

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7053 HOUSE LABOR & COMMERCE

FISCAL NOTE

N^o 1

Bill Version: HB 160

(H) Publish Date: 2/25/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Extending the Real Estate BRU: Occupational Licensing
 Commission Component: Administration
 Sponsor: Rules Committee
 Requestor: Governor

COMPONENT SERIAL NO.	0	3	5	6
----------------------	---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) Funding for the Real Estate Commission is included in the department's FY 92 operating budget request and, therefore, new funds are not required. The FY 92 projected budget for the Real Estate Commission is explained on the attached page.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: January 31, 1991
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: January 31, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

The Division of Occupational Licensing, Department of Commerce & Economic Development, is funded primarily by program receipts generated from licensing fees. All licensing programs share in the responsibility of covering a percentage of the administrative costs based on the number of current licensees (2,804 real estate licensees) divided by the total number of current division licensees (29,108). In FY 92, costs for the Real Estate Commission are projected as follows:

Personal Services:		
- Administrative costs		283.6
- 70% Licensing Examiner		29.7
- 40% Investigative		<u>19.9</u>
	Sub-Total:	\$333.2
Travel:		
- Administrative		5.8
- Board Travel		<u>10.4</u>
	Sub-Total:	\$ 16.2
Contractual:		\$ 52.5
Supplies:		\$ 4.4
Equipment:		<u>\$.6</u>
	TOTAL: FY 92 Costs	\$406.9
<u>Average Annual Revenue:</u>		\$278.3

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
REAL ESTATE COMMISSION

October 15, 1990



Audit Control Number:

08-1387-91

Division of Legislative Audit
P.O. Box W, Juneau, Alaska 99811-3300

STATE OF ALASKA

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

October 15, 1990

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the Real Estate Commission.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Finance and Audit Divisions' budgets were revised to reflect certain changes in the organizations of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the Real Estate Commission was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE: (907) 485-3795

October 15, 1990

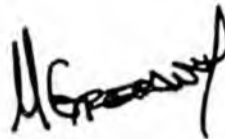
Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

A REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
REAL ESTATE COMMISSION
October 15, 1990

Audit Control Number

08-1387-91 R



Mike Greany, Director
Division of Legislative Finance

TABLE OF CONTENTS

	<u>Page</u>
Purpose and Scope of the Report.	1
Organization and Function.	3
Report Conclusion.	5
Analysis of Public Need.	7
Appendix:	
A. Schedule of Revenues Compared with Expenditures.	12
Agency Response:	
Department of Commerce and Economic Development	13

PURPOSE AND SCOPE OF THE REPORT

Purpose

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Real Estate Commission to determine if the Commission has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during legislative oversight hearings to determine whether the Commission should be reestablished. The law now specifies that the Commission will terminate June 30, 1991, and have one year from that date to conclude its affairs.

Scope

The major areas of our examination were the licensing, examination, administration, complaint, and investigation functions of the Commission. We reviewed and performed the following:

1. Applicable statutes and regulations.
2. Tests of files and documents of licensees.
3. Interviews with the staff of the Commission.
4. Complaints filed with the Division of Occupational Licensing, Human Rights Commission, Equal Employment Opportunity Office, the Ombudsman's Office, and the Department of Law.
5. Discussions with Commission members.
6. Minutes of Commission meetings and Division correspondence files.
7. Attorney General's Opinions applicable to professional boards.

ORGANIZATION AND FUNCTION

The Real Estate Commission was established and operates under Title 8, Chapter 88 of the Alaska Statutes. It is a regulatory commission consisting of five real estate brokers or associate brokers and two public members.

The Commission regulates persons licensed as real estate brokers, associate brokers, and salespersons by:

1. Examining and issuing licenses to qualified applicants.
2. Establishing or amending rules and regulations necessary to enforce State statutes.
3. Holding hearings to revoke or suspend the license of a person violating real estate statutes or regulations.
4. Prosecuting, through the Department of Law, violations of real estate statutes and regulations.

The Commission is also authorized to conduct real estate clinics, meetings, or educational institutes for the purpose of raising the standards of the real estate business and the competency of licensees.

Real estate associate brokers and brokers must pass an examination and have had at least 24 months of active and continuous experience as a real estate salesperson. A broker differs from an associate broker in that a broker must be an owner of a real estate business or employed as a broker by a corporation or partnership. An associate broker has met the statutory requirements of a broker, but is employed by a real estate broker.

A real estate salesperson must pass an examination; be at least 19 years old; must not be under indictment for any felony involving moral turpitude, or, if convicted for an offense, the person must have completed the imposed sentence; and be employed by a real estate broker.

Real estate licensees must pay a surety fund fee, when obtaining or renewing their licenses. These fees are deposited in the Real Estate Surety Fund and are to be used for reimbursement of losses suffered as a result of fraud, misrepresentation, deceit, or the conversion of trust funds on the part of a real estate licensee. Claims for reimbursement require a \$250 filing fee and payment is made by the Commission after a hearing is held.

REPORT CONCLUSION

Policy Issues

This report does not contain any policy issues raised as a result of our evaluation of the Commission's practices. Any policy decisions affecting these practices would not be within the scope of this report but requires legislative consideration. In debating these issues, the oversight committees would take into consideration the information presented in this report so the potential impact of policy changes can be evaluated.

Report Conclusion

In our opinion, the Real Estate Commission should continue to regulate and license real estate professionals. The regulation and licensing of the profession is necessary because of the potential for substantial economic loss resulting from the business practices of unqualified, incompetent, or dishonest real estate practitioners.

Based upon our review of the Commission's performance, we recommend the Commission be reestablished for eight years. For the last three sunset reviews the Commission was reestablished for four years. This is a length of time extending from 1978 to 1990. Throughout the last twelve years, the Commission has consistently been found to satisfy a public purpose and has demonstrated its ability to conduct its business in a satisfactory manner. In prior sunset reviews, deficiencies found have been relatively minor and for the most part "housekeeping" in nature.

The Commission's statutes, regulations, policies and procedures are current and the Commission has conducted its business in a professional, competent and efficient manner. The membership of the Commission has been dedicated and responsible to its mission.

According to AS 08.03.020(c): "A board scheduled for termination under AS 08.03.010 - 08.03.020 may be continued or reestablished by the legislature for a period not to exceed four years unless the board is continued or reestablished for a longer period under AS 08.03.010." Considering the flexibility of the procedures that govern the continuation of boards and commissions it is recommended that the sunset review period be extended from four to eight years. Should this recommendation be implemented the next termination date for the Commission would be June 30, 1999.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Commission has held at least three meetings per calendar year during the last three years.
 - B. The Commission promulgated regulations relative to requiring licensee's to abide by continuing education requirements. Furthermore, regulations were amended concerning: the real estate examination, the real estate licensing requirements of businesses, the renewal requirements of licensee's and grounds for revocation or suspension of a license.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Commission has published a quarterly newsletter concerning real estate news.
 - B. The Commission has issued an informational kit for brokers.
- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Commission succeeded in having obsolete statutory requirements repealed. Additionally, the statutes were amended to require licensee's to complete continuing education requirements prior to license renewal.
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
 - A. Commission meetings are announced to the public. During the meetings, the public is allowed to provide testimony.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. The Commission has complied with the factors enumerated in this subsection. We found no instance where changes are necessary to enable the Commission to better serve the interests of the public.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Commission has held at least three meetings per calendar year during the last three years.
 - B. The Commission promulgated regulations relative to requiring licensee's to abide by continuing education requirements. Furthermore, regulations were amended concerning: the real estate examination, the real estate licensing requirements of businesses, the renewal requirements of licensee's and grounds for revocation or suspension of a license.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Commission has published a quarterly newsletter concerning real estate news.
 - B. The Commission has issued an informational kit for brokers.
- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Commission succeeded in having obsolete statutory requirements repealed. Additionally, the statutes were amended to require licensee's to complete continuing education requirements prior to license renewal.
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
 - A. Commission meetings are announced to the public. During the meetings, the public is allowed to provide testimony.

- A. Commission meetings are announced to the public. During the meetings, the public is allowed to provide testimony.
 - B. Comments on regulation changes are solicited by announcement in public newspapers and notices to interested associations.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. In accordance with the Administrative Procedures Act the Commission announces proposed regulation changes in newspapers.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.
- A. We found no instances where the Commission did not respond to public inquiries.
 - B. During the last three years, twenty complaints have been closed by the Office of the Ombudsman. Most of the cases involved unreasonable delay or a lack of action on licensing complaints and Surety Fund claims. Recently, the Commission has taken steps to improve the processing of complaints and claims. We expect the number of Ombudsman complaints to diminish in the future.
- VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Commission gave the licensing examination each month in Anchorage and quarterly in Fairbanks, Kenai and Juneau. For fiscal year 1990 a total of 1,001 candidates took the examination.
 - B. The Commission revoked, suspended or denied 6 licenses in fiscal year 1990.
- VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.
- A. We found no evidence of problems in this area.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. The Commission has complied with the factors enumerated in this subsection. We found no instance where changes are necessary to enable the Commission to better serve the interests of the public.

APPENDIX A

REAL ESTATE COMMISSION
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES

For Fiscal Year 1990

(Unaudited)

(Note 1)

Revenues (Note 2)		\$288,405
Expenditures (Note 3)		
Personal Services	\$297,950	
Travel	21,857	
Contractual	44,177	
Supplies	9,572	
Equipment	<u>17,937</u>	
Total Expenditures	<u>\$391,493</u>	
Excess of Expenditures Over Revenues		<u><\$103,088></u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared by the Division of Occupational Licensing personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed biennially. Because of the renewals, revenues vary substantially every year. Therefore, we combined revenues collected in fiscal year 1989 and 1990, and calculated an average in order to obtain a representative amount of annualized revenues collected.

Note 3

This amount does not include expenditures for efforts of other departments assisting the Board.

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

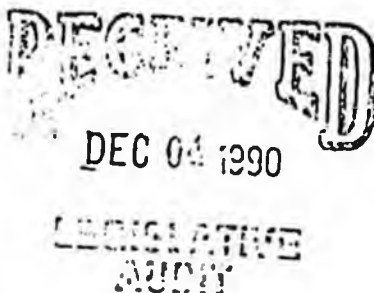
OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

December 4, 1990

Mr. Randy S. Welker
Legislative Auditor
Audit Division
Legislative Budget and
Audit Committee
P.O. Box W
Juneau, AK 99811-3300



Dear Mr. Welker:

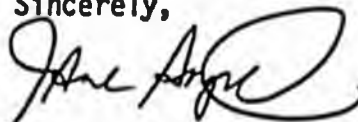
This letter is written in combined response to the preliminary audit reports on the State Medical Board, the Board of Nursing, the Board of Psychologist and Psychological Associate Examiners, and the Real Estate Commission.

The Department of Commerce and Economic Development is pleased that the audit reports found that the business of these three boards and one commission has been "conducted in a professional, competent, and efficient manner," and that the Audit Division is recommending that the sunset performance "review interval be extended from 4 to 8 years."

Given that the department itself also believes that these boards have consistently satisfied the public purposes for which they were created and have demonstrated their ability to competently and with care conduct their business, the department not only concurs in but wholeheartedly endorses the Audit Division's recommendation that these four agencies be continued until June 30, 1999.

Both the boards and the department take great pride in the audit reports' findings and recommendations.

Sincerely,



Jane Angvik
Commissioner

JA/1vs4331t
120390b

cc: Randall Burns, Director, Division of Occupational Licensing

HB

161

(7)

USE COMMITTEE REPORT

Date Referred: April 22, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 4-30-91

The LABOR AND COMMERCE Committee considered:

HB 161

HOUSE BILL NO. 161

EXTEND STATE MEDICAL BOARD

"An Act extending the State Medical Board in the Department of Commerce and Economic Development; and providing for an effective date."

RECOMMENDATIONS:

be replaced with [] the same title [] a new title

[] have attached amendments(s)

[X] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[X] zero fiscal note Commerce

[X] zero fiscal note(s) Commerce

SIGNING DQ PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Robin L. Taylor</i>	X				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				

[Signature]
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 161

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Extending the State Medical BRU: Occupational Licensing
 Board.... _____ Component: Administration
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

0	3	5	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Funding for the State Medical Board is included in the department's FY 92 operating budget request and, therefore, new funds are not required.

Prepared By: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: 4-17-91
 Approved by Commissioner: Glenn A. Olds
 Agency: Commerce and Economic Development Date: 4-18-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FN & DCED

HOUSE COMMITTEE REPORT

(7) Date Referred: February 25, 1991 FURTHER REFERRALS: Labor and Commerce Finance

Date of Committee Action: 4-22-91

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 161

HOUSE BILL NO. 161 EXTEND STATE MEDICAL BOARD

"An Act extending the State Medical Board in the Department of Commerce and Economic Development; and providing for an effective date."

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____ fiscal note(s) _____

zero fiscal note DEED zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Cheri Davis</i>	<input checked="" type="checkbox"/>				
<i>Mary Miller</i>	<input checked="" type="checkbox"/>				
<i>Mark Butler</i>	<input checked="" type="checkbox"/>				
<i>Benny Davis</i>	<input checked="" type="checkbox"/>				
<i>Sam Kurney</i>	<input checked="" type="checkbox"/>	(CARNEY)			
<i>[Signature]</i>	<input checked="" type="checkbox"/>	(LINCOLN)			

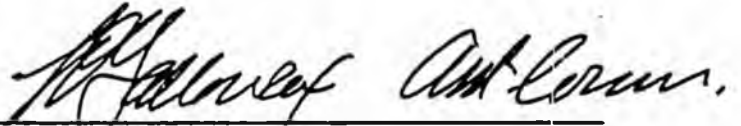
[Signature]
 CO-CHAIRMAN'S SIGNATURE

HB 161: "An Act extending the State Medical Board in the Department of Commerce and Economic Development; and providing for an effective date."

The State Medical Board is responsible for the regulation and licensing of the medical profession in the state. Under AS 08.03.010(c)(11), the State Medical Board is currently scheduled to terminate on June 30, 1991. HB 161 will extend the termination date of the board to June 30, 1995.

There are approximately 1,561 practitioners licensed by the State Medical Board in Alaska. The department concurs with the findings documented in the performance audit conducted by the Division of Legislative Audit; in particular, that the board is necessary to protect the public's health, safety, and welfare, therefore, the board should be reestablished.

The department strongly supports continuation of the State Medical Board and requests favorable support in passage of HB 161.



Glenn A. Olds, Commissioner

Date: 4-18-91

GAO/JS/dgl9428D-2
041891a

DCED Position Paper

REVISION DATE: 1/15/91

MEDICAL BOARD

MEMBER	APPT	REAPPT	REAPPT	TERM
Ray Riley 1726 Chena Pump Road Fairbanks 99709 Public	89/01/12	0/00/00	0/00/00	92/08/13
Abigale R Hensley 7045 Tree Top Circle Anchorage 99516 Public	86/02/10	88/12/28	0/00/00	93/01/09
Joan Jelinek 2111 Cowles Street, Suite 1 Fairbanks 99701 Physician	89/01/12	0/00/00	0/00/00	92/11/06
Michael H Newman 4048 Laurel Street, #106 Anchorage 99508 Physician	88/07/18	0/00/00	0/00/00	92/07/08
Patrick M Nolan 3300 Providence Drive #206 Anchorage 99508 Physician	88/04/22	0/00/00	0/00/00	92/04/21
Raymond Shields 3289 Tongass Avenue Katchikan 99901 Physician	90/04/22	0/00/00	0/00/00	94/04/21
James W Thompson 890 Mendenhall Peninsula Road Juneau 99801 Physician Chair	87/02/26	88/01/21	0/00/00	92/01/12

Members - State Medical Board

BOARD: MEDICAL BOARD, STATE

BOARD IDENTIFICATION NUMBER: 61

TITLE: State Medical Board

DEPT: Department of Commerce and Economic Development

AUTHORITY: AS 08.64.010

STATUS: June 30, 1991

REQUIREMENTS: LEGISLATIVE CONFIRMATION

PROHIBITIONS: Cannot serve more than all or part of two consecutive terms.

TERM: 4 years

DESCRIPTION: 7 members appointed by Governor: 5 licensed physicians residing in as many separate Alaska judicial districts as possible; 2 public members with no direct financial interest in the health care industry.

SPECIAL FACTS: Quorum - 4 members; serve at the pleasure of the Governor (AS 08.01.020). Staffed with an executive secretary located in Anchorage. Members serve until a successor is appointed. An appointment to fill a vacancy is for the remainder of the unexpired term. A member who has served all or part of two successive terms may not be reappointed unless four years have elapsed since the person has last served.

FUNCTION: Prescribes and establishes rules/regulations to carry into effect provisions of chapter.

COMPENSATION: Standard travel/per diem.

MEETINGS: 4 times per year.

*FOR FURTHER INFORMATION CONTACT: Licensing Examiner, Division of Occupational Licensing, Dept. of Commerce and Economic Development, Box D, Juneau, AK 99811 PHONE: 465-2541
(Revised 1/14/91)

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
STATE MEDICAL BOARD

October 15, 1990

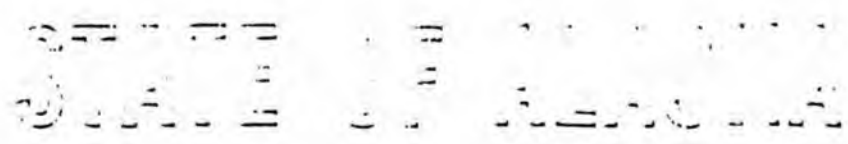


Audit Control Number:

08-1384-91

Division of Legislative Audit
P.O. Box W, Juneau, Alaska 99811-3300

Legislative Audit



AUDIT DIVISION
PO BOX 11
JULY 1988 ALASKA 99511-0011

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

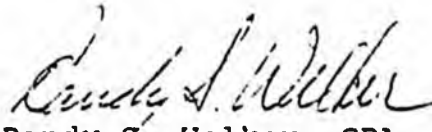
October 15, 1990

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the State Medical Board.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Finance and Audit Divisions' budgets were revised to reflect certain changes in the organizations of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the State Medical Board was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.


Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
STATE MEDICAL BOARD

October 15, 1990



Audit Control Number:

08-1384-91

Division of Legislative Audit

P.O. Box W, Juneau, Alaska 99811-3300

Legislative Audit

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The bipartisan committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$4 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U. S. General Accounting Office.

Audits are performed at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Anchorage or Juneau.

BUDGET AND AUDIT COMMITTEE

Representative Ron Larson, Chairman
Representative Pat Carney
Representative Eileen MacLean
Representative Terry Martin
Representative Fran Ulmer
Representative Kay Brown (alternate)

Senator Jay Kerttula, Vice Chairman
Senator Al Adams
Senator Jim Duncan
Senator Dick Eliason
Senator Curt Menard
Senator Lyman Hoffman (alternate)

DIVISION OF LEGISLATIVE AUDIT

Randy S. Welker, CPA
Legislative Auditor
Merle R. Jenson, CPA
Deputy Legislative Auditor

P.O. Box W
Juneau, Alaska 99811-3300

(907) 465-3830, Juneau
(907) 561-1445, Anchorage

STATE OF ALASKA
LEGISLATIVE BUDGET AND AUDIT COMMITTEE

ADDISON
PO BOX W
UNNEAL ALASKA 99811-1111

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

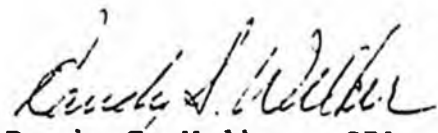
October 15, 1990

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the State Medical Board.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Finance and Audit Divisions' budgets were revised to reflect certain changes in the organizations of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the State Medical Board was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

October 15, 1990

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

A REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
STATE MEDICAL BOARD
October 15, 1990

Audit Control Number

08-1384-91 R



Mike Greany, Director
Division of Legislative Finance

TABLE OF CONTENTS

	<u>Page</u>
Purpose of the Report.	1
Organization and Function.	3
Report Conclusion.	5
Analysis of Public Need.	7
Appendix:	
A. Schedule of Revenues Compared with Expenditures.	12
Agency Response:	
Department of Commerce and Economic Development	13

PURPOSE AND SCOPE OF THE REPORT

Purpose

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the State Medical Board to determine if the Board has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during legislative oversight hearings to determine whether the Board should be reestablished. The law now specifies that the Board will terminate June 30, 1991, and have one year from that date to conclude its affairs.

Scope

The major areas of our examination were the licensing, examination, administration, complaint, and investigation functions of the Board. We reviewed and performed the following:

1. Applicable statutes and regulations.
2. Tests of files and documents of licensees.
3. Interviews with the staff of the Board.
4. Complaints filed with the Division of Occupational Licensing, Human Rights Commission, Equal Employment Opportunity Office, the Ombudsman's Office, and the Department of Law.
5. Discussions with Board members.
6. Minutes of Board meetings and Division correspondence files.
7. Attorney General's Opinions applicable to professional boards.

ORGANIZATION AND FUNCTION

The State Medical Board is a regulatory Board established under AS 08.64, consisting of five physicians residing in as many separate geographical areas of the state as possible, and two public members with no direct financial interest in the health care industry.

The function of the Board is to determine that minimum quality of medical care by:

1. Examining and issuing licenses to qualified applicants.
2. Establishing or amending rules and regulations necessary and desirable to enforce the statutes of the State.
3. Holding hearings in order to revoke, probate, or suspend the license of a person violating the medical statutes and regulations.

The Board regulates the following groups engaged in medical practice in Alaska: physicians, osteopaths, physician assistants (PAs), podiatrists, and paramedics. Most licensing requirements are established by statute. However, statutes have granted power to waive some requirements in favor of conditions concerning special licenses - those by endorsement, those for temporary licensure up to 6 months or until the Board meets to consider the application, whichever occurs first, and a temporary locum tenens permit which is valid for 120 consecutive days not to exceed 240 days during any consecutive 24 months, to name a few.

An applicant for registration as a medical practitioner must have passed an examination given by the National Board of Medical Examiners or the Federation of State Medical Boards. An oral interview is also administered by a member of the Board. Foreign medical graduates who graduated from medical colleges not accredited by the American Medical Association or one of its agencies must be certified by the Educational Council of Foreign Medical Graduates or be licensed by examination in another state or territory of the United States or a province in Canada.

REPORT CONCLUSION

Policy Issues

This report does not contain any policy issues raised as a result of our evaluation of Board practices. Any policy decisions affecting these practices would not be within the scope of this report but requires legislative consideration. In debating these issues, the oversight committees would take into consideration the information presented in this report so the potential impact of policy changes can be evaluated.

Report Conclusion

In our opinion, the State Medical Board should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The Board provides this service by establishing minimum educational and experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurances that those licensed act in a competent manner is provided by active investigation of complaints and revocation or suspension of licenses when appropriate.

Current statutes, AS 08.03.010, specify that the sunset review period for the State Medical Board shall be four years.

Based upon the State Medical Board performance for the past four reviews, from 1978 to 1990, it is recommended that the review interval be extended from 4 to 8 years. The next statutory termination date subject to sunset review would be June 30, 1999.

The State Medical Board has consistently been found to satisfy a public purpose and has demonstrated its ability to conduct its business in a satisfactory manner.

The last two sunset reviews included no recommendations. In prior sunset reviews, deficiencies found have been relatively minor, and for the most part, "housekeeping" in nature.

The State Medical Board statutes, regulations, policies, and procedures are current. The Board's business is generally viewed as conducted in a professional, competent, and efficient manner.

The Board's membership has been dedicated and responsible to its mission; its representation has been well balanced in serving its purpose.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Board has served the public by examining and licensing qualified applicants and proposing changes in regulations that are necessary to enforce State statutes and enhances quality of Medical care to Alaskans.
 - B. The Board has held four board meetings per year during the past two fiscal years.
 - C. The Board has instituted an impaired physician program for physicians addicted to alcohol, drugs, or narcotics.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Board received legal assistance from the Attorney General's office.
 - B. The Board received assistance in drafting legislation and regulatory changes from the Division of Occupational Licensing.
- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Board has recommended legislation (HB 146) that would increase the effectiveness of the Board in performance of its duties relating to : (1) licensing and permitting medical professionals; (2) reviewing the malpractice claims histories of physicians licensed in Alaska; and (3) creating a retired status license for physicians retired from active practice.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. The Board has complied with the criteria enumerated in this subsection. We found no instance where changes are necessary to enable the Board to better serve the interests of the public.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Board has served the public by examining and licensing qualified applicants and proposing changes in regulations that are necessary to enforce State statutes and enhances quality of Medical care to Alaskans.
 - B. The Board has held four board meetings per year during the past two fiscal years.
 - C. The Board has instituted an impaired physician program for physicians addicted to alcohol, drugs, or narcotics.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Board received legal assistance from the Attorney General's office.
 - B. The Board received assistance in drafting legislation and regulatory changes from the Division of Occupational Licensing.
- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Board has recommended legislation (HB 146) that would increase the effectiveness of the Board in performance of its duties relating to : (1) licensing and permitting medical professionals; (2) reviewing the malpractice claims histories of physicians licensed in Alaska; and (3) creating a retired status license for physicians retired from active practice.

- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
- A. The public is informed of meeting and examination dates and regulation changes by notices in major newspapers throughout the State.
 - B. Minutes of Board meetings include "guest" names of Medical Association representatives, applicants, and support staff in attendance.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. The public is invited by notices in major newspapers throughout the state to give input about Board business and proposed regulations.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.
- A. The Board processes and addressed complaints in an effective and timely manner.
- VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Board, as of July 10, 1990 regulated 1292 physicians, 157 physician assistants, and 111 paramedics.
 - B. The Board provides for licensing by endorsing (credentialing) physicians from other states.
 - C. The Board requires continuing medical education of physicians, physician assistants, and paramedics.
- VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.
- A. The Human Rights Commission and the Equal Employment Opportunity Office have received no complaints related to the Board's activities.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. The Board has complied with the criteria enumerated in this subsection. We found no instance where changes are necessary to enable the Board to better serve the interests of the public.

APPENDIX A

STATE MEDICAL BOARD
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES
For Fiscal Year 1990
(Unaudited)
(Note 1)

Revenues (Note 2)		\$286,970
Expenditures (Note 3)		
Personal Services	\$185,466	
Travel	17,931	
Contractual	29,841	
Supplies	3,268	
Equipment	<u>8,925</u>	
Total Expenditures		<u>245,431</u>
Revenues Compared to Expenditures		<u>\$ 41,539</u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared by the Division of Occupational Licensing personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed biennially. Because of the renewals, revenues vary substantially every year. Therefore, we combined revenues collected in fiscal year 1989 and 1990, and calculated an average in order to obtain a representative amount of annualized revenues collected.

Note 3

This amount does not include expenditures for efforts of other departments assisting the Board.

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

P O BOX 0
JUNEAU ALASKA 99811-0000
PHONE 907/465-2510

OFFICE OF THE COMMISSIONER

December 4, 1990

Mr. Randy S. Welker
Legislative Auditor
Audit Division
Legislative Budget and
Audit Committee
P.O. Box 4
Juneau, AK 99811-3300

Dear Mr. Welker:

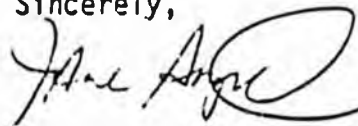
This letter is written in combined response to the preliminary audit reports on the State Medical Board, the Board of Nursing, the Board of Psychologist and Psychological Associate Examiners, and the Real Estate Commission.

The Department of Commerce and Economic Development is pleased that the audit reports found that the business of these three boards and one commission has been "conducted in a professional, competent, and efficient manner," and that the Audit Division is recommending that the sunset performance "review interval be extended from 4 to 8 years."

Given that the department itself also believes that these boards have consistently satisfied the public purposes for which they were created and have demonstrated their ability to competently and with care conduct their business, the department not only concurs in but wholeheartedly endorses the Audit Division's recommendation that these four agencies be continued until June 30, 1999.

Both the boards and the department take great pride in the audit reports' findings and recommendations.

Sincerely,



Jane Angvik
Commissioner

JA/1vs4331t
120390b

cc: Randall Burns, Director, Division of Occupational Licensing

COMPARISON OF LICENSE FEES BY OCCUPATION OR PROGRAM

The following list shows the annual license renewal fee for each occupational licensing profession. With the exception of occupations regulated by the Big Game Commercial Services Board or persons involved in charitable gaming, all professions have now been converted to a biennial renewal schedule, meaning that applicants for renewal will actually pay twice the fee shown to renew a two-year license.

Acupuncturist	\$200*
Advanced Nurse Practitioner	45 + 12.50
AELS Corporation	200
Architects, Engineer and Land Surveyor	50
Audiologist	30
Barbers and Hairdressers	50
Business License	25
Chiropractor	50
Clinical Social Worker	150
Collection Agency	50
Concert Promoter	30
Construction Contractor	90
Cosmetologist	15
Dental Hygienist	50
Dentist	90
Dispensing Optician	50
Electrical Administrator	125
Funeral Director/Embalmer	30
Games of Chance and Skill (annual)	
Permittee	20 - 100+
Operator	500
Distributor	1,000
Manufacturer (in-state)	500
Geologist (one time fee)	20
Guide/Outfitter: Assistant and Class A (annual)	100
Guide/Outfitter (annual)	200
Hearing Aid Dealer	30
Marine Pilot	90
Marine Vessel Agent	30
Mechanical Administrator	125
Naturopath	50
Nursing	45
Nursing Home Administrator	30
Occupational Therapist	50
Optometrist	50
Paramedic	25
Pharmacist	90
Physical Therapist	50
Physician	200
Physician Assistant	25
Psychological Associate	50
Psychologist	50
Public Accountant	90
Public Accounting Corporation	50
Real Estate Appraiser	150*
Real Estate Broker/Salesman	62.50
Registered Nurse Anesthetist	45 + 12.50
Transporter (annual)	150*
Veterinarian	50
Veterinary Technician	30*

*Final adoption pending.

Division of Occupational Licensing

FY 92 PROPOSED BUDGET
PORTION FUNDED BY GF/PROGRAM RECEIPTS

Licensing Area	FY 92 LICENSEES	FY 92 GF/ PR BUDGET	FY 92 REVENUE	AVERAGE REVENUE
<u>Acupuncture</u>	<u>3</u>	<u>3,877*</u>	<u>830*</u>	<u>630*</u>
<u>AELS</u>	<u>4506</u>	<u>261,175</u>	<u>540,170</u>	<u>304,820</u>
<u>Athletic Commission</u>	<u>19</u>	<u>6,034</u>	<u>490</u>	<u>490</u>
<u>Audiology</u>	<u>43</u>	<u>5,969</u>	<u>410</u>	<u>1,580</u>
<u>Barbers/Hairdressers</u>	<u>3,379</u>	<u>180,196</u>	<u>279,815</u>	<u>165,230</u>
<u>Chiropractors</u>	<u>142</u>	<u>29,131</u>	<u>1,090</u>	<u>7,890</u>
<u>Clinical Social Wkrs</u>	<u>103</u>	<u>20,241</u>	<u>25,430</u>	<u>19,250</u>
<u>Collection Agencies</u>	<u>123</u>	<u>13,380</u>	<u>5,280</u>	<u>4,650</u>
<u>Concert Promoters</u>	<u>12</u>	<u>4,762</u>	<u>180</u>	<u>480</u>
<u>Contractors</u>	<u>3,184</u>	<u>217,112</u>	<u>300,840</u>	<u>373,290</u>
<u>Dental</u>	<u>921</u>	<u>81,644</u>	<u>41,490</u>	<u>65,985</u>
<u>Data Bank</u>	<u>0</u>	<u>8,435</u>	<u>0</u>	<u>0</u>
<u>Dispensing Opticians</u>	<u>82</u>	<u>20,186</u>	<u>4,920</u>	<u>5,860</u>
<u>Electrical Admin.</u>	<u>560</u>	<u>41,713</u>	<u>142,480</u>	<u>76,355</u>
<u>Geology</u>	<u>242</u>	<u>11,535</u>	<u>720</u>	<u>720</u>
<u>Guide-Outfitters</u>	<u>1,785</u>	<u>228,956</u>	<u>166,750</u>	<u>273,450</u>
<u>Marine Pilots</u>	<u>123</u>	<u>44,690</u>	<u>2,220</u>	<u>11,310</u>
<u>Mechanical Admin.</u>	<u>477</u>	<u>36,309</u>	<u>118,600</u>	<u>63,100</u>
<u>Medical</u>	<u>1,561</u>	<u>212,879</u>	<u>81,300</u>	<u>325,575</u>
<u>Mortuary Science</u>	<u>135</u>	<u>9,553</u>	<u>2,470</u>	<u>5,680</u>
<u>Naturopathy</u>	<u>12</u>	<u>4,762</u>	<u>1,200</u>	<u>665</u>
<u>Nursing</u>	<u>6,169</u>	<u>385,378</u>	<u>116,020</u>	<u>352,440</u>
<u>Nursing Home Admin.</u>	<u>72</u>	<u>8,099</u>	<u>1,110</u>	<u>2,970</u>
<u>Optometry</u>	<u>105</u>	<u>14,678</u>	<u>900</u>	<u>5,830</u>
<u>Pharmacy</u>	<u>489</u>	<u>50,127</u>	<u>63,279</u>	<u>49,275</u>
<u>PT/OT</u>	<u>381</u>	<u>32,070</u>	<u>17,769</u>	<u>14,920</u>
<u>Psychology</u>	<u>156</u>	<u>25,491</u>	<u>9,840</u>	<u>11,910</u>
<u>Public Accountancy</u>	<u>845</u>	<u>67,981</u>	<u>138,010</u>	<u>83,740</u>
<u>RE Appraisers</u>	<u>200*</u>	<u>46,749*</u>	<u>60,000*</u>	<u>45,000*</u>
<u>Real Estate</u>	<u>2,804</u>	<u>164,990**</u>	<u>404,625</u>	<u>278,268</u>
<u>Veterinary</u>	<u>190</u>	<u>27,816</u>	<u>2,780</u>	<u>11,680</u>
TOTAL:	<u>28,823</u>	<u>\$ 2,265,918</u>	<u>\$2,531,018</u>	<u>\$ 2,563,043</u>

* = New program.

** = Actual FY 92 Real Estate budget is \$312,290. This amount was reduced by \$147,300 which is funded by real estate Surety Funds; for a GF/PR obligation of \$164,990.

FN 92

Printed 01/30/91
Time 05:50 PM

CATEGORY	TOTAL	MEDICAL
NUMBER OF LICENSEES	29,108	1,561
PERCENT OF LICENSEES	100%	5.36%
PERSONAL SERVICES		
Administrative	982,185	52,672
Direct Support	266,763	60,475
# of Licensing Examiners	12.5	75%
Examiner Pay/Benifits	530,072	31,804
# of Investigator	7.5	100%
Investigator Pay/Benifits	447,633	49,737
% of Hearing Examiner	100%	5.93%
Hearing Examiners w/o RE	85,173	5,055
Real Estate Hearing Examiner	42,435	
SUB TOTAL	2,312,778	199,743
TRAVEL/PER DIEM		
Administrative	60,400	3,239
Board Meetings	227,184	18,000
SUB TOTAL	287,584	21,239
CONTRACTUAL SERVICES -ADMINISTRATIVE		
Professional Services	136,168	7,302
Communications	155,530	8,341
Transportation	10,000	536
Advertising/Printing	128,300	6,880
Repairs/Maintenance	30,700	1,646
Rental	46,900	2,515
Other (Memberships)	37,700	2,022
SUB TOTAL	545,298	29,243
CONTRACTUAL SERVICES - DESIGNATED		
Professional Services	0	
Communications	0	
Transportation	0	
Advertising/Printing	0	
Repairs/Maintenance	0	
Rental	0	
Other (Memberships)	0	
SUB TOTAL	15,402	0
CONTRACTUAL TOTAL	560,700	29,243
SUPPLIES		
Administrative	45,747	2,453
Designated	4,753	
SUB TOTAL	50,500	2,453
EQUIPMENT		
Administrative	6,233	335
Designated	2,847	
SUB TOTAL	9,100	335

HB

162

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

to. 1
 Bill Version: HB 162
 (H) Publish Date: 2/25/91

Revision Date: _____ Department Affected: Commerce & Economic Dev
 Title: Extending the Board of BRU: Occupational Licensing
Marine Pilots Component: Administration
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

0	3	5	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
----------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Funding for the Board of Marine Pilots is included in the department's FY 92 operating budget request and, therefore, new funds are not required. The FY 92 projected budget for the Board of Marine Pilots is explained on the attached page.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144

Division: Occupational Licensing Date: January 31, 1991

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: January 31, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

The Division of Occupational Licensing, Department of Commerce & Economic Development, is funded primarily by program receipts generated from licensing fees. All licensing programs share in the responsibility of covering a percentage of the administrative costs based on the number of current licensees (123 marine pilot licensees) divided by the total number of current division licensees (29,108). In FY 92, costs for the Board of Marine Pilots are projected as follows:

Personal Services:			
-	Administrative costs	4.5	
-	25% Licensing Examiner	10.6	
-	50% Investigative	<u>24.9</u>	
	Sub-Total:		\$40.0
Travel:			
-	Administrative	.3	
-	Board Travel	<u>8.0</u>	
	Sub-Total:		\$ 8.3
Contractual:			\$ 2.3
Supplies:			\$.2
Equipment:			<u>\$.0</u>
	TOTAL: FY 92 Costs		\$ 50.8
<u>Average Annual Revenue:</u>			\$ 11.3

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 20, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 4-9-91

The LABOR AND COMMERCE Committee considered:

HB 162

HOUSE BILL NO. 162

EXTEND BOARD OF MARINE PILOTS

"An Act extending the Board of Marine Pilots in the Department of Commerce and Economic Development; and providing for an effective date."

RECOMMENDATIONS: [] the same title
be replaced with _____ [] a new title

[] have attached amendments(s)

do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) Commerce + Econ Dev.

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Hevin Pao Pao</i>	✓				
<i>Loan M. Loan</i>	✓				
<i>[Signature]</i>	✓				
<i>Adrian L. Taylor</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓	<i>Dave Donley</i>		X	

[Signature]
CHAIRMAN'S SIGNATURE

USE COMMITTEE REPORT

7)
Date Referred: February 25, 1991

FURTHER REFERRALS:

Labor and Commerce
Finance

Date of Committee Action: 2/19/91

The TRANSPORTATION Committee considered:

HB 162

HOUSE BILL NO. 162

EXTEND BOARD OF MARINE PILOTS

"An Act extending the Board of Marine Pilots in the Department of Commerce and Economic Development; and providing for an effective date."

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
- have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____
 fiscal impact _____
 zero fiscal note DCED

APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____
 zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	<u>OTHER</u> RECOMMENDATIONS	DNP	NR	AM
<i>Gene Kulena</i>	✓				
<i>Gail Stebbins</i>	X				
<i>Bill Hanks</i>	X				
<i>Sam [unclear]</i>	✓				
<i>Sam M [unclear]</i>	✓				
<i>Alexander A Roman</i>	✓				

Sam M [unclear]
 CHAIRMAN'S SIGNATURE

Board or
Commission

Appointed

Term

BOARD OF MARINE PILOTS

AS 08.62 - 7 members, 6 appointed by the Governor and 1 designated by the Commissioner of Commerce and Economic Development from his staff to serve a four year term; serves until new member is appointed.

Department of Commerce
and Economic Development
P.O. Box D
Juneau, AK 99811
(work) 465-2538

Harold K. Elsensohn (Pilot)
119 Austin, Apartment #506
Ketchikan, AK 99901
(work) 225-9696
(home) 225-2383

June 1, 1991

Mark A. Foster (Public)
P.O. Box 101260
Anchorage, AK 99510
(work) 263-2125
(home) 276-3838

June 1, 1991

William Lorch (Agent)
1600 A Street, Suite 220
Anchorage, AK 99501
(work) 272-0714

June 1, 1992

Michael O'Hara (Pilot)
P.O. Box 1443
Palmer, AK 99645
(work and home) 745-3518

June 1, 1993

Russell Sell (Public)
1727 W. 11th Street
Anchorage, AK 99501
(work) 276-1492
(home) 276-1492

June 1, 1992

M. Paul Taylor (Chairperson)
P.O. Box 241
Skagway, AK 99840
(work) 983-2214
(home) 983-2409

June 1, 1994

Audit Report



DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
BOARD OF MARINE PILOTS

October 21, 1990



Audit Control Number:

08-1382-91

Division of Legislative Audit
P.O. Box W, Juneau, Alaska 99811-3300

STATE OF ALASKA

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

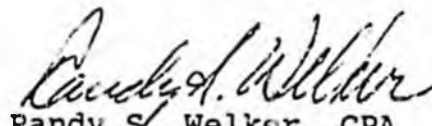
October 21, 1990

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the Board of Marine Pilots.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Finance and Audit Divisions' budgets were revised to reflect certain changes in the organizations of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the Board of Marine Pilots was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE: (907) 465-3755

October 21, 1990

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

A REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF MARINE PILOTS
October 21, 1990

Audit Control Number

08-1382-91 R



Mike Greany, Director
Division of Legislative Finance

TABLE OF CONTENTS

	<u>Page</u>
Purpose of the Report.	1
Organization and Function.	3
Report Conclusion.	5
Analysis of Public Need.	7
Appendix:	
A. Schedule of Revenues Compared with Expenditures. . . .	12
Agency Response:	
Department of Commerce and Economic Development	13

PURPOSE AND SCOPE OF THE REPORT

Purpose

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Marine Pilots to determine if the Board has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during legislative oversight hearings to determine whether the Board should be reestablished. The law now specifies that the Board will terminate June 30, 1991, and have one year from that date to conclude its affairs.

Scope

The major areas of our examination were the licensing, examination, administration, complaint, and investigation functions of the Board. We reviewed and performed the following:

1. Applicable statutes and regulations.
2. Tests of files and documents of licensees.
3. Interviews with the staff of the Board.
4. Complaints filed with the Division of Occupational Licensing, Human Rights Commission, Equal Employment Opportunity Office, the Ombudsman's Office, and the Department of Law.
5. Discussions with Board members.
6. Minutes of Board meetings and Division correspondence files.
7. Attorney General's Opinions applicable to professional boards.

ORGANIZATION AND FUNCTION

Responsibility for the regulation of marine pilotage is shared by the Federal and State governments. The Federal government, through the U.S. Coast Guard (USCG), regulates pilotage on enrolled vessels, while the individual states are given the right, in the United States Code, to regulate pilotage on registered vessels. Enrolled vessels are vessels registered in the United States and engaged in commerce between American ports; registered vessels are those vessels engaged in foreign trade. The individual states have the right to regulate pilotage on vessels engaged in foreign trade.

The Alaska Board of Marine Pilots was created under AS 08.62 to carry out the State of Alaska's responsibility of regulating pilotage on registered vessels. The Statute became effective in 1970.

The Board is made up of seven members - two marine pilots, two agents or managers of vessels, two public members and the Commissioner of the Department of Commerce and Economic Development. The purpose of the Board of Marine Pilots is to license qualified pilots, to take disciplinary action against negligent or incompetent pilots, and to establish standards for pilotage fees.

Once a marine pilot has received a license from the Board, the pilot is authorized to pilot registered vessels within the established boundaries of compulsory pilotage waters for the State. The compulsory pilotage waters and the exclusions for entering compulsory pilotage waters are defined by regulations. Alaska Statute 08.62.160 requires registered vessels to carry State licensed pilots when inside these boundaries. It is the pilot's job to direct a vessel safely through Alaska's designated inside waters, dock and undock the vessel.

To obtain an unlimited pilot's license an applicant must first obtain both a pilot's license and a master's license issued by the U.S. Coast Guard. In addition, the applicant must perform ten to twenty supervised dockings and undockings and pass written and oral examinations administered by the Board.

The Board also issues limited pilot's licenses and channel pilot's licenses. The holders of limited pilot's licenses may pilot vessels of 2,000 gross tons or less. Channel pilots may pilot vessels in main ship channels only, and can perform dockings and undockings under the direct supervision of pilots holding unlimited pilot's licenses. Proof of dockings and undockings is required to obtain the limited and unlimited classes of licenses. Applicants for any of the three licenses can obtain temporary licenses by meeting all the licensure requirements and taking a temporary license examination. A second, more extensive, examination is required for permanent licensure which is administered at the subsequent Board meetings.

REPORT CONCLUSION

Policy Issues

Several related policy issues beyond the scope of this audit bear on the regulation of Marine Pilotage:

1. The relationship of pilot associations to the profession;
2. The question of anti-trust statutes; and
3. The basic training of pilots.

These issues have generated considerable litigation in the past few years, some of which reflects an area of ambiguity of vagueness in Marine Pilot statutes. This is a problem in most maritime states.

A comprehensive review of the pilotage industry and its regulation, such as that being done by the Division of Policy, could form the basis for the clarification of these issues by the legislature.

Report Conclusion

In our opinion, the Board of Marine Pilots should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The Board provides this service by establishing minimum experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurances that those licensed act in a competent manner is provided by investigation of complaints and revocation or suspension of licenses when appropriate.

The extensive review prepared by the Division of Policy, Office of the Governor identifies specific shortfalls (and proposed solutions) in Alaska Statutes regulating Marine Pilotage. This report can provide a framework for legislative review of the Marine Pilotage Act to strengthen the public protection provided.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of Board activities relate to the public need factors defined in the "sunset" law. These analyses are not intended to be comprehensive, but address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Board of Marine Pilots has operated in the public interest by examining the licensing qualified applicants and proposing changes in regulations that are necessary to enforce state statutes and assure the protection of shipping, human lives, property, and the environment from the dangers posed by vessels traveling in Alaskan waters. To accomplish these functions the board held regular meetings, investigated accidents, conducted examinations, and strengthened regulations during the post four years.

- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. Board members regularly review the examination content and revise it as needed.
 - B. A procedures manual is used by the Board and by OL examiners to ensure consistency and fairness.
 - C. The following has enhanced or hindered the Board's effectiveness due to administrative actions by OL:
 1. The Board received assistance in drafting regulation changes from OL.
 2. The repeated changes in the representative of the Commissioner of Commerce and Economic Development on the Board has slowed progress in policy development.

- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Board has adopted a new license endorsement requirement for very large crude carriers (VLCC).

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ORGANIZATION AND FUNCTION

Responsibility for the regulation of marine pilotage is shared by the Federal and State governments. The Federal government, through the U.S. Coast Guard (USCG), regulates pilotage on enrolled vessels, while the individual states are given the right, in the United States Code, to regulate pilotage on registered vessels. Enrolled vessels are vessels registered in the United States and engaged in commerce between American ports; registered vessels are those vessels engaged in foreign trade. The individual states have the right to regulate pilotage on vessels engaged in foreign trade.

The Alaska Board of Marine Pilots was created under AS 08.62 to carry out the State of Alaska's responsibility of regulating pilotage on registered vessels. The Statute became effective in 1970.

The Board is made up of seven members - two marine pilots, two agents or managers of vessels, two public members and the Commissioner of the Department of Commerce and Economic Development. The purpose of the Board of Marine Pilots is to license qualified pilots, to take disciplinary action against negligent or incompetent pilots, and to establish standards for pilotage fees.

Once a marine pilot has received a license from the Board, the pilot is authorized to pilot registered vessels within the established boundaries of compulsory pilotage waters for the State. The compulsory pilotage waters and the exclusions for entering compulsory pilotage waters are defined by regulations. Alaska Statute 08.62.160 requires registered vessels to carry State licensed pilots when inside these boundaries. It is the pilot's job to direct a vessel safely through Alaska's designated inside waters, dock and undock the vessel.

To obtain an unlimited pilot's license an applicant must first obtain both a pilot's license and a master's license issued by the U.S. Coast Guard. In addition, the applicant must perform ten to twenty supervised dockings and undockings and pass written and oral examinations administered by the Board.

The Board also issues limited pilot's licenses and channel pilot's licenses. The holders of limited pilot's licenses may pilot vessels of 2,000 gross tons or less. Channel pilots may pilot vessels in main ship channels only, and can perform dockings and undockings under the direct supervision of pilots holding unlimited pilot's licenses. Proof of dockings and undockings is required to obtain the limited and unlimited classes of licenses. Applicants for any of the three licenses can obtain temporary licenses by meeting all the licensure requirements and taking a temporary license examination. A second, more extensive, examination is required for permanent licensure which is administered at the subsequent Board meetings.

To obtain license renewal, a pilot must have worked within the area(s) for which he was licensed within the last two biennial periods or petition the Board for determination that he has sufficient knowledge and experience to resume pilotage in the area(s). License renewal is required biennially. It is a pilot's duty to report quarterly the names of all vessels served that were subject to the services of a licensed pilot.

Another function of the Board is to establish standards for setting pilotage fees for services. Any changes of the fees charged by pilots for their services must be approved by the Board.

The Board is assisted in performing its licensing and other administrative functions by staff support from the Division of Occupational Licensing (OL) which: processes applications, maintains files, answers correspondence dealing with the Board, and provides other administrative support as needed by the Board. In addition, OL investigates complaints or accident reports involving marine pilots.

REPORT CONCLUSION

Policy Issues

Several related policy issues beyond the scope of this audit bear on the regulation of Marine Pilotage:

1. The relationship of pilot associations to the profession;
2. The question of anti-trust statutes; and
3. The basic training of pilots.

These issues have generated considerable litigation in the past few years, some of which reflects an area of ambiguity of vagueness in Marine Pilot statutes. This is a problem in most maritime states.

A comprehensive review of the pilotage industry and its regulation, such as that being done by the Division of Policy, could form the basis for the clarification of these issues by the legislature.

Report Conclusion

In our opinion, the Board of Marine Pilots should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The Board provides this service by establishing minimum experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurances that those licensed act in a competent manner is provided by investigation of complaints and revocation or suspension of licenses when appropriate.

The extensive review prepared by the Division of Policy, Office of the Governor identifies specific shortfalls (and proposed solutions) in Alaska Statutes regulating Marine Pilotage. This report can provide a framework for legislative review of the Marine Pilotage Act to strengthen the public protection provided.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of Board activities relate to the public need factors defined in the "sunset" law. These analyses are not intended to be comprehensive, but address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Board of Marine Pilots has operated in the public interest by examining the licensing qualified applicants and proposing changes in regulations that are necessary to enforce state statutes and assure the protection of shipping, human lives, property, and the environment from the dangers posed by vessels traveling in Alaskan waters. To accomplish these functions the board held regular meetings, investigated accidents, conducted examinations, and strengthened regulations during the post four years.

- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. Board members regularly review the examination content and revise it as needed.
 - B. A procedures manual is used by the Board and by OL examiners to ensure consistency and fairness.
 - C. The following has enhanced or hindered the Board's effectiveness due to administrative actions by OL:
 1. The Board received assistance in drafting regulation changes from OL.
 2. The repeated changes in the representative of the Commissioner of Commerce and Economic Development on the Board has slowed progress in policy development.

- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Board has adopted a new license endorsement requirement for very large crude carriers (VLCC).

- B. The Board has made regulations regarding operating vessels under the influence of alcohol much more stringent.
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
- A. The public is informed of Board meetings, examination dates and regulation changes by notices in five newspapers throughout the state.
- B. Minutes of Board meetings include names of all persons in attendance, including staff and industry representatives.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. As stated in Criteria IV, Letter A, the public is invited to the Board of Marine Pilots' meetings to give input about Board business and proposed regulations.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.
- A. There were no complaints filed with the Office of the Ombudsman, State Office of Equal Employment Opportunity or the Human Rights Commission.
- VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Board currently regulates 95 pilots and 30 agents. There have been 48 new licenses issued since December 1986. There were 36 lapsed pilot licenses and 23 lapsed agent licenses as of 30 August 1990.
- B. The Board requires that pilots provide quarterly reports listing vessels serviced by state licensed pilots.
- VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

A. The Office of Equal Employment Opportunity does not feel the weight, height, or date of birth questions are necessary with the application form and may encourage discrimination. However, neither the Human Rights Commission nor the Equal Employment Opportunity Office have received complaints related to the Board's activities.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. Please refer to Policy Issues in the Report Conclusion.

APPENDIX A

BOARD OF MARINE PILOTS
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES
For Fiscal Year 1990
(Unaudited)
(Note 1)

Revenue		\$11,375
Expenditures (Note 3)		
Personal Services	\$33,902	
Travel	10,081	
Contractual	4,349	
Supplies	241	
Equipment	<u>781</u>	
Total Expenditures		<u>\$49,354</u>
Revenues Compared to Expenditures		<u><\$25,514></u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared by the Division of Occupational Licensing personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed biennially. Because of the renewals, revenues vary substantially every year. Therefore, we combined revenues collected in fiscal year 1989 and 1990, and calculated an average in order to obtain a representative amount of annualized revenues collected.

Note 3

This amount does not include expenditures for efforts of other departments assisting the Board.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR R

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

OFFICE OF THE COMMISSIONER

December 3, 1990

Mr. Randy S. Welker
Legislative Auditor
Audit Division
Legislative Budget &
Audit Committee
P.O. Box W
Juneau, AK 99811-3300

DEC 3 1990

Dear Mr. Welker:

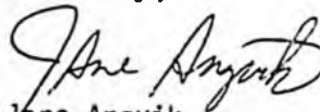
This letter is in response to the preliminary "sunset" audit findings of the Audit Division (hereinafter "audit") regarding the Board of Marine Pilots (hereinafter "board"). Your review of the board's performance has resulted in the recommendation to the Department of Commerce and Economic Development (hereinafter "department") that the extensive report on the marine pilotage industry prepared by the Governor's Division of Policy provides a "framework for legislative review of the Marine Pilotage Act." We concur in this recommendation.

As you know, in preparing a draft response to a letter to Governor Cowper from former board chair Captain Ed Murphy, the Division of Occupational Licensing last spring urged Governor Cowper to ask his Office of Management and Budget, Division of Policy (hereinafter "policy"), to undertake a comprehensive review of the state of marine pilotage in Alaska. The Governor agreed to this proposal and policy staff Brad Pierce and Mary Lou Madden have been significantly involved in a thorough review of marine pilotage issues since May of this year. The Department of Commerce and Economic Development is very much aware of growing concern for both the piloting profession and the ability of the board to deal effectively with increasingly complex piloting issues.

Policy staff have prepared a detailed, thorough report that addresses a variety of relevant marine pilotage issues. Accompanying the report is draft legislation to correct the problems identified by the administration and others intimately involved in the pilotage industry. The board recently held a meeting to review the recommendations contained in the report, and in mid-December is holding a special one-day meeting to thoroughly review the proposed legislation.

The department believes that the findings and recommendations of the Governor's Division of Policy would be an effective guide to the division, the board, the Legislature, and the pilotage industry during the seventeenth Legislature's hearings on continuation of the Board of Marine Pilots, as those entities focus on the many complex matters facing the marine piloting profession in Alaska.

Sincerely,



Jane Angvik
Commissioner

JA/RPB/bkt3209c
120390b

cc: Randall P. Burns, Director
Division of Occupational Licensing

All Members
Board of Marine Pilots

HPB

163

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 163

Revision Date: _____ Department Affected: Commerce & Economic Dev.

Title: Extending the Board of Psychologist and Psychological Associate Examiners... BPU: Occupational Licensing
Component: Administration

Sponsor: Rules Committee

Requestor: Governor COMPONENT SERIAL NO.

0	3	5	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Funding for the Board of Psychologist and Psychological Associate Examiners is included in the department's FY 92 operating budget request and, therefore, new funds are not required.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144

Division: Occupational Licensing Date: 3/22/91

Approved by Commissioner: Glenn A. Olds *Glenn A. Olds* Asst. Comm.

Agency: Commerce and Economic Development Date: 3-22-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

The Division of Occupational Licensing, Department of Commerce & Economic Development, is funded primarily by program receipts generated from licensing fees. All licensing programs share in the responsibility of covering a percentage of the administrative costs based on the number of current licensees (156 psychologists and psychological associate licensees) divided by the total number of current division licensees (29,108). In FY 92, costs for the Board of Psychologist and Psychological Associate Examiners are projected as follows:

Personal Services:			
-	Administrative costs	5.7	
-	25% Licensing Examiner	10.6	
-	10% Investigative	<u>5.0</u>	
	Sub-Total:		\$21.3
Travel:			
-	Administrative	.3	
-	Board Travel	<u>5.0</u>	
	Sub-Total:		\$ 5.3
Contractual:			\$ 2.9
Supplies:			\$.3
Equipment:			<u>\$.0</u>
	TOTAL: FY 92 Costs		\$ 29.8
<u>Average Annual Revenue:</u>			\$ 11.9

FN 92

Printed 01/30/91
Time 05:50 PM

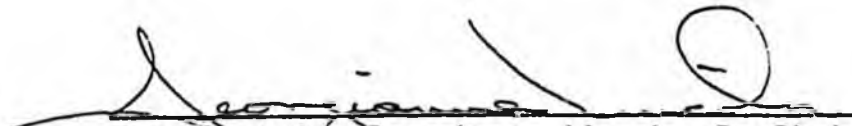
CATEGORY	TOTAL	PSYCH
NUMBER OF LICENSEES	29,108	156
PERCENT OF LICENSEES	100%	0.54%
PERSONAL SERVICES		
Administrative	982,185	5,264
Direct Support	266,763	
% of Licensing Examiners	12.5	25%
Examiner Pay/Benefits	530,072	10,601
% of Investigator	7.5	10%
Investigator Pay/Benefits	447,653	4,974
% of Hearing Examiner	100%	0.59%
Hearing Examiners w/o RE	85,173	505
Real Estate Hearing Examiner	42,433	
SUB TOTAL	2,312,778	21,344
TRAVEL/PER DIEM		
Administrative	60,400	724
Board Meetings	227,184	5,000
SUB TOTAL	287,584	5,324
CONTRACTUAL SERVICES - ADMINISTRATIVE		
Professional Services	136,168	730
Communications	153,530	834
Transportation	10,000	54
Advertising/Printing	128,300	688
Repairs/Maintenance	30,700	165
Rental	46,900	251
Other (Memberships)	37,700	202
SUB TOTAL	543,298	2,922
CONTRACTUAL SERVICES - DESIGNATED		
Professional Services	0	
Communications	0	
Transportation	0	
Advertising/Printing	0	
Repairs/Maintenance	0	
Rental	0	
Other (Memberships)	0	
SUB TOTAL	15,402	0
CONTRACTUAL TOTAL	560,700	2,922
SUPPLIES		
Administrative	45,747	245
Designated	4,753	
SUB TOTAL	50,500	245
EQUIPMENT		
Administrative	6,253	34
Designated	2,847	
SUB TOTAL	9,100	34
TOTAL BUDGET - COLUMNS 3,220,662 29,869		


March 27, 1991

by the House Health, Education and Social Services Committee

**Letter of Intent
for
HB 163**

It is the intent of the House Health, Education and Social Services Committee that occupational licensing fees established pursuant to AS 08.01.065 shall reflect the actual costs to the department for which the fee is charged, except when to do so would create an unreasonable burden upon licensees. The committee requests the Board of Psychologist and Psychological Associate Examiners to work with the department in re-evaluating its current licensing fee schedule. The committee further requests the department to issue a report on fee schedules, with notation as to those fees which have been changed, to the legislature by the first day of the second session of the Seventeenth Legislature.


Representative Georgianna Lincoln, Co-Chair


Representative Pat Carney, Co-Chair

HB 163

February 26, 1991

Representative Georgianna Lincoln
Chair of the House Health, Education
and Social Services Committee
PO BOX V STATE HOUSE
Juneau, AK 99811

Dear Representative Lincoln:

I am writing to you on behalf of the Alaska Psychological Association with regard to the Alaska statutes as they relate to the Psychological Associate license. Specifically, I am requesting that the educational requirement for the Psychological Associate be increased from a minimum of a Masters Degree consisting of twenty four semester hours to a minimum of a Masters Degree consisting of forty eight hours.

As you may know, the Psychological Associate license allows those holding a Masters Degree in psychology to practice psychology in Alaska. Alaska is one of approximately five states in the country that allow those holding the Masters Degree in psychology to be licensed, thus providing quality control with regard to whom may practice.

In order to be licensed, Psychological Associates must first practice under the supervision of a Psychologist (someone who holds a Doctorate Degree and is licensed by the the state) for a period of three years. After successfully completing the supervision requirement they are then eligible to sit for the written examination. This examination consists of two parts, an objective portion that is used throughout the country, and an essay portion which covers ethics and legal issues specific to the practice of psychology in Alaska. The test is the same as that taken to be licensed as a Psychologist, but the passing score is substantially lower. After being licensed, Psychological Associates must remain under the supervision of a Psychologist for five years after which they may apply to practice independently.

The difference between Psychologists and Psychological Associates is that Psychologists have two to three more years

Misc. Correspondence

of formal training at the graduate level, and have a far broader base of education and thus typically perform a wider variety of services. These include evaluations based upon information derived from psychological testing, and therapy to individuals, groups and families. In addition many Psychologists serve as expert witnesses in court, and do evaluations in the correctional system. Some Psychologists specialize in rehabilitation of those with brain injuries or disease and evaluate neurological capabilities. Psychologists provide services in hospitals, as well as out patient settings.

Psychological Associates may do any of these activities provided they have the necessary training. As a general rule however, most Psychological Associates limit their practice to psychotherapy, and generally restrict their practice to outpatient work.

The Alaska Psychological Association is recommending that the educational requirement for Psychological Associates be increased for two reasons. The first is that when first written, the statute required that Psychological Associates remain under the supervision of a psychologist in order to practice. With the higher level of responsibility that comes with completely independent practice that the law now allows, should come a higher level of training.

The second reason for the requested change is that since the law was written, the amount of knowledge has expanded sufficiently to warrant an increased educational requirement. There continues to be a wide disparity between the requirements for earning a masters degree. While some schools require as many as ninety semester hours of credit, others require less than the twenty four specified for licensure. Twenty four hours of credit is the equivalent of only eight classes, seven classes if credit is given for writing the masters thesis. When viewed in that respect it is apparent that one can just begin to scratch the surface of the current body of knowledge with only twenty four hours of credit. It is clearly not enough to practice independently.

The University of Alaska has increased its requirements for the masters degree to forty eight hours. Those trained in that program will be able to meet this requirement. Those pursuing licensure without the required course work can enroll in graduate courses offered at The University of Alaska and Alaska Pacific University. For those living in rural areas, there are several extended degree programs that a number of Alaskans are enrolled in which allow their