provides for budgetary allocations necessary for the continuation of the Board’s database and compliance.

Contract Services – D (Database Maintenance) – This contract is for services provided by the database provider. Hosting of the database by inLumon is \$641.21 per month. The monthly maintenance fee is \$988 per month. This number may be renegotiated once all applications are available on the new platform.

Contract Services – E (LCB) – The Board uses meeting facilities provided by LCB at a cost of approximately \$235 per meeting including recording of the meeting. The Board also incurs fees for the processing of regulations through the LCB system. This item includes the cost of one regulatory change during fiscal year 2023. If the Board continues to have meetings via Zoom these fees may be unnecessary; however, to be safe they remain in the budget at this time.

Contract Services – F (Lobbyist) – The Board may retain a lobbyist to assist with navigating the legislative system and interacting with legislators during the session. Fiscal year 2023 includes a legislative year; therefore, the need for a lobbyist is anticipated especially in light of the work being done on the compact.

Contract Services – G (Private Investigators) – From time-to-time the staff utilizes private investigators to assist with investigations.

Contract Services – H (Shredding and Scanning) – As staff works towards a limited paper environment the need for scanning and shredding services will be minimized. During fiscal year 2022 it is anticipated that all files will be scanned and the need to continue with this service will be eliminated.

Dues/Registrations –The Board participates in three organizations which require annual dues, and the Executive Director may have memberships in other organizations that provide networking opportunities or training which will be evaluated on an annual basis. These additional membership fees will be paid out of this account, but will be offset by reductions in spending in the Office Expenses category. The Board maintains membership in Council on Licensure, Enforcement and Regulation (CLEAR), Federation of Association of Regulatory Boards (FARB), and Federation of State Massage Therapy Boards (FSMTB).

- CLEAR provides training and certification for the inspection staff and Board members with annual membership dues of \$250.
- FARB provides training and tracking of issues as they pertain to regulatory boards with an annual membership fee of \$150.
- FSMTB provides multiple services to the member boards including a national exam (MBLEx) and has a flat rate of \$500 and a per licensee rate of \$0.40 with a cap of \$2,800 which is due on July

1st each year. For budgetary purposes the amount is based on 5,500 licensees allowing for industry growth.

- Attendance at the FSMTB Annual Meeting for one (1) delegate is covered by the Board's membership in the organization. The budget allows for two (2) additional attendees with registration fees of \$350 per attendee which includes the welcome reception and meals provided to the delegates. Also provided by FSMTB are the travel costs for the Executive Director to attend the annual Executive Summit sponsored by FSMTB where the senior administrators from the member boards are invited to meet and discuss industry issues relevant to their positions. With the Executive Director currently serving on the FSMTB Board of Directors, her travel will be paid by the Federation.

Education, Training & Seminars – The Board's policy to provide education and training for both Board members and staff includes participation in training provided by multiple organizations and reimbursement for expenses incurred by staff for training necessary to perform job duties successfully. During fiscal year 2023 Board members and the Executive Director will participate in trainings and seminars offered by multiple organizations including CLEAR, FARB and FSMTB.

- CLEAR NCIT for Compliance Inspectors
- FARB Law Seminar for 2 attendees at \$800 per attendee
- FARB Forum for 2 attendees at \$1,025 per attendee
- Additional training for the Executive Director and staff.

EITS Data Communication Charges – These charges are for email accounts, website, applications, and database storage provided by the State of Nevada Department of Administration Enterprise Information Technology Services (EITS). Once we receive billing at the new rates approved by the legislature as part of the State Biennial Budget these costs may need to be adjusted.

EITS Telephone & Data Wire – Charges paid to the Department of Administration for state backbone telephone services previously were included in the EITS Data Communication Charges account. Since 2018 these charges have been separated out and tracked independently from the data charges.

Equipment Repair & Rental – The equipment that the Board rents at this time includes copiers and postage machines in both the Reno and Las Vegas offices. The only maintenance contract the Board has is with REMI group for maintenance of the identification card printer.

Fingerprint and Background Investigations – Expenses in this category include the LiveScan vouchers processed by multiple companies statewide as well as manual fingerprint checks run through the Department of Public Safety.

Hearing Costs – In affect hearing costs should be offset by the fees assessed to the individual brought before the Board; therefore, no budget numbers are present in this category. The attorney costs for hearings will be deducted from Contract Services – A (Attorney) and Attorney General as appropriate for fiscal year 2023.

Hearing Costs: Illegal Activity Fund – The Board approved \$20,000 for investigations into illegal activities during FY 2018/2019. It is important to keep this fund for tracking purposes as costs are

assessed and then potentially billed back to the licensee. \$6,000 of the \$20,000 is appropriated to the private investigators contracts and the remainder appears in this account to fund undercover operations and investigations.

Insurance Expense – State Tort Fund – The Office of the Attorney General assesses each agency within the state a fee per full-time employee (FTE) for the Tort Claims Fund Assessment. This amount may change during the legislative process, but for now we are paying based on 16.50 FTEs which includes all of our board members and staff.

Insurance Expense – State Contents – The Board pays \$0.01622 cents per square foot for contents insurance through the state Risk Management Division.

Insurance Expense – Board Members – Leeds and York provides management liability and professional liability coverage for the Board. This policy is payable annually.

Non-State-Owned Building Rent – The Board maintains office space through leases in both Reno and Las Vegas. Although, the Las Vegas office space is owned by the state the funds for that lease remain as part of this line item.

Office Expenses – These expenses are for miscellaneous office expenses. periodic replacements of equipment, unexpected expenses for the operation of the Board offices and meetings, as well as additional expenses are lumped into this account.

Office Supplies – Supplies used in the day-to-day operation of the Board offices. This account includes printing costs for licensing cards.

Postage and Delivery – Expenses in this account are for standard mail, mandatory certified mailing, and overnight express delivery services.

Printing and Reproduction – Per page copying costs as well as other reproduction costs combine in this account with documents printed by LCB Printing.

Telephone and Data Lines – The Board utilizes the state backbone for individual telephone lines with fees paid to EITS. In addition, the Board has a dedicated fax line in both the Las Vegas and Reno offices and cell phones to allow all staff members to work remotely. Data lines provide connectivity to EITS.

Expenses – Administrative Fines to General Fund – The Board transfers all funds received for Fines Ordered by the Board to the Controller’s Office for deposit into the General Fund. Since the Board does not budget to issue any fines, there is no budget for the transfer of these funds to the Controller’s Office.

In-State Travel – Travel within the state for the staff and Board members is estimated at two (2) trips per month. On average a 4-day trip to Las Vegas for the ED or Investigator is under \$1,200. Although travel costs are increasing, the number of trips is being reduced to avoid an increase in expenses in this category.

Out-of-State Travel – Travel estimates include trips to attend CLEAR, FSMTB, FARB, Polaris, and National Practitioner Databank trainings and meetings. Although travel costs are increasing, the number of trips is being reduced to avoid an increase in expenses in this category.

Board Salaries – Board Salaries expenses are based on the estimated number of meetings and hearings to be held during fiscal year 2023 and the compensation provided to Board members for doing business of the Board as allowed in policy number 8.1.1. Frequently the officers do not take the compensation; however, the budget is built with these items included in case future officers choose to be compensated.

PEBP Employer Portion – Several members of the staff participate in the Public Employees Benefits Program. The Board pays a portion of their insurance coverage and all of the long-term disability coverage offered as part of this benefit package.

Industrial Insurance – The Board maintains workers' compensation insurance on all the members of the Board and staff.

Medicare – The Board pays the Medicare employer amount on each employee and the Board members.

Social Security – The Board pays the Social Security employer amount for the Board members. In most cases the payroll software wraps this cost into the payroll expenses; however, the calculations for this amount for budget purposes are more easily addressed as a separate line item.

Payroll Expenses – Predominately wages and salaries, this category occasionally has other payroll expenses added to the total.

Retirement PERS – The Board pays into the Public Employees Retirement System for employees who participate in the plan.

Temp Services – Staff does not anticipate the need for temporary staffing services in fiscal year 2023.

Vacation Buy-Out – Staff does not anticipate any employees leaving the Board during fiscal year 2023.