

FISCAL NOTE
Requested by Legislative Council
01/14/2015

Bill/Resolution No.: HB 1274

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$93,000		
Expenditures			\$20,000	\$124,600		
Appropriations			\$20,000	\$124,600		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB amends several sections of licensing statutes to read more consistently throughout the statute, clarifies powers and duties of the Board, and proposes in Section 16 and 17 to provide appropriated general funds for the promotion of training and networking of professional regulators within ND.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Revenues expected to be \$93,000 across 2015-2016. If amendments pass, expected revenues would offset the fiscal impact. Sections 16 and 17 would not be offset by our revenues and were specifically requested from the general fund, as these sections benefit all occupational and professional boards in ND. (See attached details)

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Our Board is funded primarily by Special Funds generated by renewal fees (average 250 x \$150), new application fees (average of 20 new applicants per year x \$450). (See attached details).

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

See attached details.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

See attached details.

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Date Prepared: 02/17/2015

Fiscal Note for HB 1274 – Prepared by Dr. Margo Adams Larsen

	2013-2015		2015-2017		2017-2019	
	General	Other	General	Other	General	Other
Revenue				93,000* 130,500		
Expenditures			20,000	124,600		
Appropriations			20,000	continued		

*current revenues if bill does not pass.

2A

HB amends several sections of licensing statutes to read more consistently throughout the statute, clarifies powers and duties of the Board, and proposes in Section 16 and 17 to provide appropriated general funds for the promotion of training and networking of professional regulators within the State of North Dakota.

2B

Current revenues are expected to be \$93,000 across 2015-2016. If amendments pass, expected revenues would offset the fiscal impact. Sections 16 and 17 would not be offset by our revenues and were specifically requested from the general fund, as these sections benefit all occupational and professional boards in ND. (See attached details)

DETAILS:

SECTION 3 amendment essentially sets a timeframe between due date of renewal fees (currently December 31-proposed November 15) and renewal date such that the Board office can more effectively process incoming paper applications and renewal fees to ensure licensee compliance and process renewal certificates. In addition, removing the capped fee of “not to exceed one hundred and fifty dollars” and inserting “by rule” permits the board more functionality to address fiscal issues such as the impact this bill will have on our finances as well as exploring the potential for online renewal application processing. It is the intention of our board to increase these fees occasionally to cover the work of the Board, and by defining this fee in statute, the Board has limited capacity to respond to consumer needs. This fiscal impact will be considered in the fees the board sets by rule. Renewal fees are currently \$150. We currently have 256 licensed or registered professionals. The remaining changes in this section simply update the use of technology within the regulatory system and our board office. The fiscal implication of this section is the costs for rule writing that may apply to these changes (which would likely include the cost of two board meetings, travel for testimony, publication of proposed rules, and attorney time and expenses).

SECTION 4 amendment permits the board to set the late fee for delinquent renewals by rule. The cost of office staff time to process renewal applications and fees will be considered by the board when setting these fees. The fiscal implication of this section is the costs for rule writing that may apply to these changes (which would likely include the cost of two board meetings, travel for testimony, publication of proposed rules, and attorney time and expenses).

SECTION 5 amendment clarifies that the board has authority to establish by rule, fees for administrative services such as official license verifications, which currently are not able to be reimbursed and cost about \$10-\$15 per record look up for staff time and verification of records, mailing costs, etc. The fiscal implication of this section is the costs for rule writing that may apply to these changes (which would likely include the cost of two board meetings, travel for testimony, publication of proposed rules, and attorney time and expenses).

SECTION 6, SECTION 7, SECTION 8, SECTION 9, SECTION 10, SECTION 11, SECTION 13, SECTION 14
These sections rearrange for better understanding current language already in our statute, and simply make the comprehension of our statute more efficient. The fiscal implications of these sections are simply in the costs for rule writing that may apply to these changes, (which would likely include the cost of two board meetings, travel for testimony, publication of proposed rules, and attorney time and expenses).

SECTION 12 amendments rearrange current language for better clarity, but also specifically authorize the board the ability to assess costs incurred by the board for investigations related to disciplinary actions, and allow the board to set fines for minor infractions of this chapter. While some of this authority is noted elsewhere in the ND Century Code, including in this section clarifies the board's authority and permits the board to develop a fee structure in rule. The fiscal implication of this section is the costs for rule writing that may apply to these changes (which would likely include the cost of two board meetings, travel for testimony, publication of proposed rules, and attorney time and expenses).

SECTION 15

This section removed a grandfathering clause that no longer applies. There will be no fiscal impact.

SECTION 16 and SECTION 17 are new functions proposed to permit the appropriation from the general fund for training funds to cover the costs of bringing a trainer into North Dakota in August 2015 to provide comprehensive regulatory training to any professional board regulators, staff, or attorneys. Our Board would not be able to cover the tuition costs and travel costs for our Board members under our current statute limited structure, and by making this available to more occupational and professional boards, it meets the Legislative initiative to build more consistency across professional boards within North Dakota. However, Boards are not currently able to cover the costs of such training and networking. The fiscal impact of this training, which would occur twice in the next two years, would be \$20,000, and if not permitted through appropriation of the general fund, the costs of SECTION 16 would impose a financial hardship to our Board.

3A REVENUES:

Our Board is funded primarily by Special Funds generated by renewal fees (257x\$150), new application fees (average of 20 new applicants per year x\$450). (See attached details).

DETAILS: If allowed to set fees in rules, the board would consider the increased expenses of rule promulgation, and likely consider a stepped fee increase from our current renewal fee of \$150 by \$50 per year across the next two years. This structure would increase our revenues based on 250 professionals in the following ways: 2015 = 37,500 to 2016 = 50,000 to 2017 = 62,500 (total estimated revenues across two years of \$18,000+50,000+62,500 = \$130,500). If the fees are allowed to be set to cover our costs, these would be estimated revenues. Currently, our revenues would actually be: \$93,000, yet expenditures are expected to increase).

3B EXPENDITURES:

Currently, 832 hours of secretary time are offset by 500 hours of unpaid volunteer time of 4 board members. Estimated costs of fiscal impact of this bill:

- Costs of travel and meetings \$500/time (anticipate 4 meetings across 2 years for total of \$2000).
- Increased costs of legal fees for rule writing and testimony, etc., approximately \$10,000 per year (\$20,000 increase across 2 years). (Current costs are about \$10,000 per year).
- Publication costs for proposed rules: \$1800 per publication time (estimated), possibly 2 times for total of \$3,600 across two years).
- Board work time is anticipated to increase, and paid staff hours need to increase to reduce the load of volunteer board members – estimated costs for increased work-load (1000 hours across two years) would be an additional \$17,000 (across two years). Current costs are \$14,200 per year.
- Office costs are anticipated to increase significantly to provide technological support for responding to consumer and legislative requests, with estimates to be about \$6,000 per year (Currently, office costs are about \$3000 per year). Estimates for 2015-2017 would be an additional \$6,000 across 2 years.
- Reserve funds for unpredictable costs of investigation and litigation are not included in this summary, but the board generally attempts to have between \$15,000 and \$30,000 per year (\$30-60,000 per two years) to cover the investigation and litigation costs of disciplinary actions.

3C APPROPRIATIONS:

Currently, the board has authorization for continuing appropriate for our special fund to spend our revenues per NDCC. These items are noted in the “Other Funds” category, and apply to all but two sections of amendments (Sections 16 & 17).

Sections 16 and 17 of the HB amendments refer to amounts requested to be appropriated from the general fund and are specific to the speaker fees for the training proposed to be offered two times in the next two years. These costs are \$10,000 per training. The funds requested are \$20,000 (total for two years). Our Board does NOT have a mechanism to cover the costs associated with this training should general funds not be appropriated for this purpose.