

Vote Record

Joint committee on Audit

Date: 10-1-03
Bill Number: Reg + Licensing
Moved by: Jeskewitz Seconded by: Darling
Motion: _____

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Carol Roessler Co-Chair	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz Co-Chair	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Cowles	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Gary George	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Jeffrey Plale	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Dean Kaufert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Samantha Kerkman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative David Cullen	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Mark Pocan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>7</u>	<u>0</u>	<u>3</u>	<u>0</u>

Motion Carried

Motion Failed

Regg Licensing

- do support & prepared to coop
- fee structure currently under contract out core
- request that this audit be given top priority

* want complete by Jan 2004

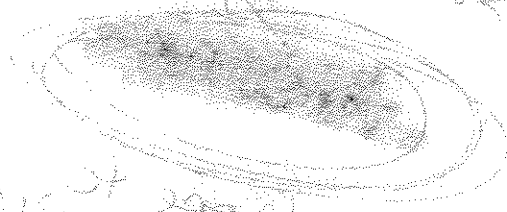


- * hope to complete BY June
- * extremely unlikely to finish by Jan 1
- * 110 licenses:
- * initial
- * exam fees
- * renewal fees
- * sometime between Jan + June

have about 10 pos.
vacancy

87 staff authorized

must keep some
vacant



Handwritten notes and scribbles, including the word "know" and several asterisks (*).

Statement on Proposed Audit
Before The
JOINT LEGISLATIVE AUDIT COMMITTEE
Senator Carol A. Roessler, Co-Chairperson
Representative Suzanne Jeskewitz, Co-Chairperson

October 1, 2003
411 South, State Capitol

Statement of Deputy Secretary Mary Woolsey Schlaefer
Representing the Department of Regulation and Licensing

Good morning Senator Roessler, Representative Jeskewitz and members of the Committee. Thank you for the opportunity to appear today. I am the Deputy Secretary for the Department of Regulation and Licensing. I appear on behalf of the Department to comment on the proposed audit of the methodology for setting credential fees.

The Department supports the audit of the methodology as described in the September 24, 2003, memo from State Auditor Mueller to the Committee. We are prepared to work with the Committee and the Legislative Audit Bureau to timely provide information and other assistance necessary to complete the audit. We have one concern—that the fee methodology and schedule that is currently in effect is not adequate. Continuing to operate under the existing methodology and schedule will seriously compromise the Department's ability to carry out its critical public protection responsibilities. For this reason, we request that the Committee direct that the audit be given top priority and that the audit be completed no later than January, 2004.

I appear primarily to answer questions that the Committee may have. It may be helpful to the Committee to provide some background context, which I will do at this point, if the Co-Chairs wish.

The Department, in conjunction with its associated regulatory boards, licenses (certifies or registers) and regulates 110 credential types. State law contemplates that initial and renewal fees for each regulated profession be set to reflect the administrative and enforcement costs of the Department attributable to that profession. The proposed fee methodology and schedule are to be submitted with the Department's biennial budget request.

The previous administration did not submit a proposed fee schedule with its last biennial budget. The previous administration concluded that the existing methodology was inadequate to capture and allocate costs attributable to a given profession's cost of enforcement, but did not propose an alternative.

After the Governor took office, the Department's new administration reviewed the existing fee methodology. We agreed that the methodology does not adequately capture and allocate the Department's administrative and enforcement costs attributable to individual professions. For example, the existing methodology sets one uniform fee for initial applications across all professions. This does not take into account that the application requirements are significantly more detailed and complex and thus more costly to administer for some professions and businesses than others. Pharmacies and drug manufacturers must, for example, be inspected as part of the licensing process. Yet they pay the same initial application fees as other credential types that require no inspection. Nor does the existing methodology take into account that some professions have continuing education requirements, while others do not. The Department incurs significant costs reviewing and approving continuing education courses and auditing compliance with continuing education courses. Under the current methodology, those costs are allocated to all professions rather than simply the professions that have continuing education requirements. The result is that professions which do not have continuing education requirements end up subsidizing a portion of the cost of administering continuing education requirements for other professions.

The current administration undertook to develop an improved fee methodology in time to submit to the Joint Finance Committee during the budget process. We retained a top-five accounting firm, Grant Thornton, with considerable experience developing cost-based fee structures, to assist the Department in developing a new methodology. Grant Thornton collected

and analyzed time data and developed a methodology that more fully captures and allocates costs attributable to regulation of a specific profession to the fees for that profession. The methodology, for instance, takes into account the considerable difference among professions and businesses in the time and costs associated with reviewing initial applications. The resultant proposed fee schedule is a true fee adjustment. If adopted, it would result in initial application fees being reduced for 26 credential types and increased for 84 and renewal application fees being reduced for 35 credential types and increased for 75.

The Department presented the proposed new methodology and fee schedule to the Joint Finance Committee. The Joint Finance Committee, and ultimately Legislature as a whole, did not adopt the proposal, but rather, adopted a recommendation that this Committee request an audit of the fee methodology.

In the meantime, the Department must operate under a fee schedule established in the previous biennium, which neither fully nor equitably allocates costs among the professions and thus does not produce the revenue necessary for the Department to carry out its basic public protection functions. We believe the newly proposed fee methodology is a sound methodology which more fully captures and allocates costs to the individual regulated professions as contemplated under the law. It is critical to public safety and well-being that a sound methodology and a fee structure adequate to support the Department's public protection functions be adopted without delay. For this reason, we welcome the proposed audit and ask that the Committee direct that it be completed no later than January 2004.

Thank you for your time. I would be happy to respond to any questions you have.

Jim Doyle
Governor

Donsia Strong Hill
Secretary

WISCONSIN DEPARTMENT OF
REGULATION & LICENSING



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October 29, 2003

Ms. Janice Mueller, Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller:

The Medical Examining Board passed a Motion at its October 22 meeting to urge the Legislative Audit Bureau to conduct an audit of the fee methodology for the Department of Regulation and Licensing by February 1, 2004.

The Board's primary concern is that it be afforded the funding necessary to carry out its mission to protect the health and safety of the public in the health care setting. The Board consensus is that the current fee structure is inadequate to the exceedingly important task at hand in a number of ways.

The resources generated by initial and renewal fees do not provide the funding necessary to function efficiently and effectively. Therefore, we support a fee increase for physicians, to both initial and renewal fees. We know our fees are low. Most other state Boards assess initial and renewal fees at two to three times the rate of ours. The result is better information on problem providers, more resources applied to enforcement of practice acts and codes of professional conduct, and access to more efficient forms of technology that results in cost savings long-term. In Virginia, for example, the entire regulatory operation is computer-based.

It is our opinion that the performance of the Division of Enforcement is hindered severely by an insufficient number of investigators and attorneys. Each attorney on average has 100 cases open. With a one year limit on the time the statutes allow to resolve death cases, and the three year limit on non-death cases, a substantial resource commitment is required in order to diligently conduct discovery, respond thoroughly to the high level of representation secured by respondents, and to resolve cases in a timely manner. This situation cannot improve without more support. The Health Team within the Department


Ms. Janice Mueller
October 29, 2003
Page Two

will become increasingly burdened as the population ages. With more health care consumers relying on the health care system, it is inevitable that the Department will receive more complaints, investigate and prosecute more cases, and impose more discipline. As it is, the Health Team already accounts for 57% of the casework of the Department.

Furthermore, we support the Department's effort toward a more accurate fee methodology that fairly represents the costs of each profession. The current formula does not reflect the intent of the legislature. The renewal fee, for example, consists of a fixed cost portion for administration and a variable cost portion based on enforcement activities. The fixed portion of the renewal fee was intended to represent administrative costs common to all professions, but in fact, some profession-specific enforcement and credentialing activities were included in that fixed portion. This results in an involuntary subsidization of licensees within a profession by licensees in another profession that requires less administrative support.

Finally, we wish to acknowledge the difficult situation the Legislature and the Department face with respect to the state budget as we encourage creative solutions in lean times. We respectfully urge a prompt audit of the Department of Regulation and Licensing's fee structure as one very important step in that direction.

Sincerely,


Sidney Johnson, M.D.
Chair, Medical Examining Board

c: Secretary Donsia Strong Hill, Department of Regulation and Licensing
The Honorable Suzanne Jeskewicz, Co-Chair, Joint Committee on Audit
The Honorable Carol Roessler, Co-Chair, Joint Committee on Audit
Joint Committee on Audit Members



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

NOV 05 2003

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

November 5, 2003

Representative Sheryl Albers
3 North, State Capitol
Madison, Wisconsin 53702

Dear Representative Albers: *Sheryl*

file

Thank you for your letter requesting information on the interaction between the Department of Administration and the Department of Regulation and Licensing regarding license renewals. As you may be aware, the Joint Legislative Audit Committee recently directed the Legislative Audit Bureau to undertake a review of credentialing fees within the Department of Regulation and Licensing. It is my intention to incorporate the concerns raised in your letter into that larger review.

If you have any additional information concerning this issue, or if you wish to discuss it further, please feel free to contact me.

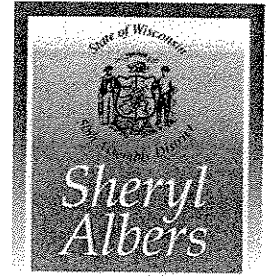
Sincerely,

Janice Mueller

Janice Mueller
State Auditor

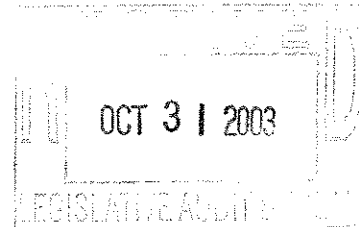
JM/JC/bm

cc: ✓ Senator Carol A. Roessler
Representative Suzanne Jeskewitz



October 28, 2003

Janice Mueller, State Auditor
Legislative Audit Bureau
22 E Mifflin St Ste 500
Madison WI 53703



Dear Janice,

I am contacting you to request that the Legislative Audit Bureau investigate the process by which the Department of Administration and Department of Regulation & Licensing interact in regards to renewing licenses. I have attached a copy of a mailing error that recently occurred, affecting numerous non-profit agencies.

It is my hope that we may make recommendations to both departments to formalize the notification (cross checking) process to avoid these distasteful situations and improve its processes and accountability. The memo states, "Their (DOA's) records show that notices for some charitable organizations were not mailed." If this is the case, and there was a record of mailings, why didn't the Department of Regulation & Licensing cross check that before mailing out late fee notices? Also, in the obvious case of this mistake, why does it take so long to get back a late payment (60 days)? Are these instances pursued with priority?

Subjecting the process to outside scrutiny could result in savings to the taxpayers without sacrificing the quality of the work that is done. It is not my intent to have the Legislature micromanage either department. Doing so would only further politicize a process that is already entirely too political. My intent is to make certain that we have adequate rules and processes in place so that these types of mistakes do not happen again.

I appreciate any and all consideration given by you and your colleagues at the Legislative Audit Bureau to this request. Should you have any questions, please feel free to contact me anytime.

Sincerely,

Sheryl K. Albers
State Representative
50th Assembly District

P.S. Your work on Correction Audit Process Agency is appreciated!

Jim Doyle
Governor

Donsia Strong Hill
Secretary

WISCONSIN DEPARTMENT OF
REGULATION & LICENSING



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September 30, 2003

RE: Charitable Organization Renewal

Dear Credential Holder:

Due to the high number of charitable organizations indicating they never received a renewal notice in June, we decided to investigate this matter in more detail.

We contacted the Department of Administration (DOA), which prints and mails renewal notices. They confirmed they made an error in printing and mailing the charitable organization renewal notices. Their records show that notices for some charitable organizations were not mailed.

We have worked with DOA to identify the affected organizations and have identified those organizations for which there is no record confirming that a renewal notice was mailed to the organization. Your organization is on the list of affected organizations. We are writing to inform you that the Department of Regulation and Licensing (DRL) will waive payment of the late renewal fee for all affected organizations, provided payment of the \$15 renewal fee is received by DRL on or before October 20, 2003.

You may have previously received a letter indicating your organization's license had expired and requesting payment of a late renewal fee. If you have not already responded to that letter, please submit payment of the \$15 renewal fee immediately. You may disregard the request for payment of the late fee, provided you mail the \$15 renewal fee in time for DRL to receive it on or before October 20, 2003. Any payment received after October 20, 2003, will be subject to the \$25 late renewal fee.

For those affected organizations that already paid the \$25 late fee, we will refund that amount to you. You do not need to contact DRL to request a refund. We will automatically process a refund for all affected organizations that have paid the late fee. Please allow at least 60 calendar days for receipt of the refund.

We are sorry for any inconvenience caused by this error.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Pond".

Cathy Pond, Division Administrator
Professional Credential Processing

Jim Doyle
Governor

WISCONSIN DEPARTMENT OF
REGULATION & LICENSING

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Donsia Strong Hill
Secretary

MAR 02 2004



February 26, 2004

The Honorable Alberta Darling
Chair, Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison 53707

The Honorable Dean Kaufert
Chair, Joint Committee on Finance
Room 308 East
State Capitol
P.O. Box 8952
Madison 53708

*Call back at
for info on
see it*

Dear Chairpersons Darling and Kaufert:

We write to convey our concerns with respect to the current state of the budget at the Wisconsin Department of Regulation and Licensing, and to make clear our support for an appropriate fee increase.

As you know, the Department Secretary is charged by statute with administering the budget for the Department. Boards such as ours do not typically involve themselves in the many responsibilities that go along with the work of budgeting, but decisions made have a direct impact on our ability to protect the health and safety of the public.

The recent announcement by the Department that the budget situation has forced a reduction in the number of Board meetings causes us great concern. We are not certain of the impact of meeting only 7 times per year when we have always come together every month, without fail, to conduct examinations, review applications, issue licenses, review variance requests, discuss practice questions, amend our rules, review pending legislation, take disciplinary action against problem providers, monitor orders we have issued, and to deal with any other urgent situations that affect the practice of pharmacy. State statutes require the Medical Examining Board to meet monthly. We believe the same statute should apply to the Pharmacy Examining Board.

The Honorable Alberta Darling
The Honorable Dean Kaufert
February 26, 2003
Page Two

At a minimum, we foresee applications not being processed in a timely manner, and examinations that are necessary for licensure delayed. Such service reductions can only exacerbate the pharmacist shortage problems that plague our state, particularly in underserved areas. When delayed approval prompts qualified pharmacists to locate in another state, Wisconsin consumers will have less access to medicine.

We take very seriously our role in minimizing the possibility of error and unsafe practice by educating pharmacists, pharmacy owners, drug distributors and manufacturers. The Pharmacy Examining Board is far and away the most proactive Health Professions Board in answering questions related to lawful practice so that breaches of public health and safety are eliminated before they can occur. To prevent confused licensees from acting on uncertainty, we invite written questions for our full discussion and response. Our accessibility in this respect is well known. If the difficult decision of paring away agenda items is forced upon us, our ability to educate our constituents in this important way will erode.

We support an appropriate fee increase in order to return to monthly meetings so that we can maintain the level of protection we have provided over the years, and to encourage the modernization of the Department. Our fees are quite low and our responsibilities such that we are subsidized by other professions. We are proud of the fact that we have delivered a good product at a low cost for many years, yet we now realize that the state budget crisis and the demands of the 21st century necessitate additional resources so that Wisconsin consumers are protected, staff and Boards can leverage the advantages of new technology, and so that we may continue to build on the successes we have achieved. Moreover, we believe the profession would back a fee increase. A letter of support for the Pharmacy Examining Board that I recently received from Tom Engels, Vice President of Public Affairs for the Pharmacy Society of Wisconsin, is attached. ¶

We urge you to give serious consideration to the concerns and requests expressed in this letter and to draw conclusions that allow us to fulfill our mission in partnership with an agency that should be equipped to meet the regulatory challenges of the times.

Sincerely,



Michael Bettiga
Chair, Pharmacy Examining Board

Ms. Janice Mueller, Auditor, Legislative Audit Bureau
Members, Joint Committee on Finance
Members, Joint Committee on Audit
Secretary Donsia Strong Hill, Department of Regulation and Licensing

Attachment

February 6, 2004

Wisconsin Dept of Regulation & Licensing
Attn: Mr. Michael Bettiga, Chairperson
Wisconsin Pharmacy Examining Board
1400 E Washington Ave, Box 8935
Madison, WI 53708



**PHARMACY
SOCIETY OF
WISCONSIN**

*"Leading Our Profession
in a Changing
Health Care Environment"*

Dear Mike: *Mike*

The Pharmacy Society of Wisconsin Board of Directors discussed the status of the financial constraints at the Wisconsin Department of Regulation and Licensing (DRL) and the impact those constraints have on the Pharmacy Examining Board (PEB). At the conclusion of the PSW Board's discussion, I was asked to provide this letter to you that outlines its support for the PEB and makes a recommendation to address the fiscal issues.

First, PSW supports the work and dedication of the members of the PEB. In order to effectively conduct its business, PSW believes that the PEB should have the ability to meet whenever it deems necessary. However, we understand that the DRL has determined that the number of PEB meetings each year should be reduced due to financial constraints of the department.

* To better understand the financial constraints of DRL, PSW recommends that the Legislative Audit Bureau conduct an audit of the PEB. The audit should evaluate PEB functions, adequacy and effectiveness of its staff. Additionally, PSW recommends that the audit review the income and expenses associated with all pharmacy licenses and DRL activities related to both the individuals and companies licensed by the PEB. Finally, the process should determine the adequacy of funding provided through the current license fees to support the ability of the PEB to conduct its work and meet as frequently as it deems necessary.

It is our hope that we can continue to have a close working relationship with members of the Pharmacy Examining Board and the administrations at the Department of Regulation and Licensing. We believe that an audit will provide the necessary information that will enable the DRL to address the financial constraints related to the functions of the PEB and enable others outside of the Department to better understand the situation.

Thank you in advance for your consideration of this request. As always, please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Tom

Tom Engels
Vice President of Public Affairs

701 Heartland Trail
Madison, WI 53717
tele 608.827.9200
fax 608.827.9292
info@pswi.org
www.pswi.org

Sent ✓



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

For Immediate Release

July 13, 2004

For More Information Contact:

Representative Suzanne Jeskewitz
Senator Carol Roessler

(608) 266-3796
(608) 266-5300

Credentialing Fees Review Outlines Legislative Options for Change

(Madison) Today, the Legislative Audit Bureau (LAB) released a review of the methodology for determining credentialing fees proposed by the Department of Regulation and Licensing during the 2003-05 biennial budget deliberations. The review was requested by the Joint Legislative Audit Committee in order to assist the legislature in its consideration of an expected agency budget proposal for the 2005-07 biennium.

Co-Chair Carol Roessler (R-Oshkosh) remarked, "While Wisconsin's renewal fees are lower than Midwestern averages for some professions and many businesses, we must consider the implications of how fees are assessed and how they are applied. I look forward to careful consideration in the next budget cycle."

There is a concern that the methodology that determines credential fees has been based on estimates, rather than on documented time spent. This review recommends that the Department of Regulation and Licensing improve the accuracy and precision of methodology proposals by clearly explaining how individual fees are determined, as well as use accurate timekeeping methods to further aid in the efficiency and effectiveness of future proposals.

Credentialing fees in Wisconsin have not changed since 2001 and any proposed changes should reflect actual regulatory costs by credential type and provide sufficient revenue to support the Department's operations. At this time, credentialing fees fund the majority of staff positions within the department and revenue from these fees has exceeded the Department's spending authority.

Roessler added, "By taking into account the recommendations of the Legislative Audit Bureau, it is my hope that by the time the next budget is considered for the 2005-07 biennium, excess revenue from the Department of Regulation and Licensing could fund increased services that benefit professional groups in Wisconsin."

Co-Chair Suzanne Jeskewitz (R-Menominee Falls) said, "The Joint Legislative Audit Committee will hold a hearing on this report later this year. It is important for professional groups and citizens to understand how fees are assessed and how funds are used."

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

fi

JANICE MUELLER
STATE AUDITOR

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July 13, 2004

JUL 13 2004

Representative Sheryl Albers
3 North, State Capitol
Madison, Wisconsin 53702

Dear Representative Albers:

At your request, we have completed a review to determine the cause of a Department of Regulation and Licensing error that affected a mailing to charitable organizations in June 2003.

Statutes define charitable organizations as not-for-profit agencies or fundraising entities that solicit funds or have funds solicited on their behalf, and require them to be credentialed by the Department. These organizations must pay \$15 when they initially apply for a credential, and an additional \$15 to renew their credentials by August 1 each year.

Since 1997, the Department has contracted with the Department of Administration (DOA) to print and mail renewal notices to credential holders for whom renewal is required, including charitable organizations. In June 2003, the Department submitted to DOA an order to print and mail credential renewal notices to 5,449 charitable organizations. However, DOA printed and mailed only 2,725 renewal notices and, as a result, the remaining charitable organizations did not receive notices.

Department officials reported that three quality control measures that had in the past prevented such mailing errors were unsuccessful in June 2003:

- First, as DOA readies a printing job for completion, it confirms with the Department the number of pages to be printed, which typically equals the number of renewal notices to be sent. While DOA confirmed with the Department the number of printed pages for charitable organization renewal notices, the printing job was then delayed by DOA when it received a higher priority printing job. The Department believes the error likely occurred after its printing job was resumed by DOA, but was not detected because the Department had already given DOA final authorization for printing.

Representative Sheryl Albers

Page 2

July 13, 2004

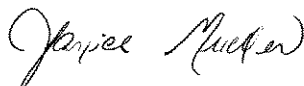
- Second, in June 2002, DOA implemented a Web-based tracking system, through which customers monitor the status of specific printing jobs. From June 2002 through June 2003, DOA had continued to e-mail printing job confirmations to the Department while its staff became familiar with the new Web-based system. As a result, the June 2003 printing of renewal notices for charitable organizations was one of the first printing jobs for which the Department did not receive an e-mail confirmation. Department officials reported that staff were not well-trained on the new system and as a result, they inappropriately continued to rely on e-mail confirmation as the primary quality control measure. Therefore, the Department did not detect a problem until receiving credential holder complaints beginning in August 2003.
- Finally, at the same time it gives final authorization to DOA for printing, the Department must also submit to a separate DOA office an order for mailing services. The order notifies DOA of the number of renewal notices to be mailed. Department officials reported that DOA did not detect a discrepancy between the mailing order submitted by the Department and the number of renewal notices received from the DOA printer. Department officials also reported that although the completed mailing order was returned to the Department in July 2003, it indicated that only 2,725 renewal notices were sent. However, it was filed by Department staff without review, according to the Department.

Although 2,724 charitable organizations never received a renewal notice, they were assessed a late renewal fee of \$25, which approximately 1,500 of them paid. All of them have received refunds. Department officials reported that the Department required at least 60 days to process the refunds because its first priority continued to be issuing credentials, and because the refund process required significant administrative effort.

Department officials accepted responsibility for the error and believe that such errors will be avoided in the future because the Department's staff have now been formally trained on DOA's Web-based tracking system.

I hope you find this information helpful. If you have additional questions, please contact me.

Sincerely,



Janice Mueller
State Auditor

JM/DB/ab

cc: Senator Carol A. Roessler ✓
Representative Suzanne Jeskewitz



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

August 2, 2004

Ms. Donsia Strong Hill, Secretary
Department of Regulation and Licensing
1400 East Washington Avenue, Room 173
Madison, Wisconsin 53708

*Cancelled
Rxc
from hearing*

Dear Ms. Strong Hill:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-7, *A Review: Credentialing Fees*, on Wednesday, August 11, 2004, at 10:00 a.m. in Room 411 South of the State Capitol.

As this report relates to the activities of the Department of Regulation and Licensing, we ask that you and appropriate members of your staff be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please also plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation at the hearing. Thank you for your assistance and we look forward to seeing you on August 11th.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor

Credentialing Fees

Department of Regulation and Licensing

Legislative Audit Bureau

September 2004

1

Department of Regulation and Licensing's Regulatory Activities

- ◆ Support 21 boards with independent authority to license and discipline members
- ◆ Support 17 additional boards and councils with more limited authority
- ◆ Regulate directly a limited number of professions
- ◆ Wisconsin has 318,000 individual and business credential holders in 84 professions and 26 business types

2

Largest Regulated Professions

Registered Nurse	67,700
Physician	20,500
Engineer	19,600
Barber or Cosmetologist	19,300
Barbering or Cosmetology Manager	15,500
Licensed Practical Nurse	15,500
Real Estate Salesperson	13,600
Real Estate Broker	13,400
Certified Public Accountant	12,600
Private Security Person	10,200

3

Staffing and Funding

- ◆ 125.5 full-time equivalent staff and a FY 2003-04 budget of \$11.1 million
- ◆ All funds are program revenue, primarily from new and renewal credentialing fees
- ◆ Statutes require that credentialing fees for each profession reflect the cost of services received by that profession

4

Fee Concerns

- ◆ New credentials are \$53; renewals vary from \$53 to \$343
- ◆ Department's proposal for new fees in FY 2003-05 budget rejected for two reasons:
 - calculations were based on estimates rather than actual costs
 - proposal resulted in significant fee changes for some professions
- ◆ LAB directed to determine whether the fee methodology reflected actual regulatory costs

Current Allocation Method

- ◆ Most costs (72.6%) are allocated equally, regardless of differences in level of service to different professions
- ◆ Costs that are allocated by level of service (27.4%) are allocated by inaccurate measures of service delivery costs

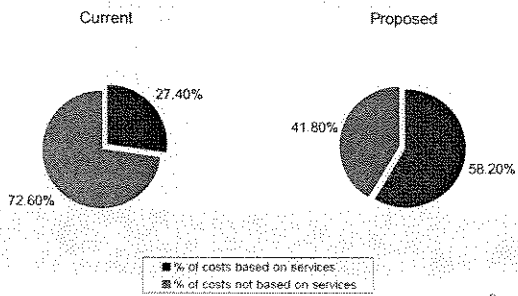
6

Proposed Allocation Method

- ◆ Percentage of costs allocated based on level of services increases from 27.4% to 58.2%
- ◆ Costs will be calculated based on actual time spent rather than estimates

7

Comparison of Current and Proposed Allocation Methods



8

Recommended Improvements to Proposed Method

- ◆ Increase further the proportion of costs allocated based on actual staff time spent
- ◆ Provide clear explanations of allocation methods to make the process more transparent and understandable

9

Future Considerations

- ◆ Determining levels of service for the boards
- ◆ Determining total revenue needs

10

Appropriation Balances (in millions)

	FY 2003-04	FY 2004-05
Opening Balance	\$2.7	\$3.6
Revenues	12.7	10.1
Lapses to General Fund	(2.2)	(2.2)
Total Available	13.2	11.5
Expenditures	9.6	10.4
Closing Balance	\$3.6	\$1.1

11

Legislative Options

- ◆ Make no fee changes
- ◆ Consider surcharges for those professions wishing increased levels of service
- ◆ Consider adding an inflation factor to all fees
- ◆ Implement the proposed methodology with the recommended improvements

12

Renewal Fee Comparisons

Profession	Midwest Avg.	WI
Physician	\$272	\$106
Pharmacist	149	97
Certified Public Accountant	84	59
Engineer	82	58
Barber	62	63
Registered Nurse	59	66
Licensed Practical Nurse	59	69
Cosmetologist	43	63
Real Estate Broker	94	128

13

Credentialing Fees

Department of Regulation and Licensing

Legislative Audit Bureau

September 2004

14

Asbjornson, Karen

From: Chrisman, James
Sent: Friday, September 10, 2004 3:51 PM
To: Matthews, Pam
Cc: Asbjornson, Karen
Subject: Hearing notice email distribution (for credentialing fees)

Hi Pam:

For the September 23rd hearing on credentialing fees, I have assembled an email list of the chairpersons of the various professional groups that are regulated by the Department of Regulation and Licensing. My thought is that you would send the text below in an email (using a the bcc feature of Outlook) to those email addresses at the bottom of this message and attach an electronic copy of the hearing notice. (Note that only one Board chair needs a hard copy of the notice and his address appears at the bottom of this message.)

What do you think?

Joe

On Thursday, September 23, 2004, the Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-7, *A Review: Credentialing Fees, Department of Regulation and Licensing*. You may view an electronic copy of the report at <http://www.legis.state.wi.us/lab/reports/04-7Full.pdf>.

As described in the attached public notice, this hearing will begin at 10:00 a.m. and will also be broadcast on the Internet at <http://www.legis.state.wi.us/lab/JCAHearing.htm>.

Given your leadership role on a regulatory board, you may wish to testify about the findings in the audit report. We encourage you to attend the public hearing or forward written testimony to the members of the Joint Legislative Audit Committee. Contact information for the Committee may be accessed at <http://www.legis.state.wi.us/lab/AuditCommittee.htm>.

Should you have any questions or require additional information, please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at (608) 267-3796 or by email at pam.matthews@legis.state.wi.us.

Email addresses:

nj.st.johnson@charter.net; jimo@eadp.com; bradleysherman@sbcglobal.net; rlust@lasauctions.com; L12149@sbcglobal.net; jimrosemeyer@centurytel.net; cabenning@aol.com; dan.barry@deancare.com; BBarrette@new.rr.com; bahamafats@aol.com; skm@execpc.com; 2020@merr.com; unbehau@charter.net; joan.underwood@earthtech.com; gikupper@execpc.com; sdonohue@foth.com; fernholzd@aol.com; ljfrank@execpc.com; lindas@prevea.com; claude@lakeside.edu; alfredf1@earthlink.net; dujacfms@mwt.net; sshluk@newnorth.net; jaeficks@milwpc.com; hubbeye@yahoo.com; Mbettiga@shopko.com; laurie.kontney@marquette.edu; lrei@inwave.com; putras@watertown.k12.wi.us; mfischer@mcw.edu; dickk@firstrealty.com; lloydpl@aol.com; csevans@centurytel.net; tcbenzel@centurytel.net; petdoc@wi-net.com; rick.vangoethem@nwtc.edu

One to mail a hard copy (no email address):

George Kamps, Chair
Social Worker Section
1373 Russell Street
Green Bay, WI 54304



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 13, 2004

Ms. Donsia Strong Hill, Secretary
Department of Regulation and Licensing
1400 East Washington Avenue, Room 173
Madison, Wisconsin 53708

Dear Ms. Strong Hill:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-7, *A Review: Credentialing Fees*, on Thursday, September 23, 2004, at 10:00 a.m. in Room 411 South of the State Capitol.

Because staff from your Department could not appear before the Committee at its public hearing on August 11th, it was necessary to postpone this item of business from the calendar. Therefore, we anticipate that you, Deputy Secretary Sandra Rowe, and other appropriate members of your staff will be present on September 23rd to offer testimony in response to the audit findings and to respond to questions from committee members. Please also plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm your participation at the hearing.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Sandra Rowe, Deputy Secretary
Department of Regulation and Licensing

Ms. Janice Mueller, State Auditor

Asbjornson, Karen

From: Matthews, Pam
Sent: Monday, September 13, 2004 3:00 PM
Subject: Joint Legislative Audit Committee public hearing on Legislative Audit Bureau report 04-7, A Review: Credentialing Fees, Department of Regulation and Licensing

Dear Interested Parties:

On Thursday, September 23, 2004, the Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-7, *A Review: Credentialing Fees, Department of Regulation and Licensing*. You may view an electronic copy of the report at <http://www.legis.state.wi.us/lab/reports/04-7Full.pdf>.

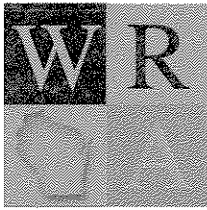
As described in the attached public notice, this hearing will begin at 10:00 a.m. and will also be broadcast on the Internet at <http://www.legis.state.wi.us/lab/JCAHearing.htm>.

Given your leadership role on a regulatory board, you may wish to testify about the findings in the audit report. We encourage you to attend the public hearing or forward written testimony to the members of the Joint Legislative Audit Committee. Contact information for the Committee may be accessed at <http://www.legis.state.wi.us/lab/AuditCommittee.htm>.

Should you have any questions or require additional information, please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at (608) 267-3796 or by email at pam.matthews@legis.state.wi.us.

*Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz
24th Assembly District*

*Office: 608-266-3796
Toll Free: 888-529-0024
Pam.Matthews@legis.state.wi.us*



WISCONSIN REALTORS® ASSOCIATION
4801 Forest Run Road, Suite 201
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E-mail: wra@wra.org
Web site: <http://www.wra.org>

Walter Hellyer, CRB, CRS, GRI, Chairman
E-mail: corky@propertydoor.com

William Malkasian, CAE, President
E-mail: wem@wra.org

September 20, 2004

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Re: Department of Regulation and Licensing Credentialing Fees Audit

Dear Senator Roessler and Representative Jeskewitz:

On behalf of the Wisconsin Realtors Association (WRA), I am providing comments regarding the July, 2004 report by the Legislative Audit Bureau which reviewed a proposal by the Department of Regulation and Licensing for determining credentialing fees. This report is the subject of a public hearing by your committee on September 23, 2004. These comments and concerns are intended to provide additional information to the committee regarding real estate licensing under the new credentialing proposal.

Time Allocation System

The primary concern of the WRA relates to the Department's proposal to use the current time allocation system to determine licensing fees for the next biennium. As the Legislative Audit Bureau stated:

When it submits its 2005-07 biennial budget proposal to the Department of Administration in September 2004, the Department will have ten months of timekeeping data with which to apply its proposed methodology. It will have 16 months of data when budget deliberation by the full Legislature begins in early 2005. However, because the time staff spend supporting each credential type differs based on when particular credentials are renewed, using two full years of timekeeping data when the Department prepares its 2007-09 budget will most accurately represent the level of service for each credential type.

The concern of the WRA is that the limited time records available for consideration will negatively impact the accuracy of the calculations. It is our understanding from conversations with DRL staff that since the inception of the current timekeeping system, there has been a high priority given to minimizing the backlog of



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REV 80

real estate cases being processed by the division of enforcement. The result will be an overstatement of the time and resources consumed in the regulation of real estate licensees. We are concerned that the failure to examine a full biennium's time records will result in the failure to accurately represent services to be received by real estate licensees in the next biennium.

Allocation of Administrative Expenses

A second concern relates to the allocation of administrative expenses to all licensees. As the Legislative Audit Bureau stated:

Currently, the Department assesses two types of credentialing fees: an initial fee, which is assessed when a credential is first issued; and a renewal fee, which is assessed when a credential is renewed, typically every two years. Costs broadly defined as administrative overhead are divided equally among all new and renewing credential holders, while direct enforcement costs are allocated only to renewing credential holders. As a result, initial fees—currently \$53—are the same for all credential types.

*However, the existing methodology allocates costs related to issuing credentials, which totaled \$1.1 million in FY 2002-03, equally to all credential holders even though some credential types require relatively more services. For example, to issue new credentials to certified public accountants, the Department's staff thoroughly review multiple documents to ensure that applicants have passed multiple parts of an examination and have fulfilled other requirements. **In contrast, for real estate salespersons, only an application must be reviewed.** (emphasis added)*

However, the proposed methodology would continue to allocate many costs equally to all credential holders, as the existing methodology does. For example, staffing and other costs for the Division of Management Services, Office of the Secretary, and most general administration would continue to be allocated equally to all credential holders. If it wishes to propose this methodology again, the Department could consider allocating more of these costs based on levels of service. In particular, Division of Management Services costs, which include staffing costs for information technology professionals, could be allocated based on which credential types receive the most services.

According to the Legislative Audit Bureau, the failure to allocate costs based on services received has, and will continue, to cause real estate licensees to be charged a disproportionate share of non-allocated costs. Both initial and renewal fees are impacted by this problem under the proposed methodology.

The Legislative Audit Bureau goes on to say:

As the Department allocates more costs based on the level of service received, rather than equally to all as administrative overhead, a shifting of costs that results in fee fluctuations can be expected. However, implementing such changes all at once, without adequate explanation, will result in questions about whether this is the most efficient and equitable method to allocate costs.

The WRA is mindful of the difficulty of establishing and implementing the type of timekeeping system which is necessary to accurately allocate staffing costs. The legal profession is always mindful of the challenge of accurately tracking time and we give due credit to the DRL for its efforts in this regard. However, given that DOE enforcement staff and others using the new timekeeping system will be responsible for a substantial percentage of the time kept under the new methodology, we believe an audit of this new procedure would be well advised prior to its adoption as the primary tool in allocating services and developing new fee structures.



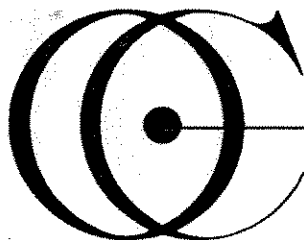
We hope you find these comments useful in your consideration of the Legislative Audit Bureau's report. Should you have questions or desire additional information, please do not hesitate to contact us. Thank you for your consideration.

Sincerely:



William E. Malkasian, CAE
President

Cc: Joint Legislative Audit Committee members



OUTAGAMIE COUNTY

320 S. WALNUT ST. APPLETON, WISCONSIN 54911 JUSTICE CENTER

CIRCUIT COURT CHAMBERS

CIRCUIT COURT BRANCH NO. 2 PHONE (920) 832-5153

FAX (920) 832-5115

DENNIS C. LUEBKE
CIRCUIT JUDGE

DONNA UTSCHIG
COURT REPORTER

MARY LOU GARVEY
JUDICIAL ASSISTANT

September 22, 2004

Wisconsin State Legislature
Joint Audit Committee

RE: An Evaluation: Restorative Justice Programs

Dear Senator Roessler and Representative Jeskewitz:

It is my understanding the Legislative Audit Bureau has done an audit on the Restorative Justice program in Outagamie County. I want to extend my support of the Outagamie County District Attorney's Restorative Justice grant. This position has helped lend credibility to the restorative justice movement and bring together many different people in our community.

As a judge, I am always looking for creative sentencing options that get to the root of the problem and also hold the offender accountable. In addition, it is important for us to recognize the victims, in a system that focuses on the offender. The Restorative Justice programs in our county, whether it is an impact panel, a fast track program or victim-offender conferencing, have helped address offender accountability, provide treatment and programming to address the problems that may have led to the criminal offense and also include the victim as an integral part of the process.

Restorative Justice programs, like victim-offender conferencing and the victim impact panels, address problems the criminal justice system does not have the ability or time to address. These two programs help educate offenders on the impact their crime has on others by giving a voice to the victims they affect. Hopefully by educating them, they will think before driving while intoxicated or before committing another act of domestic violence. These programs also give victims a voice in the system and chance to help others avoid going through what they have been through. Restorative justice programs improve the criminal justice system and help restore the community in a way the criminal justice system does not.

There are many wonderful restorative justice programs throughout the country, however, very few of them are part of a prosecutor's office. Yet, it is the most logical place for a program to exist because prosecutors have contact with all the different groups within the

criminal justice system. A prosecutor has the ability to bring all these different groups together to share information and develop new ideas. The most recent example of this in Outagamie County is the creation of the domestic violence impact panel. The prosecutor was able to bring together domestic violence advocates, restorative justice professionals, probation agents, the courts, treatment providers and victims to create a panel addressing the impact of domestic violence on victims and children. Because many of these groups do not work directly with each other, they may otherwise not have had an opportunity to collaborate .

I strongly support the work the Restorative Justice prosecutor has done in Outagamie County and encourage the Legislature to continue their support of these very worthwhile programs.

Sincerely,



Judge Dennis Luebke
Outagamie County Circuit Court
Branch II

The Capital Times September 22, 2004

State official to quit

Strong Hill leads Regulation and Licensing

By Anita Weier

The Capital Times

The head of the state's Department of Regulation and Licensing — the only member of Gov. Jim Doyle's Cabinet who had not been confirmed by the Senate — is resigning.

Secretary Donsia Strong Hill said Tuesday that she wants to spend more time with her family and that the Senate's lack of action had nothing to do with her resignation, which is effective Oct. 22.

Her husband, Rick Hill, a former chairman of the Oneidas, and her young sons lived in Madison for a year but recently returned to the Oneida reservation to live, she said.

"The commute became difficult," Strong Hill explained in an interview. "I need to get home to be with my family. My little boys are only this age once. They have special needs and great interests. I go to flag football on Saturday but I am not there on Thursday to take them to practice.

"This is really with mixed emotions, but I don't think I am any different than other women who leave jobs they love every day for the love of children."

Strong Hill, who formerly served as a Brown County assistant district attorney, said she would look for work as an attorney closer to home.

The Department of Regulation and Licensing is responsible for credentialing and regulating various professions and occupations in the state. It provides administrative services to occupational regulatory boards.

Doyle praised Strong Hill for streamlining and simplifying the regulatory process and helping to make it possible for Wisconsin citizens to buy affordable prescription drugs from Canada. "Her work to reform and revitalize the department has left a lasting impact," Doyle said.

He said she had worked to eliminate an enforcement backlog inherited by the Doyle administration that dated back to 1993. All complaints submitted prior to 2001 have been or are being addressed, Doyle said.

The governor appointed Strong Hill in January 2003. When the Senate failed to bring up her confirmation for a vote, Doyle accused Republicans of partisan games and the Pharmacy

Examining Board of punishing him for trying to import prescription drugs.

Appointees can serve indefinitely without confirmation.

Doyle spokeswoman Melanie Fonder said the resignation was Strong Hill's idea. "She came to the governor and he was surprised. He was disappointed to see her go," Fonder said. "She has done a great job."

Sen. Tom Reynolds, R-West Allis, who chairs the Labor Committee that refused to act on her confirmation, disagreed.

"I had been approached by a number of boards as to how she was violating state statutes in dealing with them. She was holding up rule packages that the various boards were putting together," Reynolds alleged today.

"I met with a number of different board members, taking documentation, and brought that before the senators. They thought that was enough to hold up her nomination. I believe at that time Mary Panzer was supposed to bring that issue before the governor."

Panzer, who was Senate majority leader at the time, could not be reached for comment.

Reynolds alleged that Strong Hill interfered with an election of a board chairman and "impounded" a rule proposed by an examining board so that it could not move forward.

"The statute gives boards complete autonomous rulemaking power," Reynolds said. "The statute says the department is a service bureau for independent licensing boards."

Strong Hill could not be reached this morning for a response. But department spokesman Chris Klein said the Labor Committee had not informed Strong Hill of any such allegations.

"It would have been nice if Senator Reynolds had talked to her. We could have addressed that issue at the time. No one ever told her the reason," Klein said.

"I don't know of an instance where she purposely held up a rule. The majority of the boards did not object to the support provided. She is receiving phone calls from board members wishing her well."

E-mail: aweier@madison.com

Milwaukee Journal Sentinel September 22, 2004

State department head will step down

By **PATRICK MARLEY**
and **STACY FORSTER**
pmarley@journal sentinel.com

Madison — State Regulation and Licensing Secretary Donsia Strong Hill will step down Oct. 22, the second of Democratic Gov. Jim Doyle's department heads to leave.

Strong Hill said Tuesday she was departing so she could spend more time with her husband and children, who live on the Oneida reservation.

"These are our children, they're not an experiment, and you don't get to try again... I was attempting to commute, but it's difficult to do that," she said. "I prayed about it, thought about it and talked to the governor, and this is what makes sense now."

In a statement, Doyle praised Strong Hill, saying she has made the state more

friendly to business and was a key player in making cheaper drugs from Canada more readily available to Wisconsin citizens.

Strong Hill, who earned \$93,334 a year, was never confirmed by the Republican-controlled state Senate, in part because she helped set up a state-run Web site that directed residents to Canadian pharmacies. The move was opposed by many Republican legislators and the Bush administration.

Strong Hill and Doyle aide Dan Leistikow said the confirmation problems had nothing to do with her departure. Secretaries are able to serve indefinitely without such confirmation.

"Members of the various regulatory boards found her style abusive and dictatorial," said state Sen. Dale Schultz (R-Richland Center) in ex-

plaining why her confirmation was held up. "I don't have any personal animus toward her. She just kind of had a hard time communicating with professionals about their professional duties."

Strong Hill's agency inspected Canadian pharmacies for *drugsavings.wi.gov*, a Web site run by the state Department of Health and Family Services that refers residents to pharmacies that the agencies say provide safe drugs at lower costs.

She also made it easier for mental health workers to get accredited and caught the agency up on its enforcement backlog, the governor's office said.

Tourism Secretary Kevin Shibilski was the first department head to leave during Doyle's tenure. He stepped down in April 2003, just months after taking the job.

TESTIMONY OF
**Donsia Strong Hill, Secretary of the
Department of Regulation and Licensing
Before the Joint Audit Committee
Senator Carol Roessler and
Representative Suzanne Jeskewitz, Co chairpersons**

Concerning

**Legislative Audit Bureau report 04-7
A Review: Credentialing Fees**

Room 411 South – State Capitol
Thursday, September 23, 2004, 10:00 a.m.

Good Morning Senator Roessler, Representative Jeskewitz and members of the Committee. Thank you for the opportunity to appear today.

I am Donsia Strong Hill, Secretary of the Department of Regulation and Licensing. With me today is Sandy Rowe, Deputy Secretary of the department.

I want to commend the Legislative Audit Bureau (LAB) team's objectivity and professionalism and willingness to assess the proposed methodology for setting credentialing fees. I thank the entire team for their hard work, valuable comments and suggestions.

As you know, Act 33 recommended that you order this audit and the Department welcomed the opportunity to gain further suggestions and input in our fee setting process.

We are here today to discuss the Legislative Audit Bureau report on the audit of the methodology of setting credentialing fees as developed by Grant Thornton.

I have a few comments on the LAB report, and then we would like to answer any questions you may have.

We proposed a new fee setting methodology as part of the 2003-2005 biennial budget not because the old method did not generate enough revenue from the license holders to cover the costs of regulation, but because the revenue was collected equally from all credential holders

thus subsidizing those credential holders who consume higher Department and board resources. The Department's intent in seeking a new fee setting methodology was not, and is not, primarily based on the need for more revenue, but to distribute costs as the law requires. State law contemplates that the initial and renewal fees reflect the administrative and enforcement costs attributable to each profession.

As I stated in my response to the audit findings, I believe the audit report correctly identifies the complexity of the fee model that was developed by Grant Thornton.

I agree that the Grant Thornton proposed fee methodology is not perfect, but it does reflect a service based allocation of costs as required by law. Grant Thornton collected and analyzed time data and developed a methodology that more fully captured and allocated costs attributable to regulation of specific professions to the fees for that profession. The time data collected consisted of actual documented time spent on activities and estimated time based on the experience of long term staff. As LAB indicated, we now have a timekeeping system in place and will have actual data to support a new fee proposal.

The Grant Thornton model does increase the proportion of costs that are allocated based on services provided. As the LAB report indicates, currently, more than two-thirds of administrative and enforcement costs are allocated equally to all credential types and only 27.4 percent are allocated based on the services provided. The Grant Thornton method for setting fees would allocate 58.2 percent of costs based on services provided.

The Audit Bureau points out, correctly, that the new methodology will cause some steep increases in certain license fees and some decreases. Some fees would change significantly under a new system. However, this further illustrates that the current credentialing fee structure is not accurately priced. We believe that the significant fee changes are one-time as a result of the change in methodology. In addition, we recommended a four year credentialing fee cycle instead of the current two year cycle for in an attempt to minimize the impacts.

I would also like to point out in response to our previous "false starts" and inadequate IT resources, that the lack of completion and implementation of IT infrastructure modernization suffered by the Department took place not only under previous administrations but under the previous IT director and staff. The Department's IT shop is truly "under new management". Some of the IT successes are as follows:

- An IT Strategic Plan was developed with the input from IT professionals in other state agencies and implemented.

9 diff databases

- Completed feasibility studies for systems integration, paperless board meeting process and on line initial application processing. We have requested one-time funding in the 2005-2007 biennial budget to complete this project. #1 million
- The New DRL web site went live February 24, 2004. Board meeting schedules and minutes are now available on the website. Obtaining information about professions has been simplified.
- License lookup was totally revamped providing decisions/orders files tied to the respondent. Users get total information faster.
- On line name and address change. [as of June 24, 2004, 1540 credential holders have submitted name/address changes online.]
- 16 new registration types can renew online bringing the total to date of 81. all on line by 1/05
- On February 29, 2004 an updated IVR Software and Server was put into production.
- On May 28, 2004 new exam creation and scoring software [Partest] and a server went into production.

We will be retaining another consultant to refine the 2003-2005 proposed methodology which will be the basis for a fee proposal which will be submitted as part of the departments November 15, 2004 budget submission. We will be directing that the consultant incorporate LAB and this Committee's comments and suggestions.

Now I'd be happy to answer your questions, suggestions and observations

**Joint Legislative Audit Committee
September 23, 2004**

Potential Questions

CREDENTIALING FEES

Questions for the Department of Regulation and Licensing:

- The audit report indicated that last fiscal year you reduced some board services, such as the number of meetings and frequency of Board newsletters. What is the status of those reductions?
- Have you considered ways you could implement your proposed fee-setting methodology to minimize large swings in credentialing fees for some professions?
- How do you believe we should respond to the concerns of the Medical Examining Board and others who believe they have special-funding needs given the complexity of their enforcement cases?
- Moving forward, what is your strategy for improving communication so that credential holders, legislators, and other interested groups can better understand the fee-setting process?

Asbjornson, Karen

From: Matthews, Pam
Sent: Tuesday, September 28, 2004 8:27 AM
To: Alberta Darling; Bob Cowles; Cale Battles; Carol Roessler; Connie Schulze; Cynthia Boley; Dan Kursevski; Dave Cullen; Dave Hansen; David Volz; Dean Kaufert; Diane Handrick; Diane Harmelink; Eric Esser; Glenn Wavrunek; James Chrisman; Janice Mueller; Jay Schulze; Jeff Plale; Jeff Valenzuela; Jennifer Halbur; Jennifer Toftness; Jessica Kelly; Jessica Tormey; Julie Lassa; Karen Asbjornson; Katy Venskus; Marcie Malszycki; Mark Pocan; Matt Kussow; Pam Matthews; Pam Shannon; Ritch Williams; Roger Frings; Samantha Kerkman; Sarah Popp; Susie Schooff; Suzanne Jeskewitz; Todd Stuart; Tom Petri
Cc: '2020@merr.com'
Subject: FW: Joint Legislative Audit Committee public hearing on Legislative Audit Bureau report 04-7, A Review: Credentialing Fees, Department of Regulation and Licensing

Dear Legislators and Staff,

I received the following e-mail regarding the Audit Report 04-7, on Credentialing Fees in the Department of Regulation and Licensing from a board member who was unable to attend the public hearing on September 23, 2004. Please review the following written response for your consideration.

Thank you,

Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz
24th Assembly District

Office: 608-266-3796
Toll Free: 888-529-0024
Pam.Matthews@legis.state.wi.us

-----Original Message-----

From: Lynda Farrar [mailto:2020@merr.com]
Sent: Monday, September 27, 2004 9:40 PM
To: Matthews, Pam; Martin Hanson; Dale Paczkowski; Nancy Sobczak
Subject: Re: Joint Legislative Audit Committee public hearing on Legislative Audit Bureau report 04-7, A Review: Credentialing Fees, Department of Regulation and Licensing

Ms. Matthews,
Could you please forward my response to the Joint Legislative Audit Committee. I was unable to appear before the committee at the hearing but would like to submit this written response.
Thank you, Lynda Farrar

Dear Joint Legislative Audit Committee:

I have been a board member in the Department of Regulation and Licensing (DRL) in both the medical area and the business area. I have been a

professional board member and chair of the optometry examining board and a public board member and chair of the professional engineer (PE) section of the joint board of architects, landscape architects, professional engineers, designers and land surveyors. I have found the DRL employees to be dedicated and hard workers. I have found the majority of licensed professionals to be upstanding law-abiding citizens of Wisconsin. The health, safety and welfare of the citizens of Wisconsin have been protected by the work of the board of examiners in our state.

This said I find it interesting that with the budget problems and cuts the same quality of performance of the department and the boards is expected by the legislature and the public. The DRL has reduced costs in many ways--reducing the number of meetings, reducing travel on board related matters, and so on. On page 7 of your report..."In addition, the Department reduced service levels for some professions in FY 2003-04, in an effort to cut its own costs." The PE Board definitely is affected in our ability to act on pending credential applications and enforcement cases. According to Wisconsin Statute 443.04 and A-E 4.05, the PE Board reviews every applicant requesting approval to sit for the National Examination on the road to becoming a Wisconsin licensed PE. The PE Board reviews every applicant requesting to be licensed under the experience or experience plus education.

The reduction of board meetings affects our ability to properly evaluate applications and not be rushed in our decisions. The severe travel restrictions limits our board members and our board administrator to participate in legitimate activities related to administrating the PE credentialing program. We have been limited in attending the NCEES regional meetings, the NCEES national meeting, and the ABET review of state engineering college programs. The PE Board's efficiency has been hampered with the cuts.

Wisconsin's initial credential fee and biennial renewal fee is lower than most states as your Table 9 on page 28 of your report clearly points out for biennial renewal fees. The down side of this is that the resources of the Department and the time of the board are being used by some professionals. As chair of the PE Board, I have received requests of engineers that never plan to practice in the state. One individual in Japan asked me for requirements to be licensed in our state. He was never going to practice outside of Japan but his prestige and pay scale improved if he was licensed in the US. He was upfront in pointing out to me that Wisconsin was "one of the cheapest states to get a PE license and to renew". The PE Board hears this over and over. This is such a waste of the board's efforts and the Department's staff time. Although our board agrees the number of biennial renewals remains relatively the same, the number of new applicants seems to keep increasing. It is not good to be used.

It should be noted, at least for Engineering Boards in other states that

many have a full FTE devoted to their board alone. The DRL has two bureau directors and each being in charge of several boards. The bureau director for PE Board works extremely hard and tries his best for the boards he works with. Realistically, no one individual should be required to bare the expertise of so many diverse professions. The DRL staff support should be allocated to accommodate the desires of the boards and financially supported by the credential holders, i.e. raise fees to hire ore staff instead of eliminating staff. The efficiency and efficacy of the Boards and DRL would reap benefits.

There is an apparent high cost in investigation, enforcement, and rehabilitation. The PE do not have a large number of cases in these areas compared to some other professions. One profession should not be required to pay any share of another profession's costs in these areas. It is too bad the cost of investigations and enforcement couldn't be born by the complainant if found without merit and by the credential holder if found in violation.

Much time and money has been spent studying credentialing fees. Would it be so wrong to increase the biennial renewal fee and the initial application fee by a given amount? An example, according to Appendix 2 the total credential holders is 317,944. Increasing renewal fees by \$20 would give revenue of \$6,358,880. The extra money could aide the boards and the department in protecting health, safety and welfare of the citizens of Wisconsin.

The per diem of the board members i \$25. When I was chair of the optometry board, I did a survey of other states. Wisconsin is lowest in this amount. Many times it is not even minimum wage for the amount of work the board members do. I have watched the cost of living go up and I have watched state employees at all levels receive raises. Per diems have not changed for board members. Staff reductions mean more board member work. It is difficult to get qualified and dedicated board members. Per diems should not be a way of supporting a board member but a reward not an insult.

In conclusion, please do not tie the hands of the boards and the department that help make Wisconsin a safe, great place to live.

Sincerely,

Lynda Farrar, OD
Chair Professional Engineer
Examining Board

----- Original Message -----

From: "Matthews, Pam" <Pam.Matthews@legis.state.wi.us>
Sent: Monday, September 13, 2004 3:00 PM
Subject: Joint Legislative Audit Committee public hearing on Legislative Audit Bureau report 04-7, A Review: Credentialing Fees, Department of Regulation and Licensing



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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Leg.Audit.info@legis.state.wi.us

DATE: July 12, 2004

TO: Karen Asbjornson and Pamela Matthews
Committee Clerks to the Joint Legislative Audit Committee

FROM: Don Bezruki *DB*
Program Evaluation Director

SUBJECT: Report 04-7: A Review: Credentialing Fees
Department of Regulation and Licensing

Enclosed is our review of the methodology for determining credentialing fees proposed by the Department of Regulation and Licensing during 2003-05 biennial budget deliberations, as requested by the Joint Legislative Audit Committee. The new methodology proposed by the Department was intended to more accurately allocate regulatory costs to credential holders based on services provided to each type of profession or business, as required by statute. However, legislators and others were concerned that the methodology was based on estimates, rather than on documented time spent, and that several professions would experience large fee increases. As a result, neither the proposed methodology nor new fees were approved, and credentialing fees have not changed since 2001.

The Department is likely to reintroduce some variation of its proposed methodology with its 2005-07 biennial budget request. We recommend additional refinements for consideration by the Department and the Legislature. We also provide options for Legislature to consider as it deliberates on the Department's funding and spending authority. Board members representing several professions have expressed concerns that the level of services provided by the Department is inadequate, but also that revenue from fee increases could be used for purposes other than increasing services.

We also compared Wisconsin's regulatory structure and methodology for determining fees with those in six other midwestern states. Regulatory structures are less centralized in other states, with regulatory authorities overseeing small groups of related professions. In addition, credentialing fees in Wisconsin are typically lower than in surrounding states.

The report is scheduled to be released on Tuesday, July 13, at 9:00 a.m. Please contact us with any questions.

DB/ab

Enclosures

A Review:

Credentialing Fees*Department of Regulation
and Licensing*

July 2004

Report Highlights ■

Credentialing fees have not changed since 2001.

In 2003, new fees were proposed to more accurately reflect regulatory costs.

Wisconsin's renewal fees are lower than midwestern averages for some professions and many businesses.

The Legislature may wish to consider how fees are assessed and how they are applied.

The Department of Regulation and Licensing issues 110 types of occupational licenses, permits, and other credentials to individuals and businesses, either directly or through the 38 boards and regulatory authorities to which it provides administrative and other support. It has 125.5 authorized full-time equivalent (FTE) positions and a fiscal year (FY) 2003-04 budget of \$11.1 million. Fees paid by new and renewing credential holders fund more than three-quarters of the Department's operating costs.

To ensure that credentialing fees reflect the approximate costs of regulating particular professions and businesses, statutes require the Department to estimate its administrative and enforcement costs for each credential type in each biennium and, as part of its biennial budget proposal, to adjust initial and renewal fees accordingly. To assist the Legislature in its consideration of expected agency budget proposals for the 2005-07 biennium, the Joint Legislative Audit Committee directed us to review:

- whether a new fee-setting methodology proposed by the Department in 2003 is adequately documented and could be administered in a straightforward manner;
- whether proposed new fees would reflect actual regulatory costs by credential type and could provide sufficient revenue to support the Department's operations; and
- how Wisconsin's regulatory structure and practices compare to those of other midwestern states

Our report suggests a number of options for establishing an equitable fee structure and funding new initiatives.

Key Facts and Findings

Credentialing fees fund 118.5 of the Department's 125.5 FTE staff positions.

Costs must be allocated based on service provided to credential holders.

Allocating costs accurately will require an effective timekeeping system.

Recently, revenue from credentialing fees has exceeded the Department's spending authority.

To help address recent state budget deficits, the Department was required to lapse \$6.8 million over two biennia.

The Department projects that if no additional lapses occur, its 2005-07 revenue could fund increased services.

Current Fees

Since 1991, the Department has been required by statutes to allocate its costs to credential holders based on services provided, so that fees collected from one type of credential holder do not support the cost of regulating others.

During 2003-05 biennial budget deliberations, the Department proposed both a new method for allocating costs, which it believed to be more accurate, and new credentialing fees. In some cases, the new fees also shifted regulatory costs from new to renewing credential holders.

These changes were not enacted because of legislative concerns about large fee increases for some professions, as well as uncertainty about the appropriateness of the proposed method for establishing fees. Current fees have been in effect since the beginning of the 2001-03 biennium.

Current fees are set at \$53 for new credential applicants. In contrast, renewal fees vary widely. Most include the \$53 base, but they are also intended to reflect direct enforcement costs related to particular credential types. Therefore, they differ based on the number of credential holders in a profession, as well as enforcement costs related to that profession.

For example, soil scientists, massage therapists, and athletic trainers all pay renewal fees of \$53 every two years. Engineers pay \$58, barbers and cosmetologists \$63, and certified real estate appraisers \$167.

The current renewal fee for most businesses is \$56. However, charitable organizations pay \$15 and cemetery authorities pay \$343. Our report includes a listing of renewal fees for each regulated profession and business.

Proposed New Fees

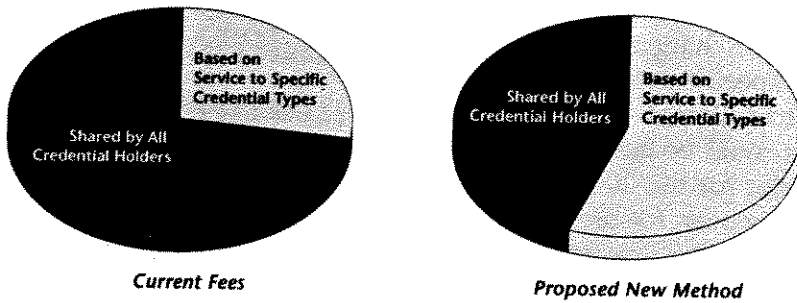
The Department's proposed new method for setting credentialing fees would increase the proportion of costs that are allocated based on services provided.

Currently, more than two-thirds of administrative and enforcement costs are allocated equally to all credential types; only 27.4 percent are allocated based on services provided. The proposed method for setting fees would allocate 58.2 percent of costs based on services provided.

Nevertheless, allocating costs accurately is complex, and the Department could take additional steps to simplify fee-setting. Furthermore, basing credentialing fees primarily on the level of service received by each type of credential holder has significant limitations.

First, the majority of the Department's costs are for staff salaries and fringe benefits, and some staff perform work benefiting many different types of credential holders in a single day. As a result, accurate timekeeping is essential to ensure that costs are allocated precisely. The Department did not have a comprehensive timekeeping system in place when it first proposed changes to the method by which credentialing fees are set.

How Regulatory Costs Are Allocated



Second, some fees could change significantly under a new system. Based on the Department's anticipated costs for the current biennium, renewal fees would have increased for 68 credential types.

For example, cemetery sales people would have paid an additional \$226 to renew their credentials, for a total of \$316 for a two-year period. Dentists' renewal fees would have increased by \$121, to \$252 every two years, and nurses' fees would have increased from \$60 to \$66. However, the proposed new fee-setting method would have reduced renewal fees for 27 credential types.

It should be noted that fees based on services received do not consider average incomes in the various professions and businesses for which credentials are required. Therefore, they may raise concerns

about affordability for some credential holders. For example, new renewal fees proposed during 2003-05 biennial budget deliberations would have been \$151 for physicians but \$161 for dance therapists, who typically have significantly lower incomes.

Fees in Other States

Wisconsin's credentialing fees are significantly lower than midwestern averages for some professions with a large number of credential holders. For example, Wisconsin's current biennial credentialing fee for physicians is \$166 less than the midwestern average. Pharmacists pay \$52 less, and certified public accountants \$25 less.

Current fees are also below the midwestern average for four of the five most commonly credentialed

businesses. However, they are higher than the midwestern average for real estate brokers and salespeople, nurses, cosmetologists.

Like Wisconsin, most midwestern states require credentialing fees to be set at a level that is sufficient to fully fund credentialing activities. However, most other states adjust their fees less frequently. Furthermore, because their regulatory structures are less centralized than Wisconsin's, they are less concerned that fees paid by some professions will subsidize the regulatory costs of others.

Revenues from credentialing fees exceeded regulatory costs for each agency of the other states we contacted. Nevertheless, some other states have increased their credentialing fees or are considering fee increases.

Future Considerations

For many years, the Department has been required to deposit 10.0 percent of credentialing fees to the State's General Fund. These funds reimburse costs that other state agencies incur on the Department's behalf. Since FY 2001-02, the Department has also been required to lapse additional funds to help address state budget deficits. By the end of FY 2004-05, these additional required lapses will have totaled \$6.8 million.

Despite these required lapses, the Department projects a balance in its credentialing fees appropriation. Nevertheless, regulatory boards representing several professions

Biennial Renewal Fees for Selected Professions

	Midwestern Average	Wisconsin
Physician	\$272	\$106
Pharmacist	149	97
Certified Public Accountant	84	59
Engineer	82	58
Barber	62	63
Registered Nurse	59	66
Licensed Practical Nurse	59	69
Cosmetologist	43	63
Real Estate Salesperson	60	83
Real Estate Broker	94	128

have expressed concern that the fees credential holders are assessed to cover regulatory costs are being used for other purposes.

In addition, the Department reduced service levels for some professions in FY 2003-04, in an effort to cut its own costs. Some members of regulatory boards have indicated that as a result, their ability to act on pending credential applications and enforcement cases has been hampered. Furthermore, several boards—including the Medical Examining Board and the Pharmacy Board—have expressed an interest in expanding the level of service the Department provides to them, even if it results in fee increases.

Because credentialing fees have not been adjusted since the beginning of the 2001-03 biennium, the Governor and the Legislature may be asked to consider options for doing so as part of the 2005-07 biennial budget process. They will have several options to consider while preparing and deliberating the Department's budget.

First, the fees currently enumerated in statutes could remain unchanged. These fees have resulted in considerable fund balances in each year since FY 2001-02. They are projected to produce additional balances through the 2005-07 biennium if the Department's spending does not increase.

Second, the fees currently enumerated in statutes could be revised. For example, surcharges could be assessed for specific professions that request additional services, or adjustments could be based on an inflation factor for the 2005-07 biennium. However, fee revisions may not address the Department's concern related to its statutory requirement to allocate costs based on services received.

Finally, the Department's 2003-05 proposal could be implemented in 2005-07 using more complete timekeeping data. Under this option, the proportion of costs allocated on the basis of service would be increased.

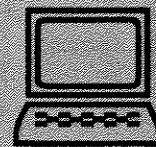
Recommendation

The Department's 2005-07 budget request is expected to again propose changes in the method by which credentialing fees are set. Our report includes a recommendation for the Department to:

- improve the accuracy and precision of this proposal by clearly explaining how individual fees are determined; using actual timekeeping data; and thoroughly documenting any modifications to current practices that are based on policy or other considerations (pp. 37-38).

Additional Information

For a copy of report 04-7 which includes a response from the Department of Regulation and Licensing, call (608) 266-2818 or visit our Web site:



www.legis.state.wi.us/lab

Address questions regarding this report to:

Don Bezruki
(608) 266-2818

Legislative Audit Bureau

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Suite 500
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(608) 266-2818

Janice Mueller
State Auditor

The Legislative Audit Bureau is a nonpartisan legislative service agency that assists the Wisconsin Legislature in maintaining effective oversight of state operations. We audit the accounts and records of state agencies to ensure that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law, and we review and evaluate the performance of state and local agencies and programs. The results of our audits, evaluations, and reviews are submitted to the Joint Legislative Audit Committee.

after the date of the secretary's submittal, the proposal shall be implemented. If, within 14 working days after the date of the secretary's submittal of the proposal, the cochairpersons of the committee notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposal, the proposal may be implemented under this subsection only upon approval of the committee.

SECTION 9133. Nonstatutory provisions; legislature.

(1) FUNDING OF AUTHORIZED POSITIONS FOR THE LEGISLATURE AND LEGISLATIVE SERVICE AGENCIES DURING THE 2003-05 FISCAL BIENNIUM. Notwithstanding section 16.505 (4) of the statutes, all authorized positions for the legislature and for each legislative service agency, as defined in section 16.70 (6) of the statutes, that are funded from an appropriation under section 20.765 (1), (2), (3) (a) to (fa), or (4) of the statutes, as affected by this act, shall be funded from the appropriation under section 20.765 (5) of the statutes, as created by this act, before the effective date of the biennial budget act for the 2005-07 fiscal biennium until such time as the joint committee on legislative organization acts under subsection (2).

(1z) APPROPRIATION LAPSES AND REESTIMATES. The cochairpersons of the joint committee on legislative organization shall take actions during the 2003-05 fiscal biennium to ensure that from general purpose revenue appropriations for state operations to the legislature under section 20.765 of the statutes an amount equal to \$11,840,000 is lapsed from sum certain appropriation accounts or is subtracted from the expenditure estimates for any other types of appropriations, or both.

(2) ALLOCATION AND TRANSFER OF APPROPRIATED FUNDS BY THE JOINT COMMITTEE ON LEGISLATIVE ORGANIZATION. Before the effective date of the biennial budget act for the 2005-07 fiscal biennium, the joint committee on legislative organization shall allocate moneys that have not been expended or encumbered from the appropriation under section 20.765 (5) (a) of the statutes, as created by this act, to be used for the purposes provided in the appropriations under section 20.765 (1), (2), (3) (a) to (fa), and (4) of the statutes, as affected by this act. The amounts so allocated shall be reflected by increasing the appropriations under section 20.765 (1), (2), (3) (a) to (fa), and (4) of the statutes, as affected by this act, in the case of sum certain appropriations, or modifying the expenditure estimates for the appropriations under section 20.765 (1), (2), (3) (a) to (fa), and (4) of the statutes, as affected by this act, in the case of any other types of appropriations, and by reducing the expenditure estimate for the appropriation under section 20.765 (5) (a) of the statutes, as created by this act, to the amount already expended or encumbered.

(3) CONTINUATION OF EXISTING EXPENDITURE AUTHORITY. Notwithstanding subsection (2), if on the effective date of this subsection the joint committee on legislative organization has not acted to fully allocate for expenditure the moneys shown in the schedule under section 20.005 (3) of the statutes for the appropriation under

section 20.765 (5) (a) of the statutes, as created by this act, the officers who were permitted to authorize expenditures to be made from the appropriations under section 20.765 (1), (2), (3) (a) to (fa), and (4) of the statutes, as affected by this act, on the day before the effective date of this subsection may, during the period before the effective date of the 2005-07 biennial budget act, continue to authorize expenditures to be made for the same purposes and in the same amounts for which they were previously authorized at the end of the 2001-03 fiscal biennium from the appropriation under section 20.765 (5) (a) of the statutes, as created by this act, until such time as the joint committee on legislative organization acts under subsection (2).

(3f) EVALUATION OF CREDENTIALING FEES. The joint legislative audit committee is requested to, and may, direct the legislative audit bureau to evaluate the methodologies used by the department of regulation and licensing for recalculating administrative and enforcement costs under section 440.03 (9) (a) of the statutes and recommending changes to fees for issuing and renewing credentials under section 440.03 (9) (b) of the statutes. An evaluation under this subsection shall determine whether the methodologies are adequately documented and administered in a straightforward manner, whether they represent the actual costs associated with the department's regulation of credential holders, and whether they provide sufficient revenues to support the department's operations. If the committee directs the legislative audit bureau to perform an evaluation under this subsection, the bureau shall, no later than June 30, 2004, file its report as described in section 13.94 (1) (b) of the statutes.

~~(3m) COMMITTEE TO STUDY DISTRIBUTION OF STATE AID TO MUNICIPALITIES. The joint committee on legislative organization may create a joint committee to study the distribution of state aid to municipalities and to make a recommendation for the distribution of \$703,102,200 to municipalities, beginning in 2006. The committee shall report its findings, conclusions, and recommendations to the legislature in the manner provided under section 13.172 (2) of the statutes no later than December 31, 2004. The legislative fiscal bureau shall assist the committee.~~

~~(4c) CREATION OF TASK FORCE TO STUDY THE PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM. The majority leader of the senate and the speaker of the assembly shall jointly create, and appoint members to, a task force to study and recommend statutory language changes to the private employer health care coverage program established under subchapter X of chapter 40 of the statutes. The task force shall submit any~~

WI Act
33
Budget
Bill

Vetoed
In Part

Vetoed
In Part

Reggie

Included in Act 33 as part of the budget bill – through the
Requires that the committee consider an audit before June 30 of 2004. Committee is
being responsive.

Were aware of it that the statutory language was there.

October 1

Mostly fees and backlog

Regt Liansing

JFC

Pam

Don Beznicki

- RN nurses highest regulated
slide shows top 10

- \$53 - \$343 fees charged

- fee reflected actual regulatory costs

→ 72.6% allocated equally

→ 27.4% of costs allocated by ~~market~~
level of service

27.4% now - 58.2% proposed

proposed,
comparison allocation

ask dept for

clear explanation of methodology
so more transparent

exceed a million in each yr. of
biennium

4.3 03-04

1.4 04-05 projected

1. no changed to fees

2. to incr level of service - cons.
surcharges

3. inflation factor

4. implement Prop. methodology

tie efforts to fees
68 groups ↑
27 " ↓

- best info not available for another yr.
have to do estimates

- when consider surcharges

one ex. \$10 - but applied + sent to UWM
real estate → CE's

- no recommend - negotiated issue

- pharmacists - 7 concern w/ # of mps

- physicians - 7 concern w/ # of mps

- \$2.2 mill went each yr of biennium

Real

- recommend a 4 yr. credentialing cycle rather than 2 yr.

why initiation fee

previous adm - said wanted

1 time funding - how much

* \$1 million funding

→ proposed do in house

→ product created by our staff
DAA IT

fairly fast turnaround on
implementation

ICR - more time worked b/c of backlog

- audit prior to

audit of the audit of the audit

→ if we wait longer

for 6 yrs. subsidized

did not refine fees → fees for 6 yrs.

meetings

don't think we shd be a rubber

stamp for insurance b/c of

prosecutor background,

have resp. - what are new innovative

emerging practices grow &

compete

dr - focus on drinks → analyze

other states

But Director 15-18 hrs resp. for

120 folks - 110 direct communic

with public

hard to do public policy

other states have more personnel

if incr. fees maybe able

to have provide

need increased

4,000 new nurses come in to state