

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Social Work Examiners, October 27, 2004.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Social Work Examiners (BSWE). As required by state law, the legislative committees of reference are to consider this report when considering whether to extend the termination date for BSWE. Currently under AS 08.31.010(c)(6), the board will terminate on June 30, 2005. If the legislature does not extend the termination date for the board, BSWE will have one year to conclude its administrative operations.

REPORT CONCLUSIONS

In addition to developing our conclusion regarding extending the termination date for the Board of Social Work Examiners, we also analyzed the operating costs of the board. Such analysis was done to evaluate possible cost savings that might be generated by consolidation of behavioral health boards along the lines suggested in the 2002 letter of intent. Further discussion of our conclusions follows.

The termination date of the Board of Social Work Examiners should be extended

In our opinion, the termination date for the Board of Social Work Examiners should be extended. The board is operating in an efficient and effective manner and should continue to regulate clinical, master, and baccalaureate social workers. BSWE is serving the public interest by promoting the competence and integrity of those who provide services to the public as licensed social workers.

BSWE has demonstrated a capability of conducting its business in a satisfactory manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that social workers are licensed in the State of Alaska.

Alaska Statute 08.03.010(c)(6) requires BSWE be terminated on June 30, 2005. If not extended by the legislature, under AS 08.03.020, the board will have a one-year period to administratively conclude its affairs. We recommend the legislature extend the board's termination date to June 30, 2010.

Board consolidation provides minimal savings over current BSWE costs

We analyzed various aspects of consolidating all licensing boards related to behavioral health. From the perspective of efficiency and effectiveness, the most tangible benefit of consolidation for BSWE would be a minor cost savings for each licensee.

Due to the way costs are accumulated and distributed to various boards, direct costs with the most variability, and thus most likely to be affected by possible consolidation, are those associated with board meetings. Rather than separate boards meeting three to four times a year, consolidation would result in one board, albeit likely a larger one, holding the same number of meetings possibly lasting longer than one day.

In recent years, BSWE has spent relatively little on conducting meetings. This likely can be attributed to all of the current, and much of the historical, membership of the board being from the Anchorage bowl. Since most of the meetings have been held in the Anchorage area, travel and per diem costs have been minimal. Of the \$47,000 average annual operating costs for BSWE, we estimate less than \$3,000 are related to board meeting costs.

We project little, if any, administrative savings for licensed social workers if the board was consolidated with other behavioral health boards. Accordingly, we conclude that for Social Work Examiners, board consolidation is unlikely to result in any significant savings that would reduce board operating costs and, by extension, licensing fees.

November 12, 2004

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF SOCIAL WORK EXAMINERS

October 27, 2004

Audit Control Number
08-20030-05

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(6), the Board of Social Work Examiners is scheduled to terminate on June 30, 2005. If the legislature takes no action to extend the termination date, the board would be allowed one year in which to conclude its administrative operations.

The sunset review was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing this report are set out in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Social Work Examiners (BSWE). As required by state law, the legislative committees of reference are to consider this report when considering whether to extend the termination date for BSWE. Currently under AS 08.31.010(c)(6), the board will terminate on June 30, 2005. If the legislature does not extend the termination date for the board, BSWE will have one year to conclude its administrative operations.

Objectives

The four central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed social workers.
4. To analyze possible costs savings and other factors in order to determine if there is merit in the consolidation of BSWE with three other behavioral-health related boards.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board.

Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted most of this review. We followed professional standards to determine that the other auditor was independent and their work was competent and sufficient.

Our audit reviewed the operations and activities of the Board of Social Work Examiners for the period spanning FY 01 through FY 04. The major areas of our review were licensing, examination, investigations, and Board proceedings. We reviewed and evaluated the following:

1. Applicable statutes and regulations.
2. Tests of files and documentation of licensees.
3. Minutes of board meetings and Division of Occupational Licensing correspondence files.

4. Annual reports issued by the Board of Social Work Examiners.
5. Case files involving complaint investigations related to professionals licensed by, and applicants seeking licensure from, BSWE.
6. Direct and indirect costs charged to the board in recent years, in order to assess the possibility of achieving significant cost savings through a merger of behavioral health related licensing boards.

We interviewed various staff of the Division of Occupational Licensing, including both licensing staff and investigators.

We conducted a survey of occupational licensees of the four behavioral health boards. Survey responses varied from 50 to 62 percent, specifically:

<u>Behavioral Health Boards</u>	<u>Licensees</u>	<u>Responses</u>	<u>Percent Response</u>
Board of Marital and Family Therapy	94	58	62%
Board of Professional Counselors	300	150	50%
Board of Psychologists and Psychological Associates	205	128	62%
Board of Social Work Examiners	347	187	54%

ORGANIZATION AND FUNCTION

The Board of Social Work Examiners was established for the purpose of controlling and regulating the practice of social work in the State.

Board Membership

The Board of Social Work Examiners is composed of five members appointed by the Governor. Statutes require one board member be a licensed baccalaureate social worker, one a licensed master social worker, two members be licensed clinical social workers, and one a member of the general public. Statute prohibits this public member from having a direct financial interest in the health care industry.

Board Duties

The board regulates licensed social workers in the State. It sets education, training, and work experience standards necessary for an individual to be licensed as a clinical, master, or baccalaureate social worker.

A licensed social worker applies social work principles and methods, as defined by state law at AS 08.95.990(7),¹ to help individuals achieve more adequate, satisfying, and productive social adjustments.

The board's duties include:

1. examining and issuing licenses to qualified applicants,
2. holding hearings in order to revoke or suspend the license of a person who violates the statutes related to the licensure of clinical social workers, and
3. adopting regulations necessary to enforce the statutes relating to the Board of Clinical Social Work Examiners.

¹ AS 08.95.990(7) defines social work principles and methods as including:

counseling and using techniques of applied psychotherapy of a nonmedical nature to assist in the diagnosis and treatment of mental and emotional conditions of individuals, families, and groups; providing information and referral services; providing or arranging for the provision of social services; explaining and interpreting the psychosocial aspects in the situations of individuals, families, or groups; helping communities to organize, provide, or improve social and health services; and doing research related to social work.

Members of the Board of Clinical Social Work Examiners <i>(as of June 30, 2004)</i>
Darrell Allman, L.C.S.W. Lorraine M. Jaeger-Kirsch, L.B.S.W. Denny Patella, L.C.S.W. Sammye Pokryfki, L.M.S.W.
<u>Public Member</u> Mildred (Tammy) D. Townsend

An applicant may be licensed either by passing an examination given by the board, or by what is termed “credentials.” In order to be licensed by credentials, an applicant must provide proof of licensure by another authority, such as a state, that has equal or more stringent licensing requirements than the State of Alaska.

In order to become licensed as a clinical social worker by examination, an applicant must have a master’s or doctorate degree in social work, meet specific experience requirements as defined by AS 08.95.110,² and pass a written examination. To be licensed as a master social worker by examination, an applicant must have a master’s or doctorate degree in social work, and pass the examination. Baccalaureate social workers must have a bachelor’s degree in social work, and pass the examination. The examination is a national examination developed and sponsored by the American Association of State Social Work Boards and is administered by an independent testing agency.

Department of Commerce, Community, and Economic Development, Division of Occupational Licensing (OccLic)

The Department of Commerce, Community, and Economic Development, OccLic, provides administrative and investigative assistance to the Board of Social Worker Examiners. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.087 empowers the Department of Commerce, Community, and Economic Development, OccLic, with the authority to act on its own initiative or in response to a complaint. OccLic may:

1. Conduct an investigation if it appears a person is engaged or is about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of an individual.
4. Issue subpoenas for the attendance of witnesses and records.

² Under AS 08.95.110 licensure to practice clinical social work requires a person to complete, within ten years before application, either “(A) a minimum of two years continuous full-time employment in postgraduate clinical social work; or (B) a minimum of 3,000 hours of less than full-time employment in a period of not less than two years in postgraduate clinical social work.” The work must have been under the supervision of a licensed clinical social worker, licensed psychologist, licensed psychiatrist, or, with the approval of the board, another recognized professional.

BACKGROUND INFORMATION

In 2002, while considering the bill (HB 343) that would extend the termination date of the Board of Professional Counselors, the House Labor and Commerce Committee developed a letter of intent. The letter stated:

It is the intent of the House Labor and Commerce Committee that the operations and regulatory oversight responsibilities of the following professional licensing boards be combined into one board:

- 1. Board of Professional Counselors*
- 2. Board of Marital and Family Therapy*
- 3. Board of Psychologist and Psychological Associate Examiners*
- 4. Board of Social Work Examiners*

To help ensure an effective transition, the four boards are to work cooperatively to develop an appropriate proposed statute for this new combined board.

Such a proposed statute should be designed to accomplish the intent of the committee to combine the operations of the boards while meeting the individual regulatory and oversight responsibilities of each current separate licensing board. If the boards involved would like to propose alternative combinations of how to combine the four boards, they are encouraged to also draft alternative proposed statutes.

Jointly, the chair of each board is to report on their progress in both January 2003 and 2004.

This intent, generated by the 22nd Legislature was modified by a letter, co-signed by the chairs of the House and Senate Labor and Commerce Committees of the 23rd Legislature. The letter discharged the boards from planning and reporting on their progress as required in the original statement of intent.

(Intentionally left blank)

REPORT CONCLUSIONS

In addition to developing our conclusion regarding extending the Board of Social Work Examiners' (BSWE) termination date, we also analyzed the operating costs of the board. Such analysis was done to evaluate possible cost savings that might be generated by consolidation of behavioral health boards along the lines suggested in the 2002 letter of intent. Further discussion of our conclusions follows.

The termination date of the Board of Social Work Examiners should be extended

In our opinion, the termination date for the Board of Social Work Examiners should be extended. The board is operating in an efficient and effective manner and should continue to regulate clinical, master, and baccalaureate social workers. BSWE is serving the public interest by promoting the competence and integrity of those who provide services to the public as licensed social workers.

BSWE has demonstrated a capability of conducting its business in a satisfactory manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that social workers are licensed in the State of Alaska.

Alaska Statute 08.03.010(c)(6) requires BSWE be terminated on June 30, 2005. If not extended by the legislature, under AS 08.03.020, the board will have a one-year period to administratively conclude its affairs. We recommend the legislature extend the board's termination date to June 30, 2010.

Implementation of our recommendation would require the legislature to exercise some discretion permitted by state law. Alaska Statute 08.03.020(c) provides for the following:

*A board scheduled for termination... may be continued or reestablished by the legislature for a period not to exceed four years **unless the board is continued or reestablished for a longer period**... [emphasis added]*

Two factors influence our recommendation that the legislature extend the board to June 30, 2010. First, the board has operated effectively and in the public's interest over the past four years. Secondly, this extension would work towards smoothing out the number of boards and commissions that come under sunset in a particular year. Typically, there are four to six boards and/or commissions scheduled for a legislative sunset review; however, in 2005 there are 12 boards scheduled for sunset. Nonstandard extension dates will allow for a more even distribution of organizations going through the sunset process in any given year.

Board consolidation provides minimal savings over current BSWE costs

We analyzed various aspects of consolidating all licensing boards related to behavioral health. From the perspective of efficiency and effectiveness, the most tangible benefit of consolidation for BSWE would be a minor cost savings for each licensee.

Due to the way costs are accumulated and distributed to various boards, direct costs with the most variability, and thus most likely to be affected by possible consolidation, are those associated with board meetings. Rather than separate boards meeting three to four times a year, consolidation would result in one board, albeit likely a larger one, holding the same number of meetings possibly lasting longer than one day.

In recent years, BSWE has spent relatively little on conducting meetings. This likely can be attributed to all of the current, and much of the historical, membership of the board being from the Anchorage bowl. Since most of the meetings have been held in the Anchorage area, travel and per diem costs have been minimal. Of the \$47,000 average annual operating costs for BSWE, we estimate less than \$3,000 are related to board meeting costs.

We project little, if any, administrative savings for licensed social workers if the board was consolidated with other behavioral health boards. Accordingly, we conclude that for Social Work Examiners, board consolidation is unlikely to result in any significant savings that would reduce board operating costs and, by extension, licensing fees.

A ANALYSIS OF PUBLIC NEED D

The following analysis of board activities relates to the public need factors defined in the “sunset” review law, AS 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

The Board of Social Work Examiners (BSWE), through regulation of the licensure of clinical, master, and baccalaureate social workers, has provided the public with qualified professionals. The board has effectively monitored licensees to confirm that various social workers are fulfilling continuing education requirements associated with the renewal of various licenses.

The board continues to send new members to the Association of Social Work Boards (ASWB) for new member training. In addition, the board sent one member to each of ASWB’s two conferences. The primary purpose of attending these conferences² is to keep the board apprised of various professional licensing issues.

BSWE actively monitors the types of continuing education that is approved acceptable for members of the social work profession. The board spends time during most board meetings reviewing proposed continuing education classes and providers. This is done to determine if offered classes satisfy continuing education requirements.

The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Alaska Statute 08.01.065(c) states, “...that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation.” BSWE uses a biennial roll-forward method to determine the amount of fees to charge. The board renews on even fiscal years.

As reflected in the summary schedule on the next page, the board’s FY 04 ending balance is projected to be sufficient to support operations through FY 05. As shown in the financial schedule, BSWE is in a surplus situation at the end of FY 04; the current fee structure does appear sufficient to cover the board’s projected FY 05 operating costs.

² Typically, the Association of Social Work Boards pays the expenses for these training sessions.

State of Alaska
Board of Social Work Examiners
FY 02 - FY 04
Schedule of License Revenues and Board Expenditures
(Unaudited)

	<u>FY 04</u>	<u>FY 03</u>	<u>FY 02</u>
Revenue	\$ <u>143,400</u>	\$ <u>47,700</u>	\$ <u>123,700</u>
Direct Expenditures			
Personal Services	33,800	36,500	33,900
Travel	2,800	3,500	1,900
Contractual	8,200	5,600	14,800
Supplies	<u>-0-</u>	<u>100</u>	<u>-0-</u>
Total Direct Expenditures	44,800	45,700	50,600
Indirect Expenditures	<u>20,700</u>	<u>19,900</u>	<u>14,300</u>
Total Expenditures	65,500	65,600	64,900
Net Income (Loss)	<u>77,900</u>	<u>(17,900)</u>	<u>58,800</u>
Beginning Cumulative Surplus (Deficit)	(38,900)	(21,000)	(79,800)
Ending Cumulative Surplus (Deficit)	\$ <u>39,000</u>	\$ <u>(38,900)</u>	\$ <u>(21,000)</u>

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

We saw no evidence of testimony, made formally on behalf of the board, for any legislation considered during the 2002, 2003, or 2004 legislative sessions.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The location, date, and time of upcoming board meetings and notices of proposed changes in regulations are published in the *Anchorage Daily News*. The board's meeting agenda sets aside adequate time for the board to take public comment. Minutes from the meetings reflect public participation throughout the meeting.

The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations are published in major newspapers, as previously discussed. Meetings where regulations were considered were appropriately noticed and time was set aside for public testimony.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

From July 2001 through May 2004, the Division of Occupational Licensing's investigative unit opened up 20 investigation cases related to BSWE. Seven complaints were administratively generated by the division, while another seven were made licensed social workers. Two complaints were from social worker clients, while three others were from the general public. One case was opened due to a complaint from another state agency regarding the conduct of a licensed social worker. All investigations were resolved in less than 120 days.

We reviewed nine of the 20 complaint investigations. All investigations were carried out in a timely manner, and resolved in an appropriate fashion. We concluded the complaint investigation process for BSWE was carried out in an effective and efficient manner.

No BSWE complaints or investigations were carried out by the Office of Victim's Rights or the state Office of the Ombudsman.

The extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Listed on the next page is a summary of new licenses and permits issued by the board for the period under review.

New Permits Issued (Exclusive of Renewals)	FY01	FY02	FY03	FY04	Total as of June 30, 2004
Clinical Social Workers	31	32	24	33	422³
Master Social Workers	11	16	9	11	
Baccalaureate Social Workers	12	24	16	8	

³ The total, taken from the FY 04 Annual Report, did not summarize total licenses issued through June 30, 2004 by category.

The process required of applicants for licensure is reasonable and appropriate. Continuing education is required for licensure renewal and is adequately monitored by the board and staff.

Each applicant for licensure is required to satisfy requirements for licensing. Board meeting minutes reflect that the board considers each applicant and verifies the licensing requirements are satisfied prior to issuing a license.

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that BSWE was not complying with the State personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interest of the public and to comply with the factors enumerated in AS 44.66.050.

The board needs to actively monitor budget-to-actual reports to ensure that fees are being set at a level to adequately cover the costs of board operations.



OFFICE OF THE COMMISSIONER

Frank H. Murkowski, Governor

December 30, 2004

Pat Davidson
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

RE: Board of Social Work Examiners

Dear Ms. Davidson:

We appreciate the opportunity to review the Board of Social Work Examiners Preliminary Audit Report. We appreciate the thoroughness of the report and believe it is reflective of the board activities and public need.

Other: Behavioral Health Licensing Boards' Consolidation

The Department continues to be supportive of the consolidation of similar licensing professions, however, we acknowledge the cost savings may not be substantial to any given board.

Again, we appreciate the opportunity to comment.

Sincerely,

Edgar Blatchford
Commissioner

cc: Rick Urion, Director
Occupational Licensing

Denny Patella, A.C.S.W.
Licensed Clinical Social Worker

December 21, 2004

Ms Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O.Box 113300
Juneau, AK 99811-3300

Dear Ms Davidson:

I have reviewed the preliminary audit report on the Board of Social Work Examiners and I concur with all recommendations. I am pleased with the recommendation that the Board's termination date be extended to June 30, 2010, as well as the finding that including the BSWE in a board consolidation would result in minimal savings for social work licensees. While there is no specific recommendation for BSWE action on this issue, I assure you that the Board will continue to consider the impact of its decisions on license fees.

With regard to the recommendation that the Board actively monitor budget-to-actual reports we will ask that staff from Occupational Licensing involved with the creation of the reports be available during board meetings for questions and discussion with board members.

Sincerely,

Denny Patella
Chairperson,
Board of Social Work Examiners