



State of Vermont
Office of the Secretary of State
128 State Street
Montpelier, VT 05633-1101

[phone] 802-828-2363
[fax] 802-828-2496
www.sec.state.vt.us

James C. Condos, Secretary of State
Christopher D. Winters, Deputy Secretary

MEMORANDUM

February 14, 2019

TO: Representative Janet Ancel
Chair, House Ways and Means Committee

FR: Chris Winters,
Deputy Secretary of State

RE: Secretary of State; Office of Professional Regulation; Fees

INTRODUCTION

The Office of Professional Regulation (OPR) is the largest division of the Secretary of State's Office. OPR is responsible for the licensing and enforcement of about 50 professions and 70,000 licensees. OPR's mission is to protect the public by ensuring that licensees are qualified, that they follow minimum standards of practice, and that the public has somewhere to turn when harmed by a licensed professional.

SPECIAL FUNDS; SELF-SUSTAINING; NO GF

OPR is completely self-sustaining on licensing fees alone and receives NO GENERAL FUND DOLLARS. We have a statutory obligation for these professions and occupations to pay for themselves - to balance the books by increasing fees to cover costs. See 3 V.S.A. §124 Professional Regulatory Fee Fund.

We have been prevented from presenting a fee bill for some time. We have spent down our fund balances and some professions are operating at a deficit. Based on our review of fees in recent years, we would like to take this opportunity to re-adjust all licensing fees at once and spread the cost of running OPR across all licensees and license types, while addressing the larger deficits of some boards. If revenue eventually exceeds expenses and the fund balance is in a safe place, we will reduce fees and, as you may recall, we have a history of doing so.

FACTORS DRIVING FEE INCREASES

There are several factors driving these increases. Primary among them: One time expenditures on developing our Next generation Licensing Platform (NGLP) using existing fund balances and not asking for any additional appropriation. There is also the general costs of living and increases in overhead that have put some boards into debt or close to it. OPR has added positions over the last 5 years (approx. 30 to approx. 35) and has moved to upgrade positions to reflect work being done. Our licensing numbers have gone from 40,000 in 2003 to 70,000 today and enforcement cases have doubled.

ACCESS TO WORK

The focus in our fee proposals is on increasing renewal fees on established practitioners rather than initial application fees to be mindful of barriers to initial entry to professions and occupations.

OPR FEE HISTORY

Some of these fee proposals are significant increases, so it may be helpful to look at the past for perspective:

- OPR has not sought any fee changes for the last 5 years.
- Of OPR's 50 professions, the average time since a fee was last increased is approximately 13 years (2006).
- In the last ten years, OPR has:
 - ✓ Raised fees on 8 professions
 - ✓ Lowered fees on 7 professions
 - ✓ 35 have remained unchanged

The Advisor professions and occupations pool funds as a group and are the majority of our professions (30+). These have remained unchanged for 14 years.

ONE TIME EXPENDITURES

OPR has taken on additional professions without further allocation of funds for startup or onboarding. OPR recently paid for the development of a state of the art licensing and enforcement system with existing special funds (\$3.2M). The State of Vermont owns the system, including the intellectual property, so it is an added benefit to the state and other agencies will take advantage of this technology. The system has the potential to save millions of dollars and thousands of hours of system development time for other agencies. If other agencies utilize the system, we will recoup some of those costs for licensees and will adjust fees accordingly. In doing so, we have depleted the OPR special fund balance and need to replenish it to responsibly plan for future expenses.