

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Occupational Licensing
Budget Request Unit

Occupational Licensing Budget Request Unit

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BRU Mission

To ensure that competent professional and commercial services are available to Alaska consumers.

BRU Services Provided

OCCUPATIONAL LICENSING: Administer the following 36 occupational licensing programs:

Licensing Boards assisted by the Division:

- Architects, Engineers and Land Surveyors
- Athletic Commission
- Barbers and Hairdressers
- Chiropractic Examiners
- Direct-Entry Midwives
- Dispensing Opticians
- Dental Examiners
- Marine Pilots
- Marital and Family Therapy
- Medical
- Nursing
- Optometry
- Pharmacy
- Physical and Occupational Therapy
- Professional Counselors
- Psychologist and Psychological Associate Examiners
- Public Accountancy
- Real Estate Appraisers
- Real Estate Commission
- Social Workers
- Veterinary Examiners

Licensing Programs administered directly by the Division:

- Acupuncture
- Audiologists and Speech-Language Pathologists
- Big Game Guides and Transporters
- Collection Agencies
- Concert Promoters
- Construction Contractors
- Dietitians
- Electrical and Mechanical Administrators
- Geologists
- Hearing Aid Dealers
- Morticians
- Naturopaths
- Nursing Home Administrators
- Nutritionists
- Underground Storage Tank Workers

Perform the following functions for over 130 occupations within the 36 programs listed above:

- Distribute application forms for initial licensure and renewal by mail and Internet
- Respond to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws
- Review applications to determine if qualifications have been met
- Determine whether applicants are in arrears on child support or student loan repayment
- Verify Alaska licenses for the licensing agencies of other states
- Write and/or administer professional examinations
- Investigate complaints of incompetent or illegal activity by professionals
- Prepare formal accusations against licensees when investigations reveal evidence of violations of licensing laws.
- Present the legal case against licensees charged with violations
- Negotiate settlements with licensees whom the division believes violated the law
- Report disciplinary actions taken against Alaska licensees to national databanks
- Organize licensing board meetings
- Assist licensing boards in writing regulations
- Represent the state in appeals of license denials, lawsuits and appeals of disciplinary actions
- Provide public lists of licensees on CD-ROM, paper, and through Internet search of the computer databases

BUSINESS LICENSING: License approximately 74,000 businesses to engage in commerce in Alaska. At the start of FY2001, 1,711 businesses held tobacco endorsements attached to their licenses permitting retail sale of tobacco products.

To administer the Business Licensing Program, the division:

- Distributes application forms for initial licensure and renewal by mail and Internet
- Reviews applications for completeness and legal sufficiency
- Collects \$50 for each two-year license and \$25 for each endorsement permitting retail sale of tobacco products
- Classifies businesses according to their primary activities
- Issues licenses at service counters in Juneau, Fairbanks and Anchorage
- Issues and renews licenses via the Internet
- Researches the licensing history of Alaska businesses
- Works to bring unlicensed businesses into voluntary compliance with the law
- Suspends tobacco sales endorsements of businesses convicted of selling tobacco to minors
- Provides public lists of licensed businesses on CD-ROM, paper and through Internet search of the computer database

BRU Goals and Strategies

- 1) Allow qualified individuals to work in their chosen fields: earning a living, creating new businesses and providing the skilled workforce necessary for state development
 - Make licensing information easy to obtain and understand
 - Issue licenses correctly and promptly
 - Remove unnecessary barriers to licensure
 - Keep license fees as low as possible while meeting the division's legal responsibilities
- 2) Protect public health and welfare by safeguarding the quality of services provided by Alaska's licensed professionals
 - Investigate allegations of violations of licensing laws thoroughly and promptly
 - Sanction licensees who violate the law in an appropriate manner
 - Provide licensing boards with resources necessary to regulate effectively

Key BRU Issues for FY2001 – 2002

PUBLIC RECORD REQUESTS:

An Attorney General's opinion stating that division files related to investigations of occupational license holders may be public documents has resulted in lengthy reviews of voluminous investigative files. Witnesses' rights to privacy

and public rights to government records must be weighed for each document in a file. The division expects the number of public record requests to increase as employers and parties to lawsuits become aware that investigative information is available. The division is having difficulty responding to the public record workload and other division activities are adversely affected.

ENFORCEMENT OF TOBACCO SALES LAW

The division issues business license endorsements to businesses that sell retail tobacco products and the division suspends the endorsements of businesses convicted of sale to minors. The Department of Health and Social Services is dedicating substantial new resources to enforcement of tobacco sales laws. This effort will result in significantly more convictions. The division will respond by assigning investigators to prepare cases for suspension hearings and negotiate settlement agreements. We also anticipate an increased caseload for the hearing officer. In FY02, the division will implement any changes made to the tobacco endorsement statute during the legislative session.

ESCALATING ENFORCEMENT COSTS:

The cost of investigating and disciplining license-holders accused of violating licensing laws continues to rise, as the process becomes more formal and litigious. Costs include investigators, expert witnesses, attorneys from the Department of Law and hearing officers. Enforcement costs are paid through license fees. One extensive case can double fees for small programs and discourage disciplinary action against licensees.

VOLATILITY OF FEES:

AS08.01.065(c) mandates that the department set license fees for each occupation at a level, which approximately equals the cost of regulating the occupation. The enforcement costs mentioned above make fees very volatile. A 1997 legislative audit directed the division to set fees incorporating professions' surpluses and deficits from prior years. The audit also recommended strictly applying the fee law and requiring each of the division's 130 professions to pay their own costs rather than accounting at the board/program level. The result of a strict legal interpretation would be even greater variation in fees for small professions. Due to Alaska's small population, many professions have fewer than 100 members to share costs.

NEED FOR STRONG AND CONSISTENT LAWS:

Alaska's licensing laws have gray areas and inconsistencies that contribute to legal costs and difficulty protecting the public. A comprehensive update of the laws would assist enforcement.

Major BRU Accomplishments for FY2000

BUSINESS LICENSING:

- Completed implementation of the new business classification system, improving the quality of information about the number and types of businesses in Alaska.
- Expanded business license information available through the Internet. The list of businesses can now be searched by activity type, location, name, license number, and tobacco endorsement.
- Prepared to offer business licensing through the Internet in the autumn of 2000. Licenses can now be purchased, renewed, updated and reprinted online.

OCCUPATIONAL LICENSING:

- Created a licensing program for Speech-Language Pathologists.
- Established the first regulations governing manicurist licensing.
- Began implementation of a new law licensing practitioners of Tattooing and Permanent Cosmetic Coloring, and Body Piercing.
- Issued the first licenses to professional counselors, and bachelor and master social workers.
- Began requiring marine pilots to complete a performance evaluation based on simulation of Alaska ports. This is the first simulator-based evaluation system for pilots in the nation. 25% of Alaska pilots have been evaluated to date.
- Increased information about licensed professionals available through the Internet.
- Rated best in the nation by Public Citizen for medical enforcement.

Key Performance Measures for FY2002

Measure: the time taken for investigation of licensing law complaints
(Developed jointly with Legislature in FY2002.)

Current Status:

In FY 2002 the division will work to reduce the amount of time between the opening of cases and the issuance of a formal accusation, a settlement document or the decision to close the case without action.

Benchmark:

Unknown

Background and Strategies:

The division opens from 450 to 550 investigation cases each year. Most of these cases are initiated by citizen complaints against licensed professionals, however, others are initiated by the division. Cases are closed when the division determines that no formal charge will be made against the license holder, when disciplinary action is taken, or when a hearing determines the licensee did not violate the law. Many factors affect the length of time a specific case remains open including, the priority the division gives to the case based on risk to public health and safety, the overall division case load, the complexity of the investigation, the availability of Department of Law legal services, the hearing officer's schedule, court action and the action of the licensee under investigation. In recent years, insufficient attorney service has been a major contributor to investigative delay. The FY01 budget authorized additional Department of Law services for the division. When vacant attorney positions are filled, the division anticipates a reduction in investigation time. Quick closure of cases cannot be an isolated goal, because investigative thoroughness is also essential to protect consumers.

Measure: whether the division increases the number of opportunities to take occupational licensing examinations by at least 25 percent in the fiscal year ending June 30, 2001
(Developed jointly with Legislature in FY2002.)

Current Status:

The division will increase the frequency of division-controlled written exams from quarterly to monthly for all of FY02, thereby achieving the performance measure.

Benchmark:

The frequency of exams in other small-population states is unknown.

Background and Strategies:

Many professionals cannot qualify for licenses and begin working without first passing an exam. Exams must be conducted properly and securely to render accurate results. The quality of exam administration by private proctors has been uneven. Alaska's size makes travel to a central exam site expensive for license applicants. The division currently offers the above referenced written exams four times each year in Anchorage, Juneau and Fairbanks. The division will designate a clerk in Anchorage and Fairbanks who will administer exams one day each week and supervise additional private proctors. This will result in the Fairbanks office being closed to the general public on Fridays.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> the time taken for investigation of licensing law complaints whether the division increases the number of opportunities to take occupational licensing examinations by at least 25 percent in the fiscal year ending June 30, 2001 		X			X

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> whether the division converts the business license classification system to a new, more detailed classification system in the fiscal year ending June 30, 2001 	X				

**Occupational Licensing
BRU Financial Summary by Component**

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Occupational Licensing	5,357.8	0.0	171.2	5,529.0	603.3	0.0	5,928.2	6,531.5	545.0	0.0	6,318.1	6,863.1
Occupation Licensing Language	0.0	0.0	0.0	0.0	0.0	0.0	150.0	150.0	0.0	0.0	0.0	0.0
Totals	5,357.8	0.0	171.2	5,529.0	603.3	0.0	6,078.2	6,681.5	545.0	0.0	6,318.1	6,863.1

Occupational Licensing
Proposed Changes in Levels of Service for FY2002

No service changes.

Occupational Licensing
Summary of BRU Budget Changes by Component
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	603.3	0.0	6,078.2	6,681.5
Adjustments which get you to start of year:				
-Occupational Licensing	6.2	0.0	71.8	78.0
Adjustments which will continue current level of service:				
-Occupational Licensing	-64.5	0.0	101.3	36.8
-Occupation Licensing Language	0.0	0.0	-150.0	-150.0
Proposed budget increases:				
-Occupational Licensing	0.0	0.0	216.8	216.8
FY2002 Governor	545.0	0.0	6,318.1	6,863.1