

Douglas A. Ducey
Governor



Craig C. Brown
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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September 1, 2016

The Honorable Douglas A. Ducey
Governor of Arizona
1700 West Washington Street, 9th Floor
Phoenix, Arizona 85007

The Honorable Andy Biggs
President of the Senate
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007

The Honorable David Gowan
Speaker of the House
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Dear Governor Ducey, President Biggs, and Speaker Gowan:

As stipulated by Laws 2016, Chapter 371, Section 31 – Regulatory Boards; Licensing; Revisions – the Arizona Department of Administration shall conduct a study relating to the transfer of all nonhealth regulatory boards and occupational licenses issued by state agencies to a new licensing and regulatory division in the Department of Administration. The study shall include the costs and benefits associated with the transfer and the Department may consult with any Board, Agency or industry group necessary to complete the study.

In fulfillment of this requirement, I am pleased to present the *Arizona Department of Administration Feasibility Study of the Consolidation of all Non-Health Regulatory Boards and Occupational Licensing Facilities*.

Thank you for your attention to this matter. If you have any questions, comments or concerns, please do not hesitate to contact me. I may be reached at (602) 542-1600.

Sincerely,

A handwritten signature in black ink, appearing to read "CCB", with a long, sweeping horizontal line extending to the right.

Craig C. Brown
Director

cc: The Honorable Michele Reagan, Secretary of State

Arizona Department of Administration Feasibility Study of the Consolidation of all Non-Health Regulatory Boards and Occupational Licensing Facilities



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Arizona Department of Administration Feasibility Study of the Consolidation of all Non-Health Regulatory Boards and Occupational Licensing Facilities

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1. Introduction

1.1. Purpose of Study

During the 2016 Session, the Arizona State Legislature passed House Bill 2613 which directed the Arizona Department of Administration (“ADOA”) to conduct a study assessing current operational practices, facility specifications and staffing levels of non-health regulatory boards and commissions.

Elliott D. Pollack & Company, in conjunction with Beacon Information Designs, was retained by ADOA to provide a study relating to the possible transfer of all non-health regulatory boards and occupational licenses issued by state agencies to a new licensing and regulatory division within ADOA. The focus of this study is on ten of the subject boards (the “Subject Boards”) including:

- Arizona State Board of Pharmacy
- Arizona State Board of Cosmetology
- Arizona State Board of Technical Registration
- Arizona Board of Barbers
- Arizona Board of Accountancy
- Arizona State Board for Private Postsecondary Education
- Arizona State Veterinary Medical Examining Board
- Arizona Commission for Postsecondary Education
- Arizona Board of Funeral Directors and Embalmers
- Arizona Board of Nursing Care and Assisted Living Facilities Managers

The report aims to inform the reader on the various ramifications and complexities associated with prospective board consolidation including: (1) real estate considerations; (2) operational efficiencies and constraints; and, (3) financial costs/benefits, among other things.

Each Board works to promote the integrity of the professions they oversee. They provide public safety benefits via inspections services and investigations of citizen complaints. They confirm required education and experience credentials. They monitor compliance with continuing education requirements. Most importantly, each Board responds to consumer complaints. It is informative to read each Subject Boards’ mission statements. A common theme, expressed several ways, is to “ensure the public health, welfare, and safety through education and enforcement.”¹

The Subject Boards are largely self-funded through professional permit and license fees or federal grants. Additional funds may be generated as a result of disciplinary proceedings. As “90/10” boards, 90% of their respective revenues are used to fund each boards’ operating costs, with 10% going to the State General Fund.

Any discussion regarding consolidation of the Subject Boards ultimately must contain an objective review of all benefits as well as potential risks to the licensees and general citizenry. The benefits may include increased efficiencies and accountability in the licensing process, efficiencies and savings in using shared facilities, efficiencies in processing licenses, renewals, complaints and related data systems, and possible fee reductions.

¹ boc.az.gov

The purpose of this report is to provide a list of practical recommendations, some which will require difficult choices. The authors purposely limited the set of recommendations to just a few items that: (1) would offer the greatest immediate benefits, and (2) have the highest probability of becoming adoptable policy or law (as applicable).

[Section 2](#) describes at a very high level the operational, licensing and investigative practices of all ten Subject Boards. This involves an overview of current licenses, permits and certifications issued statewide, as well as a recap of the volume of complaints and investigations filed. Additionally, the current staffing and facilities requirements of these Subject Boards are summarized.

[Section 3](#) provides a more in-depth, focused review of all operational facets of six of the Subject Boards. The six boards (the “Sample Boards”) are comprised of the State of Arizona Board of Pharmacy, the State of Arizona Board of Barbers, the Arizona State Board of Technical Registration, the Arizona State Board of Cosmetology, the Arizona Board of Accountancy, and the Arizona State Board for Private Postsecondary Education². This section discusses board member composition (including subcommittees and advisory committees as applicable), expertise of their investigative teams, their licensing/certification procedures and detailed facilities overviews.

[Section 4](#) reviews and compares how other states manage the oversight of regulatory boards and commissions with occupational licensing responsibilities. Included is a particularized look at how various states handle the areas of emphasis described in Sections 2 and 3.

[Section 5](#) contains a real estate consolidation feasibility analysis of the impact of a prospective consolidation and integration of facilities and functions for all ten Subject Boards. This analysis includes recommendations on space usages in comparison to those currently employed in other states.

[Section 6](#) provides an analysis of prospective shared and consolidated services among the Subject Boards, in comparison with the other states studied.

This sets the stage for [Section 7](#) in which a series of recommendations are proposed, with an eye towards facility consolidation, information technology integration and enhancement as well as the creation of various shared services and related efficiency improvements.

A cursory summary of the recommendations is provided below. However, details were not fully developed in this section, and the report must be read in its entirety for a comprehensive understanding of the items contained herein.

[RECOMMENDATION 1](#): Consolidate the Subject Boards to the Capitol Mall area and improve state asset utilization.

[RECOMMENDATION 2](#): Develop one centralized database to provide license verifications and applications intake for all occupational licenses across Arizona.

²Regarding the Sample Boards, in each instance the executive directors were part of the question and answer sessions, site visits occurred, and in depth reviews were undertaken of facilities and operational processes.

RECOMMENDATION 3: Consolidate licensing intake to provide Level I review and triage to appropriate Subject Board.

RECOMMENDATION 4: Drive development of a centralized, secured database where all Subject Boards' documents are scanned and moved to an electronic platform, accessible to the relevant Board/Commission.

RECOMMENDATION 5: Consolidate complaint intake process to confirm that documents are in order and forward to appropriate Board/Commission.

RECOMMENDATION 6: Implement a centralized program to track licensees required to comply with a correction action plan or board order. This shall include licensees required to complete a substance abuse or physical rehabilitation programs, as well as those subject to disciplinary fines or additional professional training.

Finally, [Section 8](#) provides the reader a summation of the report and some overarching conclusions.

1.2. Limiting Conditions

It should be noted that the scope of this study is limited to a very high level analysis. Due to time and scope limitations the following factors were not fully researched:

- The study does not include a review of legal processes and/or limitations governing the Subject Boards.
- While top line budget and revenue information was provided, we did not examine budget/fee line items.
- We did not review contracts and related terms and conditions with third party vendors supporting each of the Subject Boards.
- In addressing personnel costs, salary numbers were used, not fully burdened expense per employee.
- We were not provided with a specific/directed location to use when considering consolidation of facilities.
- Many of the statements given to us during the various interviews with staff have not been independently verified.
- Some of the data provided us from other states was obtained via interviews with state officials and not independently verified.
- Analysis of statutory limits and related restrictions placed on some of the Subject Boards which could potentially limit some efficiencies should consolidation occur.

1.3. Acknowledgements

We are deeply indebted to many people in Arizona and across the nation involved in the operational oversight of regulatory boards and commissions. Without their dedicated time and thoughtful insights, the development of the accompanying analysis and recommendations would have been impossible.

The authors of this report wish to thank the executive directors of the following Subject Boards for their insight and valuable data: the Arizona State Veterinary Medical Examining Board, the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers, and the Arizona Board of Funeral Directors and Embalmers.

Special thanks are given to the employees working for the Sample Boards selected for direct interviews who gave us extensive time (and research) to meet with our team and provide us with tours of their facilities. This includes: the Arizona Board of Pharmacy Executive Director, Kamlesh Gandhi, PharmDa; Arizona State Board of Barbers Executive Director, Sam Barcelona; Arizona State Board of Technical Registration Executive Director Melissa Cornelius, Deputy Director Patrice Pritzl. Assistant Director Alicia Gonzales, Licensing Manager Michelle Fleming and Enforcement Manager Doug Parlin; Arizona State Board for Private Postsecondary Education Executive Director Teri Stanfill, Deputy Director Keith Blanchard and Kevin LaMountain; Arizona State Board of Cosmetology Executive Director Donna Aune and Information Technology Specialist, Theresa Bunch; Arizona Board of Accountancy, Executive Director Monica Peterson.

We also benefitted from the provision of materials and interviews with representatives from the States of Delaware, Minnesota, Oregon, Washington and Wisconsin and the Commonwealth of Pennsylvania and are grateful for their willingness to support this report. This included on-site interviews with Commissioner Ian Harlow, and Executive Deputy Chief Counsel Shannon Sprow with the Pennsylvania Department of State's Bureau of Professional and Occupational Affairs, as well as telephonic interviews with Jeff Weigand, Assistant Deputy Director of the Wisconsin Department of Safety and Professional Services, Shauna Slaughter and Washington State Department of Health, WRAMP Case Manager Mikel Olsson.

Lastly, the team wishes to thank Dr. Ted Poister, Professor of Public Administration at the Andrew Young School of Policy Studies at Georgia State University. Dr. Poister provided us a unique perspective of the need for strong performance measurement and management policies, as well as quality improvement processes to improve customer satisfaction/stakeholder engagement.

The willingness of all participants to take the time to speak with us or provide valuable data information is greatly appreciated.

1.4. Methodology

A qualitative approach was primarily used to complete this assessment. Initially, we reviewed a series of responses submitted by each respective Subject Board in reply to questionnaires promulgated by Governor Ducey's office during 2015. The questions asked of each Subject Board covered a wide variety of data including, among other things, board membership and compensation, types of licenses/certifications issued, facilities expenses and support personnel.

Following the review of each Subject Board's responses to the questionnaires, multiple on-site research interviews were conducted with the six Sample Boards. These research interviews were focused on gathering information in order to assess current operational practices and management of licensing and investigative processes. Additionally, in each instance, the Sample Board's current facility was inspected.

A questionnaire was sent to the remaining four Subject Boards not selected as part of the sample set. Three of the questionnaires were returned and data collected was utilized to further expand the data reviewed for the report.

Initially, we collected data provided by ADOA and the Subject Boards. We looked at national averages relating to trending space plan allocations and compared these statistics with those currently used by the Subject Boards. We then applied current metrics used by ADOA for their facility space planning at 1740 West Washington. The result was an application of 250 square feet per employee.

Finally, research and analysis of the current operational protocols of the oversight of non-health regulatory boards in various other states was completed. This analysis focused on the facility and staffing requirements for boards and commissions similar to those in Arizona. A cursory review of license processing time was also completed, but due to an extremely large number of variables a detailed analysis is not included in this report.

This research produced the findings detailed in this report, along with recommendations to ADOA.

1.5. Additional Scope / Limitations

Standard of Care

This report was performed in accordance with generally accepted practices of this profession. We have endeavored to meet this standard of care but may be limited by conditions encountered during performance, or inability to review information not received by the report date. In conducting the limited scope of services described herein, certain sources of information and public records were not reviewed. No warranties, express or implied, are intended or made. The limitations herein must be considered when the user of this report formulates opinions as to the risks associated with said recommendations or otherwise uses the report for any other purpose. These risks may be further evaluated – but not eliminated – through additional research, investigation, and assessment.

Additional Scope Limitations / Exceptions

Reasonable attempts were made to obtain information within the scope and time constraints set forth by the client. Information obtained in this report was received from several sources that we believe to be reliable; nonetheless, the authenticity or reliability of these sources is not warranted hereunder. Pertinent documents are referred in the text of this report and attached as appendices. This report represents our service to you as of the report date and constitutes our final document; its text may not be altered after final issuance. Furthermore, these services are not to be construed as legal interpretation or advice.

2. Operational, Licensing and Investigative Statistics of Subject Boards

This Section seeks to provide an overview of all ten Subject Boards operational profiles, as well as on a stand-alone basis. Information contained in this section is a result of data submitted from each respective Board, as well as information obtained during discussions with the Sample Boards.

2.1. Current Staffing Levels by Operational Function

The Subject Boards in aggregate have 102 dedicated FTE's to support operations, of which 35 are investigators and 31 in involved with licensing/permitting. Please note the chart below referencing the FTE breakdown between each Board and type of job function.

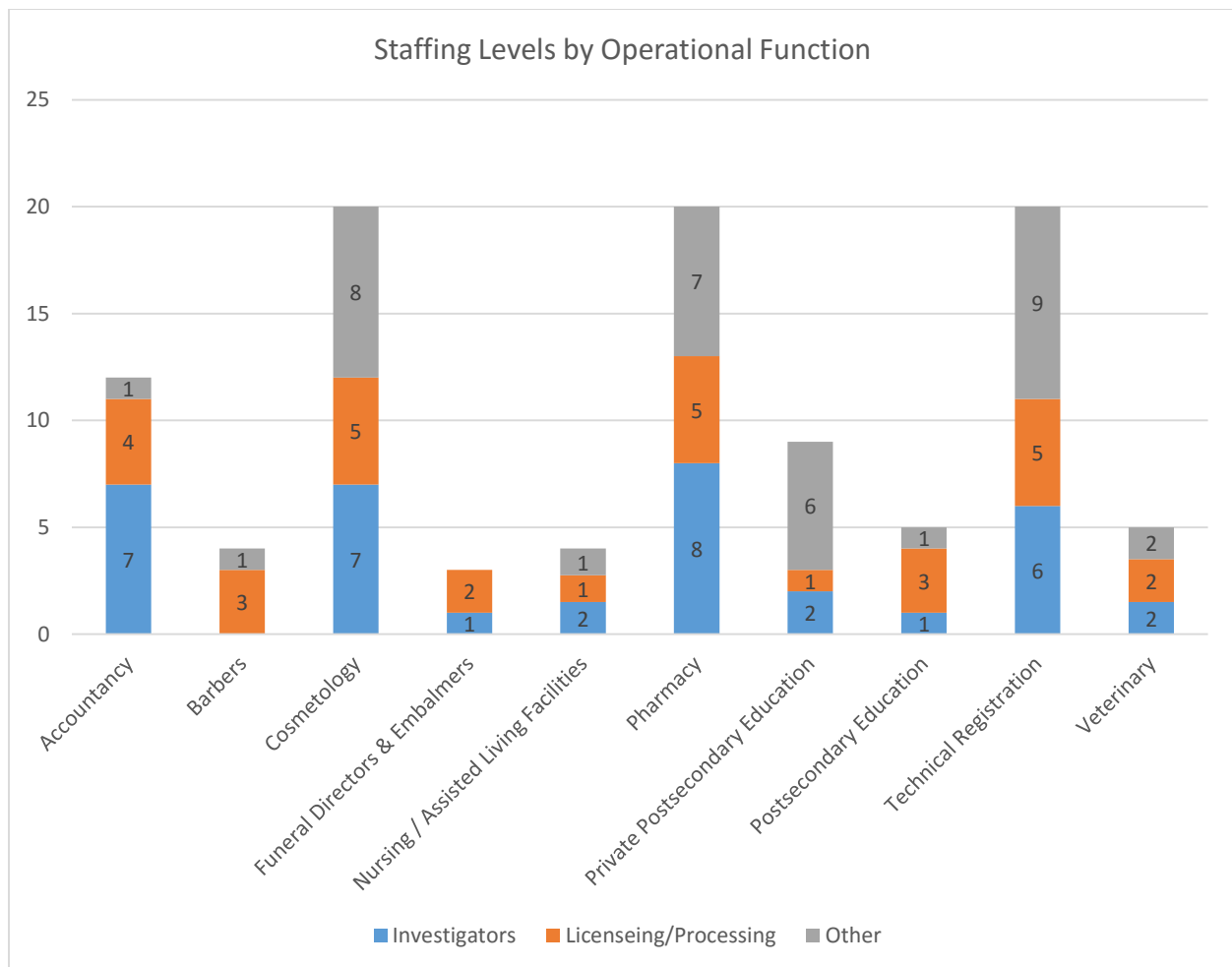


Figure 1 - Staffing Levels by Operational Function

2.2. Total Licenses, Permits and Certifications Issued

The ten Subject Boards collectively are responsible for the oversight and regulatory management of over 70 unique licenses, permits and certifications. These represent both individuals and firm registrations. In FY2015, the Boards were collectively responsible for the processing approximately 185,000 initial applications, renewals and reinstatements. The graph below illustrates the totals processed for each Subject Board³.

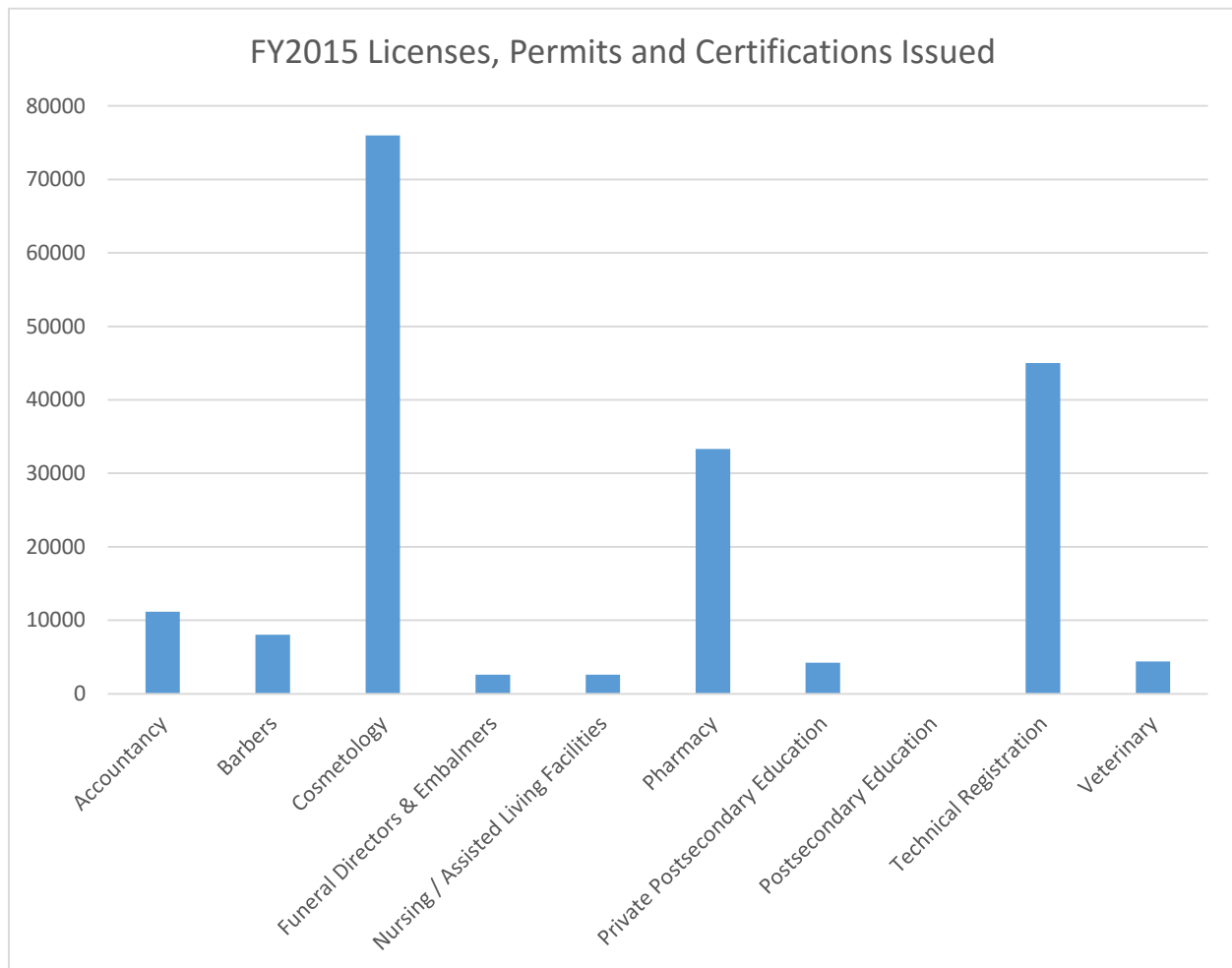


Figure 2 - FY2015 Licenses, Permits and Certifications Issued

³ Postsecondary Education does not engage in these activities.

2.3. License Processing Statistics

The graph below is intended to show some of the differences in processing licenses among the various Subject Boards⁴. Many of the Boards we met with suggested that they were looking into developing online systems to better handle licensing and renewal processes. An example is the Board of Funeral Directors⁵, who currently process all licenses, permits and certifications using a paper system for over 1,640 files. The Board is currently exploring the requirements to develop an online database to better streamline the licensing, permitting and certification process.

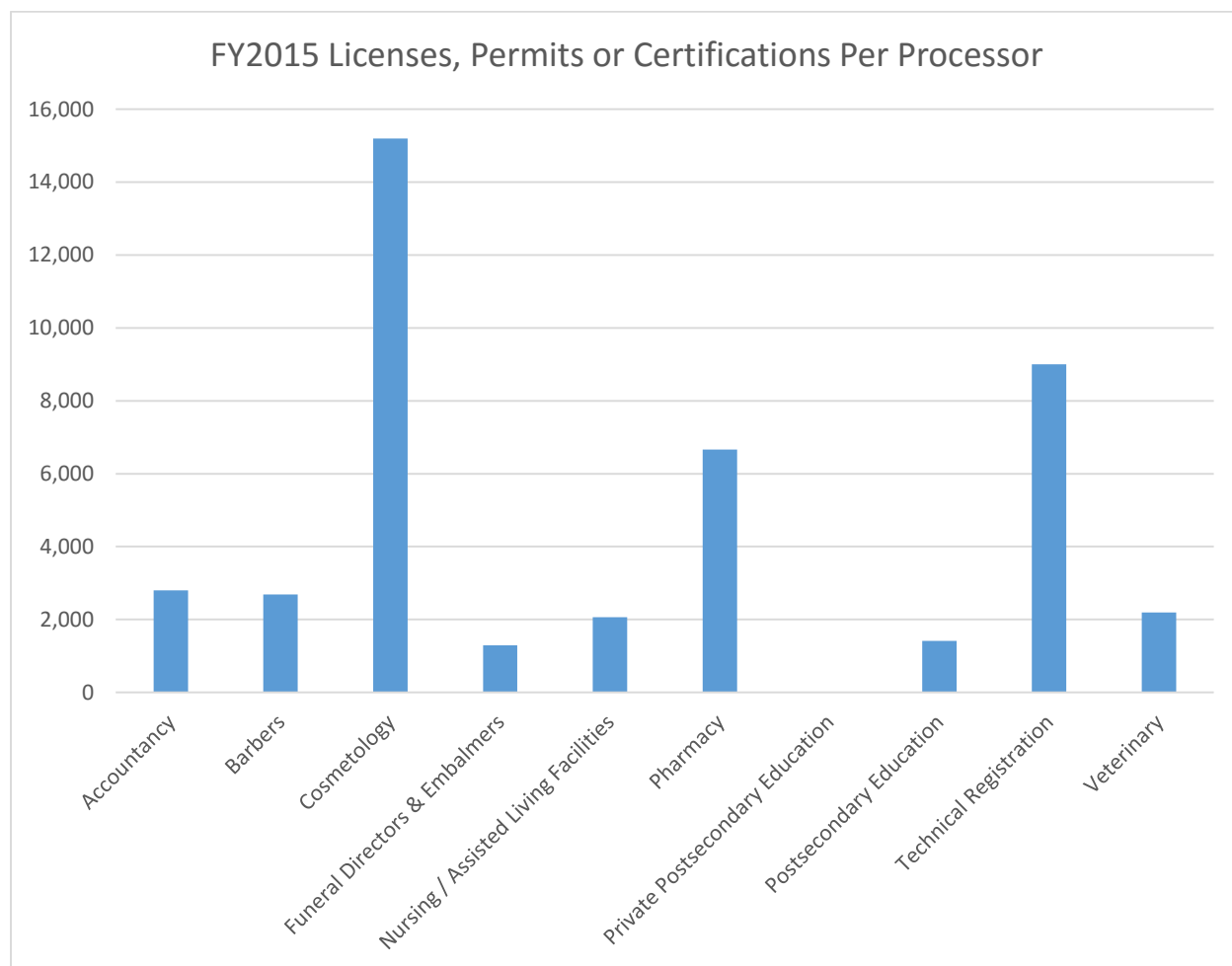


Figure 3 - FY2015 Licenses, Permits or Certifications Per Processor

⁴ Postsecondary Education does not engage in these activities.

⁵ funeralboard.az.gov

2.4. Complaint Processing Statistics

The table below informs the reader of how many complaints per week per investigator are handled by each Board. The range, scope and types of complaints managed by the various Boards are quite unique and are often very complex in nature. A good example is the Nursing/Assisted Living Facility Board. Their investigators must manage complaints filed by the public, by ADHS, by Adult Protective Services, and law enforcement, or those initiated by the Board. Furthermore, if called upon, the investigators must be skilled enough to appear at hearings, both Board related and those related to law enforcement.

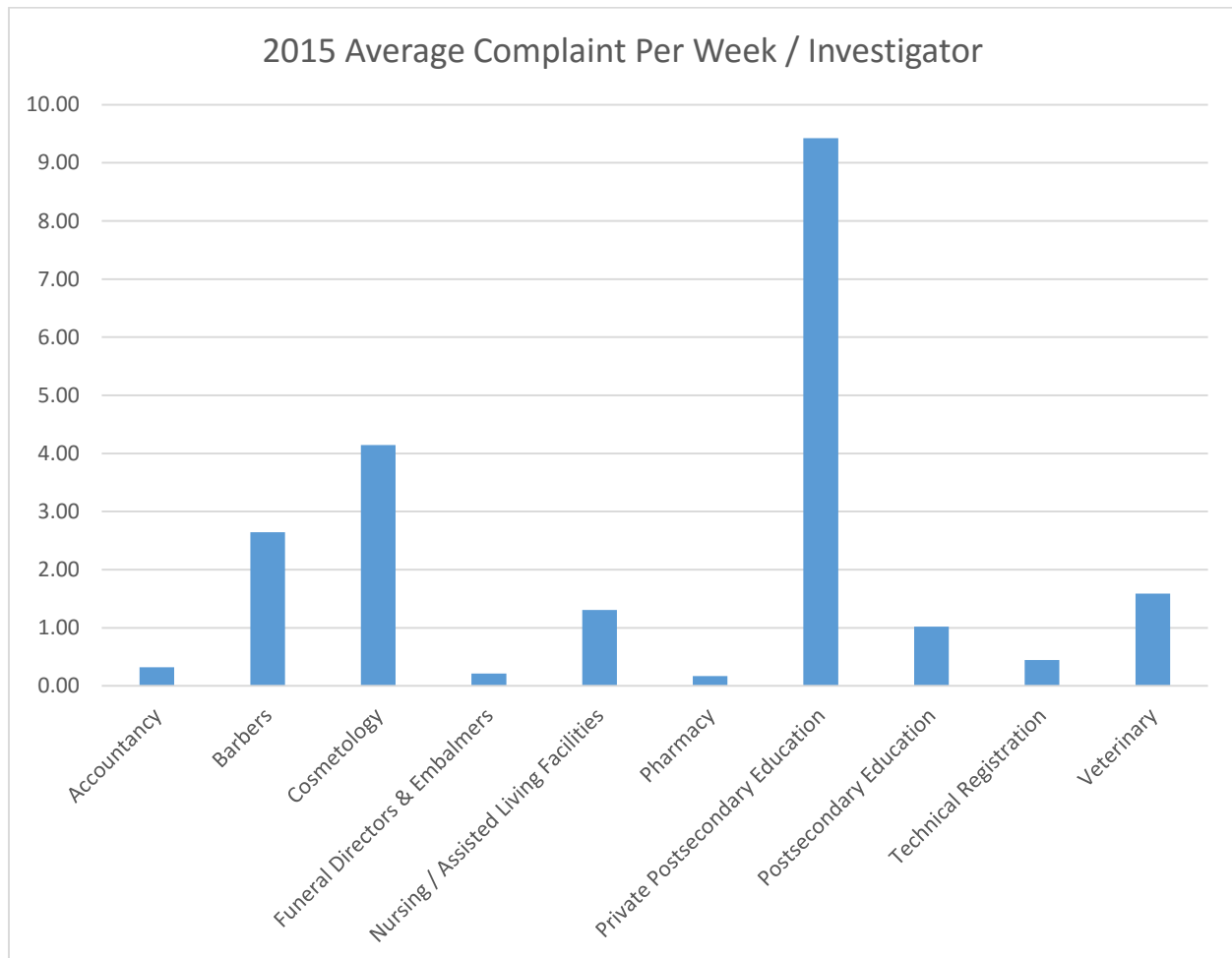


Figure 4 - 2015 Average Complaint Per Week / Investigator

2.5. Board Operational Facility Requirements

Many of the Subject Boards have their own separate board room. At most, each of the Boards hold 12 board meetings per year. In certain cases, the board meetings last 2 days, bringing the maximum utility of board rooms for formal Board activities to, at most, 24 days per year⁶. The Veterinary Board uses another agency's board room to hold their meetings – in this case the Medical Board's room. This also allows for them to utilize the same/shared security contractor. While others, such as the Board of Barbers, share a board room with several other regulatory boards in one facility.

The graph below highlights how many board meetings each Subject Boards holds annually:

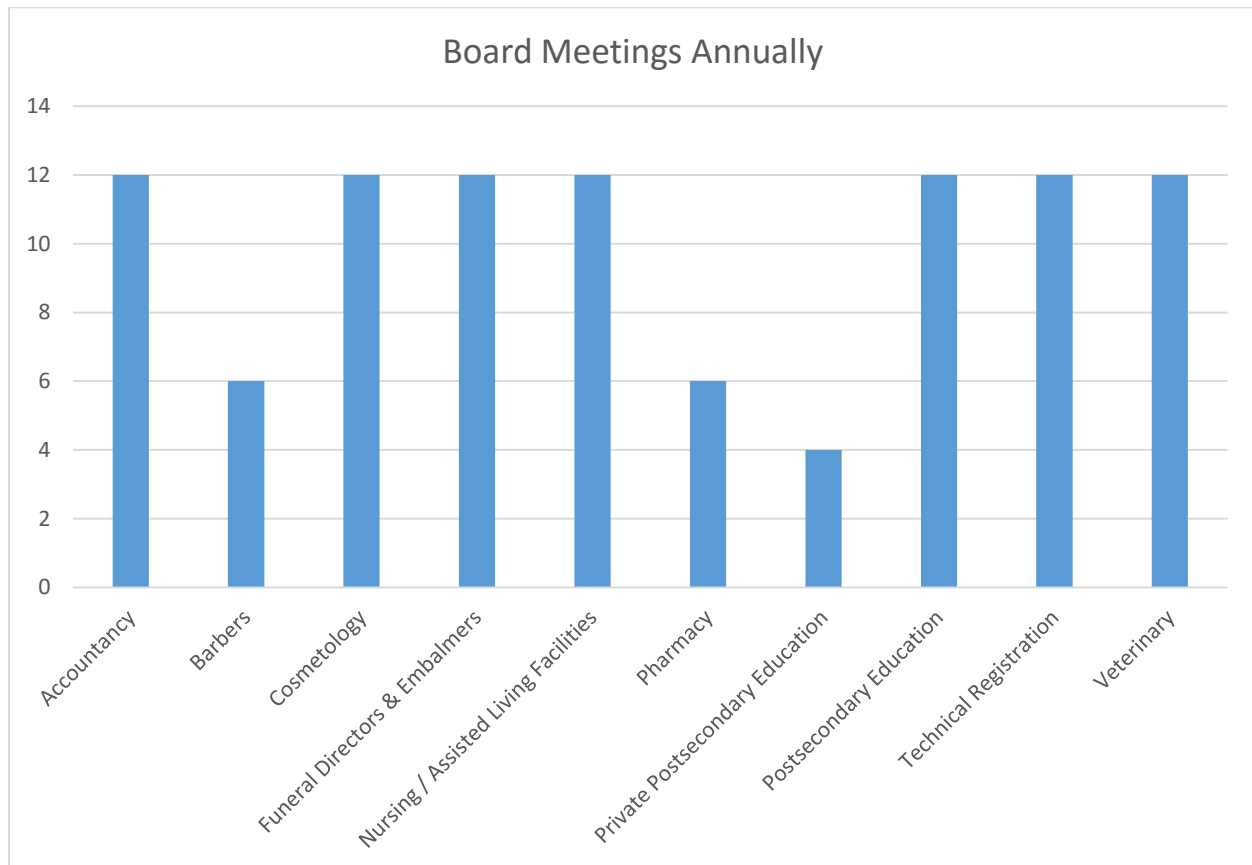


Figure 5 - Number Board Meetings Annually

⁶ Many of the Boards have sub-committees who generally hold their meetings in board rooms. It is expected that, in virtually all cases, sub-committee meetings can be held in small conference rooms in lieu of using a board room.

2.6. Board Approvals of Licenses

The table below shows which Subject Boards currently require express board approval for license issuances. Board action on license approvals are often perfunctory, with little or no discussion if all is in order. In many instances an administrative approval of a license would likely be sufficient, absent anomalies or specific considerations necessitating board approval. This process is suggested for standard applications where all is in order and no deficiencies or prior disciplinary actions are noted. A hybrid approach should be considered which would amend any current statutory or regulatory provisions to allow for administrative approval for all standard applications, while referring any non-standard applications to the board for approval. This would likely expedite the issuance of licenses, in some cases by as much as 60 days.

Agency	Board	Administrative
Accountancy	X	
Barber		X
Cosmetology		X
Funeral Directors & Embalmers	X	
Nursing / Assisted Living Facilities	X	
Pharmacy	X	
Postsecondary Education	N/A	N/A
Private Postsecondary Education	X	
Technical Registration	X	
Veterinary	X	

Table 1 - License & Permit Approval Method

3. In-depth Review of Sample Boards Licensing Practices

This section provides an in-depth review of six of the ten Boards involved in this study. In each instance, we visited these Sample Board facilities, met with and interviewed certain members of staff, and spent considerable additional time analyzing all operational facets. The six Sample Boards are comprised of the Arizona Board of Accountancy, the Arizona Barber Board, the Arizona Board of Cosmetology, the Arizona State Board of Pharmacy, the Arizona Board of Private Postsecondary Education, and the Arizona State Board of Technical Registration. This section delves into such things as licensing/certification processes, investigations and complaint triage, and board/sub-committee procedures.

3.1. Arizona State Board of Accountancy

The Arizona State Board of Accountancy's primary focus is on assuring the public that "the CPA profession in Arizona operates at the highest level of professional competence through...

- Verification of education and experience credentials
- Monitoring the requirements for continuing education
- Investigation of consumer complaints"⁷

The Board also reviews and processes CPA examination applications, they administer the computer based Uniform CPA exam, and they certify and register CPA's.⁸

The Board of Accountancy is scheduled to sunset in 2024. Fiscal Year 2015 operating costs were \$1,410,000 with fees generated totaling \$1,886,000.

3.1.1. Staffing, Facilities and Technology Requirements

The Board of Accountancy is a tenant at 100 N 15th Avenue, Phoenix, occupying 5,591 square feet of space. The facility also includes a board room.

Staff includes 13 FTE's comprised of an executive director, two assistant directors, a systems manager, three program and project specialists (all Level II), two systems engineers and four administrative assistants (all Level II). Additionally, the Board has contracts with seven different independent qualified investigative reviewers charged with handling and evaluating matters involving complex standards including, U.S. auditing standards, attestation standards, accounting and review standards, valuation services, quality control, peer review, taxes, personal financial planning, and code of professional conduct, among other things.

Regarding Information Technology (IT), there are three dedicated FTE's on staff supporting systems development and integration. This has resulted in creation of custom software and related data management applications. Renewals for individual certifications and sole practitioner firms are online. The system also allows registrants to track their CPE qualifications online. Currently, development is underway on the back end of the system, which, when completed will allow the Board to use email as a preferred distribution method for communications to interested parties and registrants.

⁷ www.azaccountancy.gov

⁸ Ibid

3.1.2. Overview of all Licenses Issued

Technically, the Board of Accountancy doesn't issue licenses, they certify CPA's and register accountancy firms. As of August 8, 2016, there were 11,189 CPA certifications and 2,784 firm registrations.

There are four different forms of certification (A.R.S. §§32-721, 32-741.03) including:

- Certification by exam/grade transfer
- Certification by substantial equivalency or reciprocity
- Certification by mutual recognition agreement
- Reinstatement

In each instance, the applications necessary to process the certification are different, depending upon the form of certification sought.

The registrations occur biennially. The Board processes on average 450 renewals per month. They also monitor and track CPE qualifications.

3.1.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of two public members and five CPA's. Board members receive approximately \$1,200 in average annual compensation per member.

The Board does not have subcommittees, but there are advisory committees. These committees are established by statute (A.R.S. 32-703(B)(10) and consist of accounting and auditing, tax, peer review, law, certification and continuing professional education advisory committees. The vast majority of committee members are CPA's. An exception is the law committee which has two lawyers amongst its members.

3.1.4. Disciplinary and Investigative Practices

In Fiscal Year 2016, 177 compliance files have been opened by the Board. Complaint forms are downloaded from the Board's website, filled out by a consumer, and delivered/mailed to the Board. The Board then determines which advisory committee should have oversight of the initial processing of the complaint. The advisory committee charged with investigating the complaint enlists the help of one of seven independent investigators. All independent investigators are highly qualified to handle extremely complex standards such as U.S. Auditing Standards, Accounting and Review Standards and Code of Personal Conduct.

Initially, the investigator provides an initial analysis consisting of interviews of both the complainant and the registrant. The committee then determines whether or not the complaint has an actionable basis, in which case, an investigation is opened, culminating in an investigative report submitted to the committee, including the investigator's opinions regarding violations of statute, rule or Code of Professional Conduct. The registrant may be given opportunity to read and respond to the investigators report and may be given the opportunity to be interviewed (recorded by a court reporter). Following this process, the committee makes recommendations

to the Board about what best course to proceed with in determining whether or not disciplinary action is appropriate. The Board also conducts monthly CPE audits.

3.2. State of Arizona Board of Barbers

The Arizona State Board of Barbers (“Barbers”) was formed in 1929 and serves the State of Arizona by seeking, “to preserve the public health and welfare through the development and enforcement of adequate sanitation procedures, rules, and laws governing barbers and barbering establishments.”⁹

The various functions of the Barbers include¹⁰: licensing and renewal of licenses for barber shops, barber schools and individual barbers; inspections of barber shops for compliance with proper sanitation and other requirements; administering examinations for barbers; and, investigations of consumer complaints.

The Board of Barbers is scheduled to sunset in 2023. Fiscal Year 2015 operating costs were \$306,000 with fees generated totaling \$394,000.

3.2.1. Staffing, Facilities and Technology Requirements

The Barbers are tenants at 1400 W. Washington Avenue, Phoenix, occupying 957 square feet. The suite does not include a board room. All board activities occur in a board room shared with a number of other Arizona State boards. When administering written and practical examinations for potential barbers, space at a private barber school in Glendale is used.

Staff includes an Executive Director, an Assistant Director, an Administrative Assistant (Level III) and an Administrative Assistant (Level II).

Regarding IT, the Barbers currently handle all inspections using traditional paper forms. They are in process of developing an online electronic payment processing system as well as transitioning to a computerized database for management of cases brought before the Board. Currently, all licenses, applications, and examinations are processed via traditional paper. And all notices are processed through traditional mail.

3.2.2. Overview of all Licenses Issued

During Fiscal Year 2015, the Barbers¹¹:

- Completed 2,065 inspections
- Oversaw 417 written examinations and 447 practical examinations to 312 applicants
- Processed 339 new applications for barbers and instructors
- Processed 227 new applications for barber shops and barber schools
- Processed 3,061 licenses for barbers and instructors
- Processed 1,864 licenses for barber shops and barber schools
- Administered a total of 6,354 barber and instructor licenses

⁹ barberboard.az.gov

¹⁰ Ibid

¹¹ Ibid

- Administered a total of 1,702 barber shop and barber school licenses

3.2.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of five members; including two Barber's, one Instructor and two public members. There are no subcommittees. The Board convenes for meetings six times per year. Board members receive approximately \$400 in average annual compensation per member.

3.2.4. Disciplinary and Investigative Practices

All barber shops and barber schools are inspected annually. It is a requirement that inspectors be licensed barbers. However, these inspectors have no authority other than to remit their findings of non-compliance (if any) to the Board for review and disciplinary action (if applicable). The Board has authority to issue fines and/or seek revocations, suspensions and denials of licenses, as the case may be.

In addition to the annual inspections, the Executive Director and staff investigated over 400 complaints filed in 2015. The most common complaint is about the sanitation rules being violated, the next most common complaint is about unlicensed (no license at all in the State) and lapsed licensed persons practicing barbering on the public. The next category would be from patrons who feel the quality of service was substandard.

3.3. Arizona State Board of Cosmetology

The Arizona State Board of Cosmetology was formed in 1935 and seeks to “ensure the public health, welfare, and safety through education and enforcement of the cosmetology laws and rules by the regulation of salons, schools, and individuals who practice cosmetology.”¹²

The Board of Cosmetology is scheduled to sunset in 2024. Fiscal Year 2015 operating costs were \$2,008,000 with fees generated totaling \$2,928,000.

3.3.1. Staffing, Facilities and Technology Requirements

The Board of Cosmetology is a tenant at 1721 E Broadway Road, Tempe occupying 6,400 square feet of space. The facility also includes a board room, which is an expanded space allowing for classes to be held every other Monday involving approximately 95-100 people. The Infection Protection and Law Review classes are mandatory for applicants seeking a license via reciprocity, or pursuant to an order of the board as part of a disciplinary procedure. According to the Executive Director, there are approximately 1100 visitors to the front desk per month. This includes a large number of people dropping off license applications and/or renewals.

Staff includes 21 FTE's and includes an executive director, a deputy director, a senior systems administrator, an investigator supervisor, among other staff.

Regarding IT, all license applications are available on the Board's website, but there is no an option to submit online. They are either submitted by mail or in person. All renewal notices are handled via email. GL Solutions is the Board's data management support provider. Of note, one staff member is a senior systems administrator.

¹² boc.az.gov

3.3.2. Overview of all Licenses Issued

The Board issues 12 categories of licenses to individuals, salons and schools as well as administers the examinations for individuals seeking to qualify under the licensing classifications. As of August 8, 2016, there were approximately 76,000 active and delinquent licensees and 61,000 inactive licensees.

License renewals are required every two years, triggered by the license holders' birthday.

3.3.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of two cosmetologists, one nail technician, two instructors, one school owner and one public member and meets monthly. Board members receive approximately \$420 in average annual compensation per member.

The Board regulates all cosmetology, aesthetic and nail technology schools in Arizona.

There are two subcommittees, the Legislative Committee and the Rules Committee. These committees typically meet three times per year, respectively.

3.3.4. Disciplinary and Investigative Practices

In Fiscal Year 2016, 1422 complaints were reported. Complaints are typically brought in person or over the phone by complainants, as well as via mail and online. The majority of complaints involve sanitation issues and personal injuries. Each complaint is assigned a case number and forwarded to an investigator who interviews the complainant as well as the alleged individual, school or salon. Reports are then drafted, reviewed by supervisors and then recommendations are made to the Board.

Board staff also conducts approximately 4,500 inspections per year with an emphasis on sanitation standards and to confirm that everyone working on the premises is licensed. On staff are two inspectors and three investigators. All investigative and inspection staff are licensees.

3.4. Arizona State Board of Pharmacy

The Arizona State Board of Pharmacy was formed in 1912 and “protects the health, safety and welfare of the citizens of Arizona by regulating the practice of pharmacy and the distribution, sale and storage of prescription medications and devices and non-prescription medications.”¹³

The Board of Pharmacy is scheduled to sunset in 2022. Fiscal Year 2015 operating costs were \$2,749,000 with fees generated totaling \$3,309,000. The annual operating budget is approximately \$2,020,000 with fees/services generating annual revenues of approximately \$3,285,000.

¹³ pharmacy.az.gov

3.4.1. Staffing, Facilities and Technology Requirements

The Board of Pharmacy is a tenant at 1616 W. Adams Street, Phoenix, occupying approximately 9,007 square feet of space. The facility also includes a board room.

Staff includes 20 FTE's and includes an executive director, a deputy director, an IT manager, five pharmacy inspectors, two retail inspectors, and a marketing coordinator, among other staff.

Regarding IT, all systems development is supported by a private vendor. The Board is in the midst of considering options to migrate their data management systems to a more user friendly software system. Complaints may be filed either online or via mail. All renewal notices are handled via email and mail.

3.4.2. Overview of all Licenses Issued

The Board issues 4 categories of licenses to individuals including those for pharmacists, interns, technicians (PTCB) and technician trainees. During FY 2016, 33,305 licenses were issued. The Board also issues permits for pharmacies, medical gas/durable medical equipment, manufacturers, non-prescription retailers and wholesalers. Permits issued during FY '16 totaled 9,029. They also monitor and track continuing education requirements.

3.4.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of nine members and meets six times per year, with each meeting taking two days. Board members receive approximately \$1,600 in average annual compensation per member. By statute, the Board is comprised of six pharmacists, at least one of whom shall be a pharmacist employed by a hospital permittee and one of whom shall be engaged in the day-to-day practice of pharmacy in a permitted community pharmacy; one pharmacy technician and two public members.

There is a subcommittee, the Board of Pharmacy Review Committee. This committee meets as necessary.

Unlike the great majority of other Arizona State Boards, the Board of Pharmacy has substantial interaction with various federal agencies including the FDA and the DEA. Every product the Board of Pharmacy inspects or reviews is subject to FDA approval. The DEA enforces the proper storage, security and recordkeeping of controlled substances, in conjunction with the Board of Pharmacy. Additionally, the Board of Pharmacy ensures the pharmacies are utilizing the Prescription Monitoring Program (PMP) to record the sale of controlled substances as well as identifying and deterring inappropriate use of controlled substances.

The Board has oversight of the PMP, a prescription monitoring program containing private health information relating to all controlled substance prescriptions dispensed state-wide. By virtue of the highly sensitive private health information contained on the PMP, systems management is expressly segregated from all other state data management systems.

3.4.4. Disciplinary and Investigative Practices

The Board accomplishes its mission by investigating complaints & adjudicating violations of

applicable state and federal laws and rules.¹⁴ In 2015, 71 complaints were reported. Upon receipt of a written, signed complaint, an investigative file is opened, followed by a letter sent to the complainant confirming receipt and acknowledging that an investigative process has been initiated. Complaints may be filed both online and via mail/personal delivery. All complaints are acted upon as soon as the following conditions are met: (1) the pharmacy involved is properly identified; (2) dates surrounding the circumstances are indicated; and, (3) details relative to the activities that initiated the complaint are outlined and constitute a violation of pharmacy laws or rules.

Upon receipt of a complaint, a compliance officer is assigned to contact both the complainant and the pharmacy involved. The compliance officers are licensed pharmacists.

All findings are forwarded to the deputy director who then researches the prior complaint history of the pharmacy and/or pharmacist involved. A report is then drafted, reviewed by the Board of Pharmacy Review Committee, who then make recommendations to the Board.

The Board then may take the following actions: (1) dismiss; (2) issue an advisory letter; (3) convene Board conference; or, (4) send the matter to administrative hearing and/or enter into a consent agreement.

Complaints are typically resolved within 120 days of filing, unless resolved before a formal hearing.

Board staff also conducts approximately 4,500 inspections per year with an emphasis on sanitation standards, current licensure, as well as controlled substance storage, security, inventory and recordkeeping. On staff are two inspectors and three investigators.

The Board also conducts continuing education audits.

3.5. Arizona State Board for Private Postsecondary Education

The Arizona State Board for Private Postsecondary Education was formed in 1970 and “protects the health, safety and welfare of Arizona citizens by regulating private postsecondary educational institutions and providing services to their students.”¹⁵

The Board is scheduled to sunset in 2024. Fiscal Year 2015 operating costs were \$365,000 with fees generated totaling \$491,000.

3.5.1. Staffing, Facilities and Technology Requirements

The Board is a tenant at 1400 W Washington Street, Phoenix and occupy 1292 square feet of space. The suite does not contain a board room as one is shared with several other State agencies. The Board also leases warehouse space at a privately owned 10,000 square foot facility, as well as additional space through Arizona Records Management Center, to house certain student records.

¹⁴ pharmacy.az.gov

¹⁵ ppse.az.gov

The staff of five FTE's is comprised of an Executive Director, and Deputy Director.

Regarding IT, the Board has a website that provides online information and downloadable forms to facilitate requests, including complaint forms (complaints may also be submitted by mail.) The Board has oversight over a huge set of paper files (very few of which are scanned), encompassing student and school records dating back to the 1970's. These files are largely stored in the Board's offsite warehouse. Additionally, there are approximately 6,000 boxes of records stored in the Arizona Records Management Center.

The Board is in the midst of considering options to migrate their data management systems to a more user friendly software system. Complaints may be filed either online or via mail. All renewal notices are handled via email and mail.

3.5.2. Overview of all Licenses Issued

The Board licenses and regulates 238 private postsecondary educational institutions operating vocational and degree programs. These private universities, colleges, career colleges, and vocational schools annually serve approximately 361,153 students. Formerly, students were only Arizona residents, however, with online programs, Arizona schools now provide training to students across the nation and around the world.

Through the administration of the Student Tuition Recovery Fund, a fund of approximately \$500,000+, the Board confiscates and retains student educational records from closed institutions, which provides students access to their educational records to continue their education and/or provide educational verification to a potential employer. The fund also provides financial restitution to students injured by private postsecondary institutional closures. The Board is currently a custodian of records for approximately 1 million students.

Licensing & Regulation Program: For FY 7/01/15 through 6/30/16, the Board:

- Licensed 238 schools (includes vocational/degree & accredited/non-accredited).
- Total Students Enrolled in Arizona Licensed Institutions: 398,540.
- Approved 364 new programs.
- Approved 12 changes of ownership.
- Approved 4 changes of name.
- Approved 19 changes of location or new location.
- Renewed 226 licenses.
- Serviced 4,404 student record requests.
- Paid \$93,271.52 in Student Tuition Recovery Fund claims.

Each new license application contains 20 items that must be reviewed and approved by Staff and then the Board. This includes CPA prepared financial statements, certificates of insurance, surety bonds, course descriptions and faculty resumes to name a few. On average, it takes 120 days to process a new application.

Once licensed, each school must renew their license annually. During license renewal, each school must submit 13 separate items for staff review and approval. This process takes 60 days for each school to complete. Renewals are divided into 4 quarterly cycles. Renewal fees are determined by gross tuition revenues ranging from a minimum of \$600 to a maximum of \$2300.¹⁶

¹² ppse.az.gov

Student Tuition Recovery Fund Program:

The Board also administers the Student Tuition Recovery Fund (“STRF”). The STRF fund is a non-appropriated fund assessed from licensed institutions and maintains a minimum balance of \$500,000. The fund is used to compensate students injured when a licensed school closes before a student has completed contracted coursework. The agency seizes student records and maintains and provides student records. The agency services approximately 4,404 student record requests annually. Students who attended postsecondary schools that have ceased operations may request copies of transcripts and student records to either continue or complete their education or obtain employment.

3.5.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of seven members and meets monthly. Board members receive approximately \$500 in average annual compensation per member. By statute, the Board is comprised of two members who hold executive or managerial positions in a private educational institution offering private vocational programs in Arizona, one member who holds an executive or managerial position in a private educational institution offering an associate degree, two members who hold executive or managerial positions in a private educational institution offering a baccalaureate or higher degree, or both, two members who are Arizona residents and have been occupied in commerce or industry in this state for at least three years.

The Board has two primary programs: Licensing and Regulation and the Student Tuition Recovery Fund. The Board acts on license applications, determines compliance, investigates complaints and violations, and takes disciplinary action.

There are two subcommittees: (1) the Finance Committee which meets quarterly to review of the financial status of institutions that may be financially unstable; and (2) the Complaint Committee which reviews complaints, also meeting quarterly.

The Board, in conjunction with the U.S. Department of Education and the various accrediting agencies, provides oversight for the Federal Student Aid programs. The Board has developed partnerships with other City, State, and Federal agencies to facilitate the dissemination of information. They include the U.S. Department of Education, Arizona Department of Education, Department of Health Services, Veteran’s Administration, Department of Economic Security, and other State boards who share dual licensing responsibilities for schools.

3.5.4. Disciplinary and Investigative Practices

The Board handles three types of complaints: (1) student complaints, (2) non-student complaints, and (3) Board complaints, which includes the Board’s monitoring of institutions that may have negative actions pending with the SEC, Department of Education and/or its accrediting agency.

During Fiscal Year 2016, the Board Investigated 8 student complaints and 12 non-student consumer complaints, responded to over 375 inquiries (letter of intent, state authorization, student inquiries), conducted 19 inspections and supervised 15 school closures.¹⁷

¹⁷ ppse.az.gov

Investigations are handled by the Deputy Director with support from time to time from the Executive Director. The results of the investigation are then submitted to the Complaint Committee. The Complaint Committee can dismiss or issue a letter of concern. If additional action is warranted, the complaint is referred to the State Board for further action.

The Finance Committee determines whether or not the financial responsibilities and management capabilities of all applicants and licensees have been met. The Finance Committee is empowered by the Board to direct Staff to grant licenses.

Inspections of institutions occur for initial licensure and then two years thereafter.

3.6. Arizona State Board of Technical Registration

The Arizona State Board of Technical Registration was formed in 1921. Its mission is to review “applications for engineers, architects, geologists, land surveyors, landscape architects, home inspectors, and alarm agents and determine if the applicants are qualified for licensure or certification. The Board also accepts complaints from the public, alleging violations of the standards of practice for these fields and creates policy statements for public guidance on health, safety, and welfare issues related to the practice of these professions.”¹⁸

The Board is scheduled to sunset in 2023. Fiscal Year 2015 operating costs were \$1,855,000 with fees generated totaling \$2,269,000. The annual operating budget is approximately \$2,122,000 with fees/services generating annual revenues of approximately \$2,700,000.

3.6.1. Staffing, Facilities and Technology Requirements

The Board is a tenant at 1110 W. Washington Street, Phoenix occupying 8,561 square feet of space. The facility includes a board room which is utilized for training and staff activities as well as Board functions.

Staff includes 21 FTE’s and includes an Executive Director, Deputy Director and Enforcement Manager, among others.

Regarding IT, the Board has a website that provides online information and downloadable forms to facilitate requests, including complaint forms (complaints may also be submitted by mail). Email blasts are used and a newsletter is published quarterly, distributed electronically as well as via traditional mailings. The Board enlists the support of an independent contractor (GL Solutions) to further IT objectives.

The Board is in the midst of considering options to migrate their data management systems to a more user friendly software platform. They have recently entered into an agreement with GL Solutions to develop an E-Licensing and Case Management System. Complaints may be filed either online or via mailing. All renewal notices are handled via mail or hand delivery.

¹⁸ btr.az.gov

3.6.2. Overview of all Licenses Issued

The Board oversees licensure of approximately 45,000 licensees. Approximately 9,000 – 10,000 licensees are subject to renewals annually.

3.6.3. Sample Board Policies, Procedures and Protocols

The Board is comprised of nine members and meets monthly. Board members receive approximately \$700 in average annual compensation per member. The Board is required by statute to be comprised of three engineers, two architects, one surveyor, one member must be an assayer or geologist, one landscape architect, and one public member.

There are four subcommittees: the Home Inspector Rules and Standards Committee (meeting quarterly); the Environmental Rules and Standards Committee; the Legislation and Rules Committee (meeting quarterly), and the Enforcement Advisory Committee.

3.6.4. Disciplinary and Investigative Practices

During calendar year 2015, the Board investigated 140 complaints.

Investigations are handled by the Investigations/Enforcement Manager who manages four investigators and one administrative assistant. Also used are highly skilled volunteers acting as subject matter experts from the professional community.¹⁹

The results of each investigation are then sent to the Enforcement Advisory Committee, who in turn make recommendations to the Board regarding possible disciplinary action. A wide array of disciplinary actions can be taken from a consent agreement, to a formal hearing before an administrative law judge.

¹⁹ Technical Registration's use of professional volunteers for subject matter support on investigations is different from certain other boards in which paid consultants may be used. There is opportunity here to drive consistent policy among all of the boards in terms of use of 3rd party consultants for complaint investigations.

4. Comparison of Arizona Boards to Other States

4.1. States Studied

When considering which states to examine and compare with Arizona, we looked for states that have either initiated or completed consolidation of some or all of their occupational licensing boards, as well as those that have more autonomous systems. This resulted in our focusing on the states of Pennsylvania, Wisconsin, Delaware and Washington. In three of the states (Pennsylvania, Wisconsin and Delaware) the use of “umbrella” agency structures on balance have been successful. In Washington’s case, they have taken more of a hybrid approach – continuing to use an umbrella agency structure in certain instances and decoupling some boards to allow for greater autonomy.²⁰

4.1.1. Pennsylvania

In 1963, Pennsylvania created the Bureau of Professional and Occupational Affairs (BPOA). This Bureau consolidated 29 licensing boards and commissions under one agency, providing administrative, logistical and legal support services to professional and occupational licensing boards and commissions. The 29 licensing boards and commissions operate under the Bureau’s umbrella with each having their own enabling statute governing their powers and functions.

4.1.2. Wisconsin

Governor Scott Walker signed the 2011-13 state budget, creating the new Wisconsin Department of Safety and Professional Services (DSPS) – formed by combining the Department of Regulation and Licensing and parts of the Department of Commerce. DSPS is an umbrella agency overseeing 51 boards.

DSPS is responsible for ensuring the safe and competent practice of licensed professionals in Wisconsin. The 51 boards have varying levels of responsibility and professional oversight based on statutory provisions, as better described in Section 4.3 below.

4.1.3. Delaware

Delaware’s Division of Professional Regulation (DPR) is tasked with providing regulatory oversight for 34 boards/commissions, which are comprised of Governor-appointed public and professional members. This oversight includes administrative, fiscal, and investigative support for 54 professions, trades and events.²¹

4.2. Staffing and Facilities Requirements

4.2.1. Pennsylvania

As of 2014, the Pennsylvania BPOA housed 400 employees, including 52 full time attorneys, 130 of which were responsible for licensing processing. The total square footage for the BPOA facility

²⁰ In order to avoid confusing the reader, the Washington summary is at the end of this section, given that it involves health related boards and decoupling.

²¹ www.dpr.delaware.gov

is 83,000 square feet. There are four dedicated board rooms (each 1,000 square feet) servicing all 29 boards as well as four hearing rooms.

4.2.2. Wisconsin

DSPS has oversight of 51 boards, has 105.5 FTE's and operates in an 45,000 square foot facility.²² There are three boards' rooms plus five additional conference rooms or smaller meeting rooms for policy or subcommittee meetings. There are 42 FTE's responsible for licensing and renewals and 41.5 FTE's responsible for managing complaints (including attorneys, investigators and monitoring staff), and 22 FTE's handling policy issues (board management, rule making, policy updates and administrative oversight of scheduling board rooms and conference space).

4.2.3. Delaware

DPR has a staff of 51 FTE's of which 18 are responsible for investigations.²³

4.3. Relevant Policies, Procedures and Protocols

4.3.1. Pennsylvania

In Pennsylvania, the BPOA provides the 29 boards and commissions under its umbrella with "legal, technical and administrative support to conduct written practical licensure examinations; review and verify education and experience of candidates for licensure; certify providers of education; receive and investigate public complaints; conduct periodic facility inspections; prosecute, adjudicate, fine and sanction violators; administer licensure programs, revise standards for licensure to keep pace with changes in the professions and advise the legislature on proposed statutory changes."²⁴

The Bureau of Enforcement and Investigation provides the boards and commissions with facility inspection and law enforcement capabilities. It maintains regional offices in Harrisburg, Philadelphia, Pittsburgh and Scranton.²⁵

Both the BPOA and the Bureau of Enforcement and Investigation serve under the Commonwealth of Pennsylvania's Department of State.

Pennsylvania has also created the Professional Health Monitoring Program (PHMP) a program with allows "for non-public agreements with licensees who are mentally or physically impaired. The impairments generally relate to drug and alcohol abuse and/or addiction..."²⁶ All 29 boards use the PHMP in order to track for compliance with the program. A centralized system is used including consolidated reporting which is produced on behalf of all of the boards.

²² Taken from an interview with Jeff Weigand, Assistant Deputy Director of the Wisconsin Department of Safety and Professional Services. Agencies other than DSPS are housed in the 45,000 Sq. Ft. building.

²³ As of this writing, we were unable to obtain facilities particulars from Delaware.

²⁴ Pennsylvania Department of State, Office of Chief Counsel 2014 Annual Report.

²⁵ Taken from an interview with Executive Deputy Chief Counsel Shannon Sprow with the Pennsylvania Department of State's Bureau of Professional and Occupational Affairs

²⁶ Pennsylvania Department of State, Office of Chief Counsel 2014 Annual Report.

The vast majority (approaching 95%) of license renewals are processed online through a centralized portal. Renewals are typically processed within one to two days of filing. License applications can be filed either online or in writing (depending upon the documents required) and typically take five to ten days to process.

4.3.2. Wisconsin

There are four divisions under DSPS including:

- (1) The Division of Policy Development (DPD) which provides administrative support and policy guidance to the professional boards in the state by facilitating board meetings, serving as a liaison between the boards and the Department, and managing the administrative rule promulgation process for self-regulated professions. The DPD also manages the administrative rule promulgation process for professions that are directly regulated by the Department. In 2012, the DPD provided administrative services to over 40 boards and councils and facilitated approximately 180 meetings relating to board activities.²⁷
- (2) The Division of Professional Credential Processing (DPCP) processes all credential applications and oversees credential eligibility, renewal, continuing education requirements, and examination requirements for regulated professions.²⁸
- (3) The Division of Legal Services and Compliance (DLSC) provides legal services to professional boards regarding investigations and discipline of licensees. DLSC is also responsible for the complaint intake process, monitoring compliance with disciplinary orders, management a confidential program for impaired professionals, performing audits of trust accounts, and conducting business inspections for pharmacies, drug distributors and manufacturers, funeral establishments, and barber and cosmetology schools and establishments.²⁹
- (4) The Division of Industry Services (DIS) contains multiple bureaus including the Bureau of Field Services, and the Bureau of Technical Services.

In 2012, DSPS commenced a paperless office initiative. This includes DPD providing electronic board agendas and laptops to board members in place of paper agendas. This initiative also allowed the elimination of 214 file cabinets, 18 bookcases, and 144 feet of open shelving allowing the Department to add workstations.³⁰

Regarding applications, DPCP has developed an online license application system, allowing for payment and processing of applications online.

Of note, online applications are typically processed within 5-7 days with renewals typically handled within two business days.

Wisconsin has also initiated a professional assistance plan (PAP), similar to Pennsylvania's PHMP. The PAP oversees voluntary and disciplinary related cases relating to substance abuse and medical fitness programs.

²⁷ Wisconsin Department of Safety and Professional Services, September 2013 Report.

²⁸ Ibid

²⁹ Ibid

³⁰ Ibid

4.3.3. Delaware

In Delaware, all applications, renewals and complaints relating to the boards under DPR's umbrella are processed through a centralized intake system, with issues, follow ups (including applications confirmations), and subject matter expertise flowing to each of the respective boards.

DPR has purview over approximately 85,000 licenses. This includes approximately 11,000 new licenses issued and over 30,000 renewals issued annually.³¹

4.4. Disciplinary and Investigative Processes

4.4.1. Pennsylvania

In calendar year 2014, Pennsylvania's BPOA opened 14,572 complaint files, and closed 13,270 cases³². Additionally, 2,857 matters were initiated seeking disciplinary action, resulting in 762 citations being issued.³³

The Bureau of Enforcement and Investigation, operating out of four regional offices, handle all initial complaint intake and assign each investigation to a subject matter expert.

4.4.2. Wisconsin

DIS has actively attempted, whenever possible, to standardize all inspections and related reporting formats. All investigations result in reports and recommendations forwarded to the appropriate examining board.

4.4.3. Delaware

DPS uses 18 FTE's to conduct investigations and report findings to the various boards under DPR's umbrella. Annually, approximately 900 complaints are processed leading to upwards of 600 investigations.³⁴

4.5. Board Oversight

4.5.1. Pennsylvania

As mentioned above each, of the 29 Boards under BPOA in Pennsylvania operate under a specific statute conferring separate functions and oversight authority. On each board, either the BPOA Commissioner or a designee staff member serve as a board member. There are 250 board members.

4.5.2. Wisconsin

DSPS is an umbrella department including 51 boards. The boards have varying levels of responsibility and professional oversight based on statutory provisions.

³¹ www.dpr.delaware.gov

³² Pennsylvania Department of State, Office of Chief Counsel 2014 Annual Report.

³³ Ibid.

³⁴ www.dpr.delaware.gov

4.5.3. Delaware

DPR has authority over 34 boards/commissions.

4.5.4. Washington

Washington State's Health Systems Quality Assurance Division (HSQA) (under the Department of Health) is an umbrella agency having oversight over Washington's various health related boards and commissions. During the 2008 legislative session, a pilot program was approved for the Medical Quality Assurance Commission (MQAC) and the Nursing Care Quality Assurance Commission (NCQAC) to provide the commissions control over their budgets, staffing, and administrative duties. Prior to this pilot, this authority rested with the Washington State Department of Health – Health Services Quality Assurance (HSQA).³⁵

In response to the success of these pilots, the legislature returned in 2013 and made the program permanent for the MQAC and NCQA, and in the same legislation extended the program to the Chiropractic Quality Assurance Commission (CQAC). Effectively, these three boards have been de-coupled from the remaining umbrella boards under HSQA's oversight.

The Washington State Legislature determined that the three agencies referenced above were unique in nature. Furthermore, "analysis of the performance measures shows that other healthcare professions managed under the HSQA "umbrella" structure either perform as well as the pilot models or are trending in that direction."³⁶

The Washington Department of Health, in a January 2013 study, determined that the pilot program was beneficial for certain boards. However, it also listed numerous benefits inherent to umbrella agencies. These include:

- Infrastructure such as information technology, human resources, communications and other common business functions can be leveraged to benefit the entire agency at a lower per capita cost.
- One-stop-shopping for the public, health care employers, legislative staff, media and other stakeholders.
- Complaint intake for all health care professionals.
- One call center that can direct callers to the appropriate staff for any profession.
- A single website that includes a provider search feature covering all credentialed health care providers, a single complaint form for any health profession, and individual information and application pages for each profession.³⁷

4.5.5. Summary

Three of the states studied (Delaware, Pennsylvania and Wisconsin) have embraced the umbrella board concept, with Washington adopting a hybrid model in which certain boards have been de-coupled and made wholly autonomous.

³⁵ House Bill 1103 Report to the Legislature, Washington State Department of Health, Publication Number 631-041, page 1

³⁶ Ibid, page 3

³⁷ Ibid, pages 10, 11

It should be noted that there appears to be no national consensus on what model works best, whether it's an umbrella model, a hybrid or board autonomy (as in Arizona). A 1999 study by the Minnesota Office of Legislative Auditor's perhaps described the current environment regarding board consolidation best:

"Despite the lack of conclusive evidence, many states have moved to consolidate their boards or board functions in the last several decades, motivated by several factors:

- the expectation of cost savings as a result of economies of scale.
- the prospect for small occupations to share otherwise redundant administrative inputs.
- the opportunity to promote overlapping scopes of practice and share expertise for like occupations.
- to encourage standardization of policies among boards."³⁸

In our review, the three states adopting an umbrella model have recognized, or begun to recognize many of the benefits outlined in the Minnesota study. But every state (and board) has its own unique characteristics.

³⁸ Health Licensing Boards and Governance Structure, Prepared for the Minnesota Health Licensing Board, December 2003

5. Real Estate Consolidation Feasibility

5.1. Current Conditions

The Subject Boards currently employ 102 FTE's and occupy a cumulative square footage (Sq. Ft.) of 39,301 disbursed amongst the metro Phoenix area.

Two of the sample boards (Cosmetology and Postsecondary Education) are located outside the Capital Mall area. It also should be noted that Private Postsecondary maintains a 10,000 square foot storage facility south of the Capitol Mall area for physical records storage at a cost to the State of \$96,304 annually. Each Board has a conference / board room designed into the current space or in limited instances they share a conference room with other state agencies.

5.2. Analysis of “AS IS” Square Footage by Subject Board

The following graph depicts the Building Owners and Managers Association International (BOMA) Rentable Square Footage (RSF) by Board:

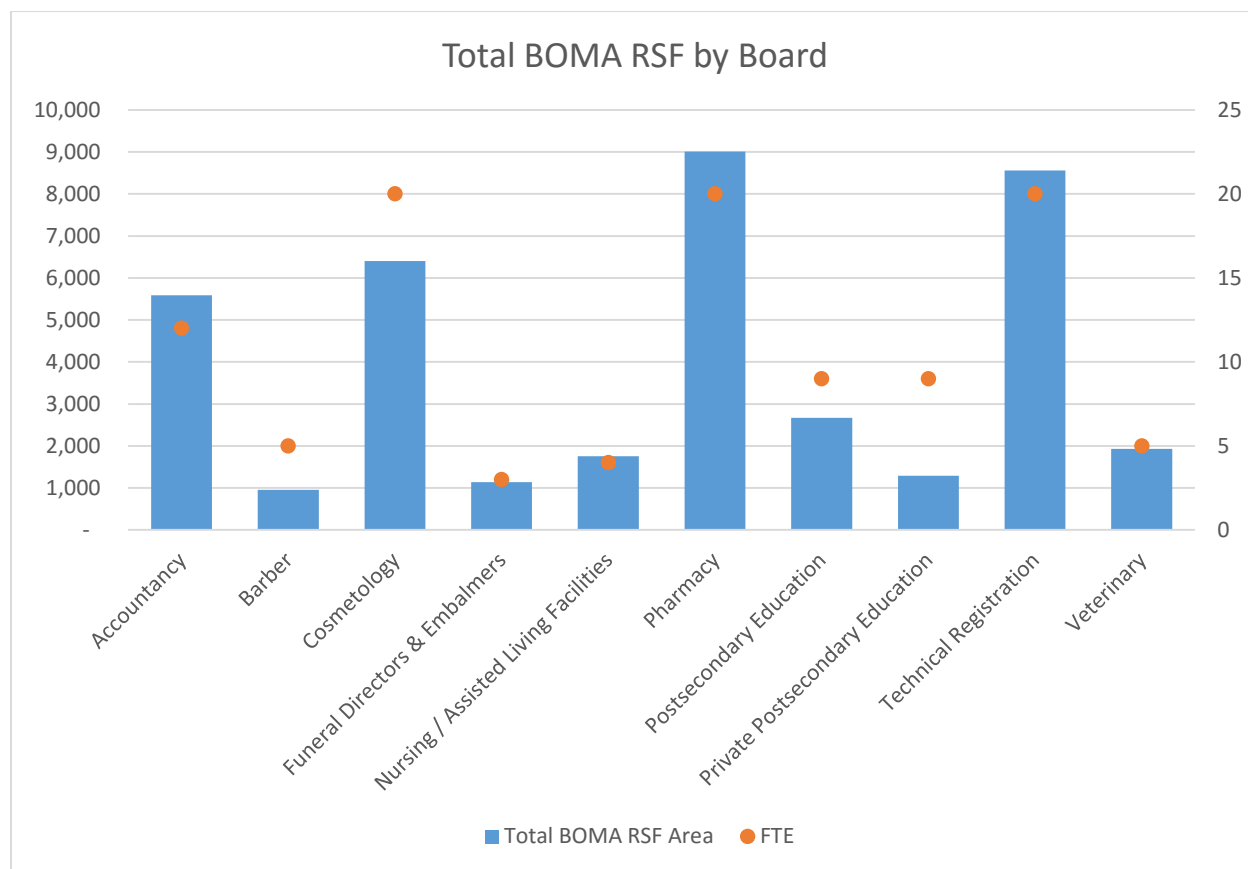


Figure 6 - Total BOMA RSF by Board

Table 2 references fully loaded square footage per employee (varies from 239 to 466 averaging 385 square feet per employee):

Agency	Total BOMA RSF Area	FTE	Sq. Ft. Per FTE
Accountancy	5,591	12	466
Barber	957	5	191
Cosmetology	6,400	20	320
Funeral Directors & Embalmers	1,137	3	379
Nursing / Assisted Living Facilities	1,757	4	439
Pharmacy	9,007	20	450
Postsecondary Education	2,667	9	296
Private Postsecondary Education	1,292	9	144
Technical Registration	8,561	20	428
Veterinary	1,932	5	386

Table 2 - Current Average Sq. Ft. by FTE per Board

The following graph represents the average Square Foot Per FTE by Subject Board:

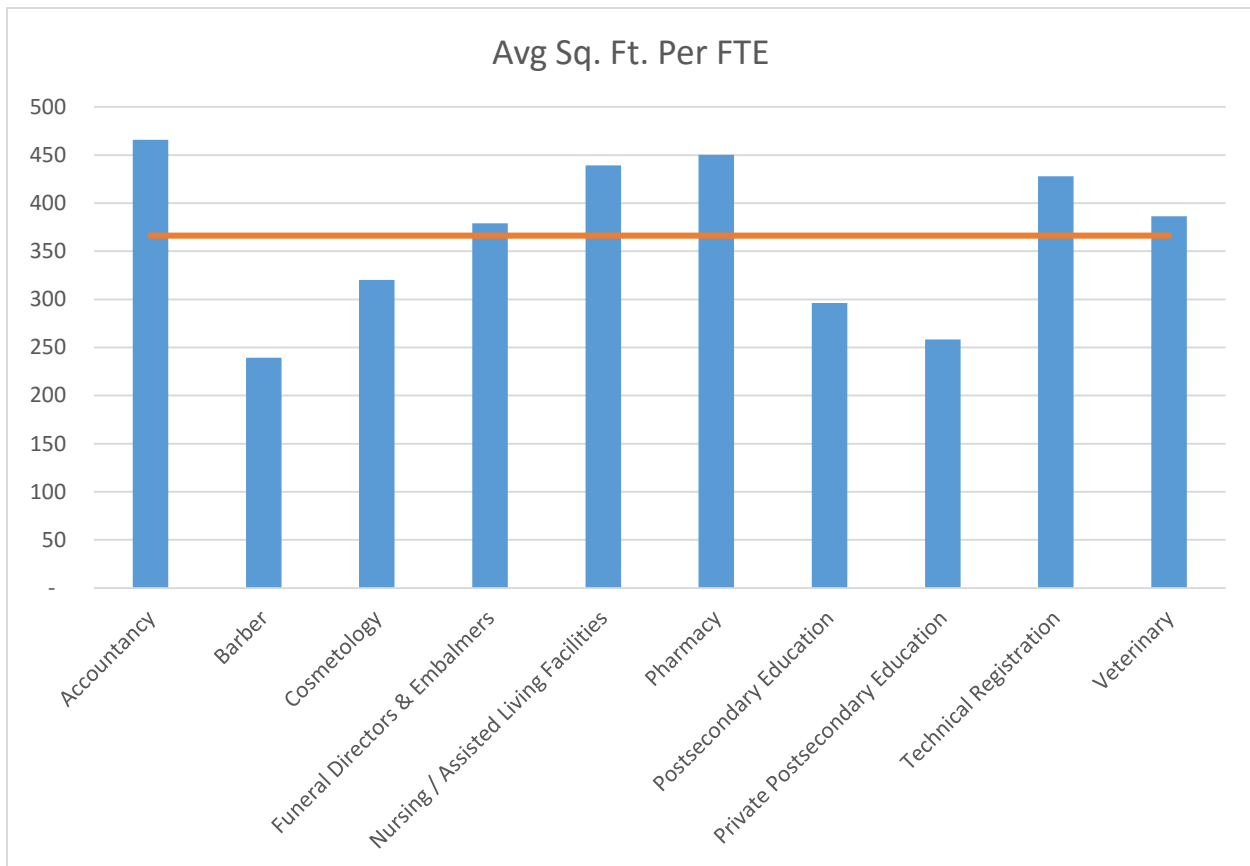


Figure 7 - Average Sq. Ft. Per FTE

5.3. Analysis of “AS IF” Square Footage by Subject Board

The graph below references current BOMA RSF per FTE in comparison to our recommended application of a target RSF of 250 per FTE³⁹:

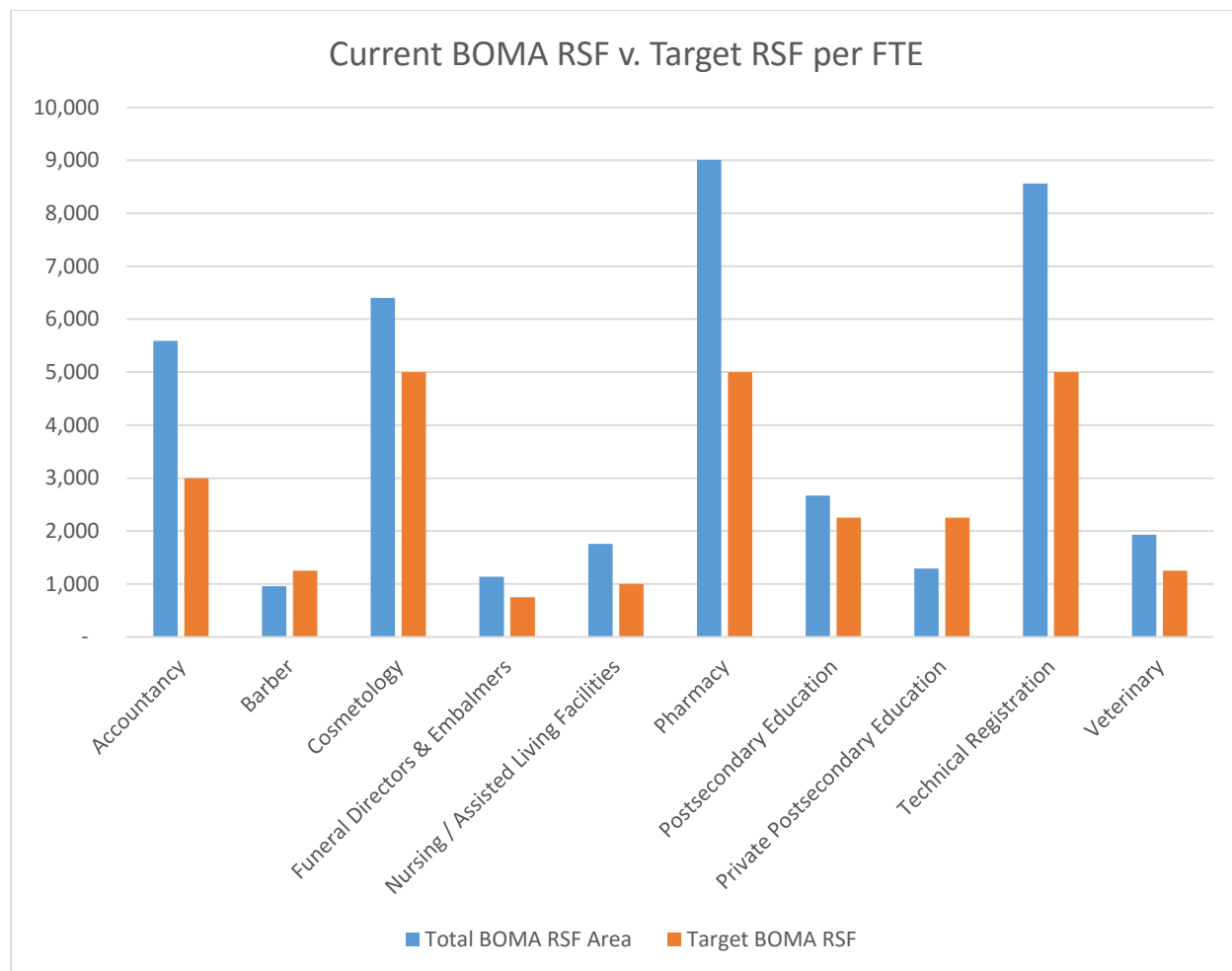


Figure 8 - Current BOMA RSF v. Target RSF per FTE

5.4. Net Effect of Potential Real Estate Consolidation

There are efficiencies that can be recognized in the short term relating to a modified consolidation of Subject Board facilities. The digitization of Private Postsecondary’s records, which are currently warehoused in a private facility, would recognize over \$96,000 a year in real estate expense. A phased approach to consolidation will result in additional expense reductions. Phase I contemplates moving certain Boards and Commissions into state owned space. Phase II contemplates a full consolidation of all Boards and Commissions into a common state owned building utilizing a space planning factor of 250 square feet per FTE.

³⁹ The Barbers and Private Postsecondary Boards currently operate below the target 250 RSF per FTE.

Phase II includes the utilization of shared conference and board room space. Based upon the examples set in Wisconsin and Pennsylvania⁴⁰, we expect that an efficient facilities consolidation would include reducing the number of board rooms to four. This would be comprised of one 2,500 square foot, flex space board room for use as a classroom or for board meetings expected to have greater attendance, as well as three smaller board rooms. The large board room should include movable partitions. Any questions raised relating to availability of board rooms for the Subject Boards can be fairly quickly assuaged by looking at the public scheduling calendars found on Pennsylvania and Wisconsin's agency websites (in which 29 and 51 boards respectively have all of their board meeting and subcommittee meeting needs scheduled.)⁴¹

Three important factors to consider in the consolidation efforts for boards and commissions are the time, cost, and amortization of the associated expenses in infrastructure, tenant improvements, moving and loss of productivity. A comprehensive analysis of all state owned facilities should be commissioned to drill down to a detailed data set specifically geared towards reducing the real estate footprint and further improving the utilization of space.

An estimated annual minimum savings of \$260,000 for Phase I should be realized.⁴² This calculation does not contemplate any changes to current staffing levels or additional real estate reductions, which should be realized after Phase II when full consolidation occurs and operational efficiencies are implemented adding an additional estimated reduction of \$180,000 totaling an estimated \$440,000 in annual expense reduction. This includes expected efficiencies resulting from centralized or standardized processes relating to use of third party vendors, creation of one dedicated website for the Subject Boards, adoption of a centralized licensing system, and a consolidated complaint intake process, among other synergies.

⁴⁰ Pennsylvania houses 29 boards in 4 shared board rooms, with 4 or 5 additional available hearing rooms for hearings and subcommittee meetings. In Wisconsin, there are 3 total board rooms plus 5 additional conference rooms supporting 51 boards.

⁴¹<http://dsps.wi.gov/Boards-Councils/Calendar>;
www.dos.pa.gov/ProfessionalLicensing/Pages/Calendar.aspx

⁴² The savings are calculated based on reduced square footage at the state owned building rate of \$13.08 per square foot.

6. Shared Services

This Section provides an analysis of prospective shared and consolidated services among the Subject Boards in comparison with the other states studied. In particular, there are opportunities to create considerable efficiencies and expense reductions in three general areas:

- (1) Consolidation and Integration of Technical Services
- (2) Shared Personnel
- (3) Creation of an Arizona Professional Health Monitoring Program

6.1. Consolidation of IT Systems; Technology Efficiencies

Regarding consolidation of technical services, Pennsylvania, Wisconsin and Delaware, centralized IT systems have been created to service all of the boards under each states' umbrella programs. In other words, there's a single website one visits in order to initiate an application for a license, file a renewal, verify a license or file a complaint.

In Arizona, each Subject Board has an individual website. There's very little consistency between the boards in terms of the technology solutions used to process licenses, applications and complaints. In certain instances, applications, renewals or complaints may be entered online. In others, applications and complaints must be submitted via mail. The variables between websites can cause confusion, while in other instances there are duplications of services among sites. There are a variety of vendors supporting systems development for each Subject Board.

There is an immediate opportunity in Arizona to centralize approvals of process enhancements and/or initiation of new systems development. In order to better drive consistency across all boards/commissions and reduce the use of multiple vendors and systems, a centralized process for technology and related efficiency enhancements is recommended. Standardization of systems development should maximize efficiencies and create greater accountability among all of the boards and commissions.

We applaud ADOA for its issuance of an RFP on August 23, 2016 entitled "Statewide Enterprise eLicensing". This RFP was issued in response to many boards seeking an automated solution or upgrade to current technology platform. Several Boards had funds appropriated for IT solutions in FY 2017. Specifically, four of these boards were seeking specific e-licensing technology solutions. A series of meetings were convened with a large cross section of regulatory boards seeking their input on the types (and priority) of technology solutions needed, resulting in the scope of this RFP. The development of a centralized eLicensing solution is a great step towards realizing greater process efficiencies and drive enhanced efficiencies among the boards impacted.

Another area of systems optimization would be implementation of a paperless office policy. Wisconsin in 2012 initiated a paperless office program. This involves creating secured databases housing scanned or digitized documents. This initiative has begun to reduce the state's storage needs, likely reduced its carbon footprint, and certainly reduced the time, travel and energy staff has to spend procuring documents from storage facilities.

In review of the Subject Boards, many instances were identified that could benefit from a paperless office initiative. The most glaring example being the Board of Private Postsecondary

Education. In their case, they have a storage facility, several miles from the Board, containing student (paper) records dating back to the '70's. Rent for this storage facility is approximately \$96,000 annually. Additionally, a dedicated staff member has to constantly travel to and from the storage facility to gather relevant records. If there's damage to the storage facility, these documents would likely be lost forever. This wouldn't be the case using an electronic platform (with appropriate disaster recovery planning). The Board of Private Postsecondary Education is not alone – several other Sample Boards continue to use considerable space and personnel devoted to maintenance of paper records.

It would make a great deal of sense for an IT planning committee to be formed to study and justify how best to build the systems architecture (whether via RFP or using internal State technology support) containing a fully integrated and consolidated one-stop site for all Subject Boards, as well as a customized document retention platform, accessible to the relevant board/commission.

6.2. Shared Personnel

In addition to consolidating IT solutions, each of the states studied have worked to consolidate certain employee functions.

The umbrella boards studied each use centralized complaint intake processes in which document confirmation occurs and the complaint is forwarded either to the appropriate board or dedicated inspections staff (or both).

With the Arizona Subject Boards, complaint intake and confirmation occurs on an individualized basis. Each Board has an employee (or employees) handling customer intake and related processing.

Similarly, the umbrella states studied use consolidated licensing intake services to provide Level 1 review and then triage to the relevant board/commission.

In Arizona, each Subject Board has its own distinct process (and employees) verifying licensing status.

Regarding complaints and investigations, Pennsylvania has a division dedicated specifically to handling investigations for all of their boards.

Each Subject Board in Arizona has a unique set of investigators and processes relating to investigations. An example of a possible inefficiency is with the Cosmetology Board and the Board of Barbers. Both Boards conduct annual sanitary inspections of the salons and barbershops under their respective purview. These types of inspections, while technically different, contain virtually the same or similar processes and inspections forms. While the types of businesses inspected are seemingly quite similar, they each use their own investigators rather than sharing resources.

The use of shared personnel and employee functions will inevitably cause staffing redundancies to be exposed beyond those already discussed. This is especially true when coupled with a centralized online system using a paperless office initiative. The efficiencies in personnel that

could be realized should consolidation occur will likely be considerable and additional analysis (depending upon the type and scale of prospective consolidation) is warranted.

6.3. Professional Health Monitoring Program

Washington, Pennsylvania, Delaware and Wisconsin each have a similar version of a professional health monitoring program. These programs are intended to support licensees who are mentally or physically impaired – whether on voluntary or disciplinary programs. The impairments supported generally involve alcohol or substance issues. Conformance to the program is typically tracked by a centralized service, which includes consolidated reporting produced on behalf of the boards.

In Arizona, each Subject Board must manage these types of cases involving their licensees uniquely, rather than collectively as in other states. This places additional burdens on boards and ensuring strict compliance may be difficult when using disparate systems.

6.4. Summary

Based upon the foregoing (including Section 5), and review of operations and staffing in other states, we expect that consolidating the Subject Boards will conservatively result in a 10% reduction of current operational expenses or \$990,000⁴³. This includes expected efficiencies resulting from centralized or standardized processes relating to use of third party vendors. These operational efficiencies, coupled with the reduction of square footage per employee from the average of 385 to 250 square feet should bring the annual total expense reduction to \$1,430,000. This includes expected efficiencies resulting from centralized or standardized processes relating to use of third party vendors, creation of one dedicated website for the Subject Boards, adoption of a centralized licensing system, and a consolidated complaint intake process, among other synergies.

⁴³ \$990,000 represents a 10% reduction in FY 2015 operational costs for nine of the Subject Boards. The Commission for Postsecondary Education was excluded from this calculation because its revenues are derived from Federal Grants and are used as specified in each grant.

7. Recommendations

Recommendation 1:

CONSOLIDATE THE SUBJECT BOARDS TO THE CAPITOL MALL AREA AND IMPROVE STATE ASSET UTILIZATION

Following the examples set in Pennsylvania, Wisconsin and Delaware, we recommend that ADOA begin the process of ultimately migrating all of the Subject Boards, and virtually all of their staff and storage needs into one, consolidated facility in the Capitol Mall area. The only caveat possibly being allowing some regional offices to be used to support inspections.⁴⁴

There is considerable opportunity to use shared space for board and subcommittee meetings, thereby reducing the overall spatial footprint for all of the Subject Boards. Additionally, considerable consolidation of certain administrative functions and warehousing/storage can occur, if thoughtfully considered and constructed.

We recommend that Phase I involve migrating certain Subject Boards currently housed in or utilizing privately owned facilities over to state owned facilities in the Capitol Mall area. This should better facilitate some of the operational efficiencies suggested in the other recommendations described later in this section.

The Subject Boards immediately impacted will be: (1) the Arizona State Board of Cosmetology (currently located in a private facility at 1721 E. Broadway in Tempe); (2) the Arizona Commission for Postsecondary Education (currently located in a private facility at 2020 N. Central Avenue, #650 in Phoenix); (3) the Arizona State Board for Private Postsecondary Education (currently using a privately owned storage warehouse at 236 E. Pima St., #107 in Phoenix); (4) the Arizona Board of Accountancy (currently located at 100 N 15th Ave in Phoenix); (5) the Arizona State Board of Technical Registration (currently located at 1110 W. Washington in Phoenix).⁴⁵

Phase II should complete the full integration of all facilities, staff and operational synergies described in Recommendations 2-6 into one centralized facility, near the Capitol Mall area, subject of course to favorable economic conditions relating to the termination of certain leases currently binding some of the Subject Boards.

Recommendation 2:

DEVELOP ONE CENTRALIZED DATABASE TO PROVIDE FOR LICENSE VERIFICATION AND APPLICATIONS INTAKE FOR ALL OCCUPATIONAL LICENSES ACROSS ARIZONA

Currently, most (if not all) of the Subject Boards handle their respective license applications and verifications on an individual board basis. We recommend a system similar to Wisconsin's Online License Application System be developed to centralize license applications and verifications into one database. Going from ten disparate systems, in each instance supported by separate IT and

⁴⁴ In Pennsylvania, investigation support services are housed in four regional offices, in order to make the inspections process more efficient given state geographic challenges.

⁴⁵ Regarding the warehouse, please note Recommendation 4, in which we suggest that all Subject Board documents be migrated to an electronic platform, in which case no warehouse space will be necessary.

related admin support, to one umbrella system should considerably reduce redundancies and individual board level expenses and enhance efficiency. Issues relating to specialized applications and related verifications will remain the responsibility of each Subject Board. However, all data should be funneled towards a centralized system, managed by one IT support team.

At a minimum, in order to better drive consistency across all boards/commissions and reduce the use of multiple vendors and systems, creation of a centralized process for technology and related efficiency enhancements is recommended. Standardization of systems development should maximize efficiencies and create greater accountability among all of the boards and commissions.

Recommendation 3:

CONSOLIDATE LICENSING INTAKE TO PROVIDE LEVEL 1 REVIEW AND TRIAGE TO APPROPRIATE BOARD/COMMISSION

Delaware, Pennsylvania and Wisconsin (at various levels) have each instituted centralized licensing intake processes relating to phone calls, physical visits and mailings involving licensing. Currently, each of the Subject Boards operate independently, with separate administrative support managing all customer intake. It is expected that considerable expense and process efficiencies can be realized by creating one integrated customer service hub managing Level I type support. Following the initial review and verification that required documentation is in order, the application or renewal can then be triaged to each applicable Subject Board.

Recommendation 4:

DRIVE DEVELOPMENT OF A CENTRALIZED, SECURED DATABASE WHERE ALL SUBJECT BOARD DOCUMENTS ARE SCANNED AND MOVED TO AN ELECTRONIC PLATFORM, ACCESSIBLE TO THE RELEVANT BOARD/COMMISSION

Virtually all industries (including state and federal government) are actively migrating to paperless solutions, both for efficiency purposes and to reduce carbon footprints. Most importantly, the use of scanned documentation, with appropriate disaster recovery planning, sharply reduces the risk of loss in the event of a natural disaster. Ultimately, the various Subject Boards in Arizona will need to do this as well. Many Arizona State Regulatory Boards and Commissions are already in process towards causing all (or most) documents and records to be scanned or digitized and secured in electronic databases.

For the sake of efficiency and elimination of redundancies, we recommend that all Subject Boards be required to use an ADOA managed, consolidated solution to scan and house all records, for each respective board. Certainly, different access levels and/or firewalls will need to be considered, especially as it relates to private individual information, but we expect that these hurdles can be overcome. Once the electronic platform is created, considerable storage reduction will be realized, as well as substantial reduction in personnel costs relating to procuring (and copying) stored paper documents.

Recommendation 5:

CONSOLIDATE COMPLAINT INTAKE PROCESS TO CONFIRM THAT DOCUMENTS ARE IN ORDER AND FORWARD TO THE APPROPRIATE BOARD/COMMISSION

Similar to Recommendation 3, we recommend that one centralized Level 1 complaints intake process be initiated. This should substantially reduce redundant functions across all of the Subject Boards. Upon completion of intake and verification that all documentation has been provided, the complaint can be forwarded to each respective Subject Board for specialized treatment, inspections, and resolution.

Recommendation 6:

IMPLEMENT A CENTRALIZED PROGRAM TO TRACK LICENSEES REQUIRED TO COMPLY WITH A CORRECTIVE ACTION PLAN OR BOARD ORDER. THIS SHALL INCLUDE LICENSEES REQUIRED TO COMPLETE A SUBSTANCE ABUSE OR PHYSICAL REHABILITATION PROGRAM, AS WELL AS THOSE SUBJECT TO DISCIPLINARY FINES OR ADDITIONAL PROFESSIONAL TRAINING

Pennsylvania has its PHMP, Wisconsin its PAP, and Delaware has DPHMP. In each instance, all of the boards in each state funnel either voluntary or disciplinary cases involving substance abuse or physical rehabilitation (and related training) to a centralized program. Washington State has developed specific treatment protocols and programs customized for licensed professionals. Currently, Arizona has no equivalent program. In our meetings with certain Subject Board personnel, it was recommended to us that ADOA consider promoting the creation of professional health monitoring program – for use by all Arizona boards. We agree. This should relieve considerable burden from each board currently independently monitoring applicable cases.

Additionally, a similar system could be created to consolidated tracking of fines and other disciplinary actions. This will allow for the pooling of staffing resources to track and monitor compliance activities.

8. Conclusions

Following the examples set in Pennsylvania, Wisconsin and Delaware, consolidation of the Subject Boards into one facility in the Capitol Mall area seems to make a lot of sense, especially when coupled with sensible creation and adoption of unified IT and centralized consumer intake systems.

There is substantial opportunity to use shared space for board and subcommittee meetings, thereby reducing the overall spatial footprint for all of the Subject Boards. Additionally, consolidation of certain administrative functions and warehousing/storage can occur, if thoughtfully considered and constructed.

Our recommendation is that consolidation occur, but in phases. The first phase involves bringing two of the boards (Cosmetology and Commission for Postsecondary Education) over to the Capitol Mall area to be housed in state owned facilities as well as moving Accountancy and Technical Registration to state owned facilities. Additionally, assuming a paperless initiative is adopted, the privately owned warehouse used by Private Postsecondary should be vacated.

Once a viable facility is available, the second phase should involve consolidation of all 10 Subject Boards into one facility.

Concurrently, we strongly recommend that ADOA consider following Pennsylvania, Delaware, and Wisconsin's examples in migrating all 10 Subject Boards over to one centralized IT system operating one website, and acting as a portal for online licensing, and filing of complaints.

Additionally, we recommend that ADOA adopt a paperless office initiative similar to Wisconsin's. The goal being to substantially reduce the storage space currently used by many of the boards and the personnel inefficiencies involved in physically searching for and copying documents.

We suggest that ADOA consider migrating licensing and complaint intake to one centralized hub, so Level 1 triage and appropriate allocation to each respective board can occur.

Finally, we recommend creation of a centralized professional health monitoring program be created, following the examples set in Pennsylvania, Wisconsin and Delaware. This should reduce inefficiencies by funneling all applicable cases to one dedicated resource, rather than 10.

Based upon the foregoing (including Section 5), and review of operations and staffing in other states, we expect that consolidating the Subject Boards will conservatively result in a 10% reduction of current operational expenses or \$990,000⁴⁶. This includes expected efficiencies resulting from centralized or standardized processes relating to use of third party vendors. These operational efficiencies, coupled with the reduction of square footage per employee from the average of 385 to 250 square feet after Phase II consolidation should bring the annual total expense reduction to \$1,430,000. This includes expected efficiencies resulting from centralized or standardized processes relating to use of third party vendors, creation of one dedicated website

⁴⁶ \$990,000 represents a 10% reduction in FY 2015 operational costs for nine of the Subject Boards. The Commission for Postsecondary Education was excluded from this calculation because its revenues are derived from Federal Grants and are used as specified in each grant.

for the Subject Boards, adoption of a centralized licensing system, and a consolidated complaint intake process, among other synergies.

Appendices

Appendix A

Professions for which the Delaware Department of State – Division of Professional Regulation has regulatory oversight:

- Accountancy
- Acupuncture
- Acupuncture Detoxification
- Adult Entertainment
- Aesthetician
- Architects
- Athletic Trainers
- Audiology
- Barbering
- Boxing
- Chemical Dependency Professionals
- Chiropractic
- Combative Sports
- Controlled Substances
- Cosmetology
- Deadly Weapons Dealers
- Dental
- Dietitians
- Electrician
- Funeral Services
- Gaming
- Genetic Counselor
- Geology
- Hearing Aid Dispensers
- Home Inspectors
- Homeowner Permits
- HVACR
- Land Surveyors
- Landscape Architect
- Magistrate Screening
- Manufactured Home Installation
- Marriage and Family Therapy
- Massage and Bodywork
- Medical Practice
- Midwife (non-Nursing)
- Mixed Martial Arts
- Nail Technician
- Nursing
- Nursing Home Administrator
- Nutritionist
- Occupational Therapy
- Optometry
- Paramedic
- Pharmacy
- Physical Therapy
- Physician
- Physician Assistant
- Pilots (River)
- Plumbers
- Podiatry
- Polysomnographer
- Professional Counselors of Mental Health
- Psychology
- Real Estate
- Real Estate Appraisers
- Respiratory Care
- Salons & Shops
- Social Workers
- Speech Pathology
- Tamper Resistant Prescriptions
- Veterinary Medicine

Appendix B

Boards and Commissions with Operational Oversight by the Pennsylvania Department of State – Bureau of Professional and Occupational Affairs:

- State Board of Accountancy
- State Architects Licensure Board
- State Board of Auctioneer Examiners
- State Board of Barber Examiners
- State Board of Certified Real Estate Appraisers
- State Board of Chiropractic
- State Board of Cosmetology
- State Board of Crane Operators
- State Board of Dentistry
- State Board of Funeral Directors
- State Registration Board for Professional Engineers, Land Surveyors and Geologists
- State Board of Landscape Architects
- State Board of Massage Therapy
- State Board of Medicine
- State Board of Nursing
- Navigation Commission for the Delaware River and its Navigable Tributaries
- State Board of Examiners of Nursing Home Administrators
- State Board of Occupational Therapy Education and License
- State Board of Optometry
- State Board of Osteopathic Medicine
- State Board of Pharmacy
- State Board of Physical Therapy
- State Board of Podiatry
- State Board of Psychology
- State Real Estate Commission
- State Board of Veterinary Medicine
- State Board of Social Workers, Marriage and Family Therapists and Professional Counselors
- State Board of Examiners in Speech-Language Pathology and Audiology
- State Board of Vehicle Manufacturers, Dealers and Salespersons

Appendix C

Boards and Councils with Operational Oversight by the Wisconsin Department of Safety and Professional Services:

- Accounting Examining Board
- Auctioneer Board
- Examining Board of Architects, Landscape Architects, Professional Engineers, Designers and Professional Land Surveyors
- Automatic Fire Sprinkler System Contractors and Journeymen Council
- Barbering Advisory Committee
- Building Inspector Review Board
- Cemetery Board
- Chiropractic Examining Board
- Commercial Building Code Council
- Contractor Certification Council
- Controlled Substances Board
- Conveyance Safety Code Council
- Cosmetology Examining Board
- Dentistry Examining Board

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