

HB

178

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

STEVE COWPER, GOVERNOR

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2534

DATE: May 6, 1987

TO: Senate Labor and Commerce Committee
Senator Tim Kelley, Chairman
Senator Dick Eliason, Vice Chairman
Senator Rick Uehling
Senator Bettye Fahrenkamp
Senator Mike Szymanski

FROM: *KM* Kathy Marshall, Director
Division of Occupational Licensing
Department of Commerce & Economic
Development

SUBJECT: Budget and Fees for the Licensing of Nurses

The attached information provides a response to questions raised at the May 1, 1987 committee hearing on CSHB 178 (L&C) regarding the budget and licensing fees for nurses. In particular, the questions presented by Senator Fahrenkamp are also addressed.

Response to questions asked by Senator Fahrenkamp:

1. Are you aware of the report by the Governor's Transition Team on the Division of Occupational Licensing, which states that, to the extent possible, boards should collect fees which cover their own costs, and where it is not possible (for example, when there are very small numbers of licensees), that the additional funds needed should come from the general fund, not from the licensing fees of other professions?

A: Yes. In fact the division presented this statement to the Governor's Transition Team. In many of the licensed occupations where there are smaller numbers of licensees, it would be unreasonable to expect the licensees to pay an incredible amount in licensing fees to support the licensing function. In this case, those occupations would require general funds to supplement its operations. Because of the large number of licensees, the regulation of nurses in Alaska has the potential of being supported by license fees.
2. Why did the budget upon which the decision to raise nurse's license fees:
 - a. Include a position which has not been funded for over a year (PCN #2031, \$25,775 annually).

A: This statement is partially inaccurate. PCN 2031 was funded at the start of FY 87 in the division's administration component. Mid way through the year, the incumbent was promoted to a vacant position, PCN 2015 in the investigations component. Because the need for clerical support was greater in the investigations component, PCN 2031 was also transferred to the investigations component. Consequently in FY 88, funding for PCN 2031 has been eliminated and funding for PCN 2015 reinstated. The nursing budget was prepared based on the current level of services to reflect actual costs to the extent possible. Attached is Budget Form C+ which indicates the transfer of the position from the administrative component to the investigative component.

b. Not reflect the Governor's proposed 10% pay cut?

A: The budget and fee proposal were prepared prior to the Governor's proposed 10% pay cut. Attached is a current scenario which includes the Governor's 10% cut.

c. Why was it not reduced to reflect the lower number of licensees? 25% less nurses were licensed this year, yet the budget was not reduced 25%. Licensees in other fields have shown declines as high as 47%. Rather than raising fees to fund the current operating costs of the division, I would like to see the division's budget reduced to reflect the lowered number of licensees and the consequent lesser demands on staff.

A: The division could not justify reducing the budget by 25% even if the number of licensees were reduced by 25% for two reasons. First of all, the division is already understaffed. The division regulates 25 occupations and provides staff support to 18 boards. Over the past year, the budget has been cut 13% or \$251,000 in spite of the fact that two new occupations have been added.

FY 86	FY 87 Rev.	FY 88 (Gov.)
2,037.2	1,877.8	1,786.3

Secondly, the division's work load is not directly related to the number of licensees. Licensing Examiners, for example, do more than license individuals. They also staff the 18 boards, public notice and prepare minutes for mandated meetings, answer thousands of requests for information, and conduct examinations. In addition, the number of investigations and hearings associated with an occupation, particularly a large occupation such as nursing, do not necessarily decrease as the number of licensees decrease. In FY 86, there were 38 complaints against nurses and seven cases in litigation. To date, there have been 40 complaints and 10 cases in litigation.

3. What efforts are made by the division to solicit comment from the nurses regulated when regulation changes are proposed?

May 6, 1987

A: All regulation projects follow the Administrative Procedure Act and follow the guidelines of the drafting manual for Administrative Regulations written by the Department of Law. Basically, the procedures are:

- a. The proposed changes or requests by the board are drafted into regulation form.
- b. The board concurs with a rough draft version of the proposal.
- c. Public noticing of the proposal is made to newspapers, legislators, and interested persons.
- d. An opportunity for public comment is provided through holding hearings and written comments.
- e. Final editing and adoption of the proposed regulations by the board (if overwhelming public response is negative, the project goes back to step 1).
- f. Final review and approval by the Attorney General's office.
- g. The project is filed with the Lt. Governor's office with an effective date.

4. What effect would elimination of the Board of Nursing have on the license fees of nurses?

A: Elimination of the board would save approximately \$20.0 in travel and per diem costs for board meetings and travel to exams. However, in order to use the examinations, the state board is required to pay a \$3.0 membership fee to the National Council for State Boards of Nursing. The Board of Nursing participates in the development of the exam including nominating delegates to write examination questions. If the board were eliminated, it is doubtful that the National Council would allow the state to use the exams. In addition, there would not be a body of experts to develop regulations in response to changes in nursing practice or to discipline licensees who have violated the statute.

5. What effect would a 25% reduction in division funding have on the license fees of nurses? Precisely what services would be lost? Why would there be any reduction in level of service, there being at least 25% less licensees to regulate in all professions?

May 6, 1987

A: The division's FY 88 budget is \$1,786.3. A reduction of 25% represents a loss of \$446.6. Since licensing and board meetings are mandated, the enforcement of the statutes and investigations would be eliminated. Complaints would not be investigated and hearings would not be scheduled. The budget for the Board of Nursing would be reduced by \$84.8, from \$339.2 to \$254.4. Since the current revenue generated by nursing fees is \$202.0, fees would still have to be increased in order for them to be self-supporting. However, in the absence of enforcement, regulation of the occupation would appear to be meaningless.

KM/1t7212t
Attachments
050687b

TRANSFERS FROM/DELETIONS: AGENCY <u>Commerce and Economic Development</u> BRU <u>Occupational Licensing</u> COMPONENT <u>Administration</u> PROJECT _____	FUNDING INFORMATION	TRANSFERS TO/ADDITIONS: AGENCY <u>Commerce and Economic Development</u> BRU <u>Occupational Licensing</u> COMPONENT <u>Investigations</u> PROJECT _____																																																																		
What is being transferred from or deleted from this unit? Why? Include PCN and position title. PCN 2031 (Clerk I) is being held vacant to realize vacancy savings in FY 87. The position is transferred to the investigations component to supplant the FY 87 revised budget deletion of PCN 2015 (Clerk III). In addition, \$2.0 in personal services is transferred to help fund the personal services shortfall in investigations.	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;">AMOUNT</th> <th style="width:80%;">EXPEND. BY OBJECT</th> <th style="width:10%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.0</td> <td>100 Pers. Service</td> <td style="text-align: center;">2.0</td> </tr> <tr> <td></td> <td>200 Travel</td> <td></td> </tr> <tr> <td></td> <td>300 Contractual</td> <td></td> </tr> <tr> <td></td> <td>400 Supplies</td> <td></td> </tr> <tr> <td></td> <td>500 Equipment</td> <td></td> </tr> <tr> <td></td> <td>600 Lands/Bldgs.</td> <td></td> </tr> <tr> <td></td> <td>700 Grants, Claims</td> <td></td> </tr> <tr> <td></td> <td>800 Miscellaneous</td> <td></td> </tr> <tr> <td style="text-align: center;">2.0</td> <td style="text-align: center;">TOTAL</td> <td style="text-align: center;">2.0</td> </tr> </tbody> </table> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;">AMOUNT</th> <th style="width:80%;">EXPEND. BY OBJECT</th> <th style="width:10%;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td></td> <td>I-A Transfe</td> <td></td> </tr> <tr> <td></td> <td>1002 Fed. Receipts</td> <td></td> </tr> <tr> <td></td> <td>1003 CF Hatch</td> <td></td> </tr> <tr> <td style="text-align: center;">2.0</td> <td>1004 General Fund</td> <td style="text-align: center;">2.0</td> </tr> <tr> <td></td> <td>1006 I-A Receipts</td> <td></td> </tr> <tr> <td></td> <td>Other</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">1</td> <td>15 PFT</td> <td style="text-align: center;">1</td> </tr> <tr> <td></td> <td>16 PPT</td> <td></td> </tr> <tr> <td></td> <td>17 Non Permanent</td> <td></td> </tr> <tr> <td style="text-align: center;">12</td> <td>18 Staff Months</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	AMOUNT	EXPEND. BY OBJECT	AMOUNT	2.0	100 Pers. Service	2.0		200 Travel			300 Contractual			400 Supplies			500 Equipment			600 Lands/Bldgs.			700 Grants, Claims			800 Miscellaneous		2.0	TOTAL	2.0	AMOUNT	EXPEND. BY OBJECT	AMOUNT		I-A Transfe			1002 Fed. Receipts			1003 CF Hatch		2.0	1004 General Fund	2.0		1006 I-A Receipts			Other					1	15 PFT	1		16 PPT			17 Non Permanent		12	18 Staff Months	1	What is being transferred to or added to this unit? Why? Include PCN and position title. The FY 87 revised budget included the deletion of two positions, PCN 2015 (Clerk III) and PCN 2041 (Investigator I). PCN 2031 is transferred from the administration component and is deleted in place of PCN 2015.
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C4 TRANSFER WITHIN ADJUSTED BASE

AGENCY Commerce and Economic Development
 BRU Occupational Licensing
 COMPONENT Administration

FY 88

Page 1 of 1
 Revised Date: _____

2050

DETAIL 10P
 REVISED 5/4/87
 REDUCTION--25 PERCENT
 REDUCTION--50 PERCENT CONTRACTORS

OCCUPATIONAL LICENSING
 FY88 Projected Budget--REDUCTION
 Ten % Personal Service Reduction

LICENSING AREAS	ANNUAL FEES	FY 88 LICENSEES	FY 88 BUDGET	AVERAGE REVENUE	DIFFERENCE
ARCHITECTS, ENGINEERS, LS	50	3,550	267,301	275,940	8,639
ATHLETIC COMMISSION	50	17	4,760	330	(4,430)
AUDIOLCGY	30	15	2,481	615	(1,866)
BARBERS & HAIRDRESSERS	50	2,129	136,964	134,665	(2,299)
CHIROPRACTORS	50	97	29,955	6,750	(23,205)
COLLECTION AGENCY	50	73	8,743	4,240	(4,503)
CONCERT PROMOTERS	30	13	2,303	428	(1,875)
CONTRACTORS @ 75%	90	3,996	224,144	388,730	164,586
DENTAL	90	497	95,394	64,774	(30,620)
DISPENSING OPTICIANS	50	54	9,054	4,065	(4,989)
ELECTRICAL EXAMINERS	125	395	50,941	62,601	11,660
GEOLOGISTS	20	25	2,775	500	(2,275)
GUIDES	120	1,255	142,779	87,051	(55,728)
MARINE PILOTS	150 *	68	32,990	10,475	(22,515)
MEDICAL	150	856	167,448	147,050	(20,398)
MORTUARY SCIENCE	30	87	9,744	2,880	(6,864)
NATUROPATHY	50	2	1,869	273	(1,596)
NURSING	32.50	5,218	339,242	201,999	(137,243)
NURSING HOME ADMIN.	30	41	5,855	1,534	(4,321)
OPTOMETRY	50	67	16,507	5,863	(12,644)
PHARMACY	90	348	50,972	37,699	(13,273)
PHYSICAL THERAPY	100 *	150	20,166	18,480	(1,686)
PSYCHOLOGISTS	100 *	81	39,046	10,331	(28,715)
PUBLIC ACCOUNTANCY	100 *	527	82,204	85,965	3,761
VETERINARY EXAMINERS	50	129	27,992	8,723	(19,269)
FY 88 TOTALS	Ave= 70	19,690	1,771,631	1,559,981	(211,650)**

* Indicates fees increases pending

**Amount of revenue shortfall

DETAIL 10P
 REVISED 5/4/87
 REDUCTION--25 PERCENT
 REDUCTION--50 PERCENT CONTRACTORS

OCCUPATIONAL LICENSING
 FY88 Projected Budget--REDUCTION
 Ten % Personal Service Reduction
 Including Nursing Fee Increase

LICENSING AREAS	ANNUAL FEES	FY 88 LICENSEES	FY 88 BUDGET	AVERAGE REVENUE	DIFFERENCE
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**Amount of revenue shortfall

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



May 1, 1987

MEMORANDUM:

To: Senator Tim Kelly, Chair
Senate Labor and Commerce Committee

From: Representative Dave Donley

Re: HB 178 - Board of Nursing

HB 178 extends the Board of Nursing for four years and makes miscellaneous changes to the nursing statutes to:

1. correct statutorily inconsistent language
2. expand disciplinary powers of the Board
3. clarify licensing and examination procedures
4. clean up technical and procedural problems with existing statute such as proper use of specific nursing titles

Each of the changes were incorporated in the House Labor and Commerce Committee committee substitute, at the request of the Board. The House L&C version was amended on the floor to correct a technical problem on page 3, line 12 (include Canadian territory as well as province).

HB 178 passed the House unanimously on April 15. It has a zero fiscal note and is endorsed by both the Board of Nursing and the Division of Occupational Licensing.

DAVID T. WALKER
ATTORNEY AT LAW
MENDENHALL BUILDING
320 FOURTH STREET, SUITE B
JUNEAU, ALASKA 99801
(907) 580-3537

May 1, 1987

HAND DELIVERED

Senator Tim Kelly, Chairman
Senate Labor & Commerce Committee
Capitol Building, Room
Juneau, Alaska 99811

Re: House Bill 178

Dear Senator Kelly:

I am the registered lobbyist for the Alaska Nurses' Association.

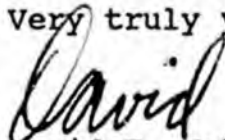
House Bill 178 continues the existence of the Board of Nursing. The Association recognizes that the Board of Nursing performs a vital and necessary service for the public and the profession by regulating the practice of nursing in Alaska. The Association strongly supports and endorses continuation of the Board of Nursing. The Association requests the Labor and Commerce Committee to approve legislation continuing the Board.

Insofar as I am aware, the Association has not taken a position on the proposed fee increases. I am moved to comment that the State requires licensing of certain professionals, my clients included, as being necessary to protect the public health and safety by establishing minimum qualifications for licensure. In my view, it is poor public policy to require regulatory boards in a state with a small professional population to be self-supporting. The public is the primary beneficiary of the regulation and the public must be primarily responsible for paying the costs.

Senator Tim Kelly, Chairman
Senate Labor & Commerce Committee
May 1, 1987
Page Two

The Association has always appreciated the legislature's interest in providing quality health care and the opportunity to work with the legislature to improve health care in Alaska. If you have a question concerning the Association's position on this bill, or on any other matters related to nursing or health care, please do not hesitate to call.

Very truly yours,

A handwritten signature in cursive script that reads "David".

David T. Walker

DTW:jp

cc: Members of the Labor & Commerce Committee
Alaska Nurses' Association