



July 19, 2016

Dear licensees and interested parties:

Alaska’s professional licensing statutes (AS 08.01.065) require the Division of Corporations, Business and Professional Licensing (CBPL) to “annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation.” Alaska’s licensing fee statutes go on to say, “If the review indicates that an occupation’s fee collections and regulatory costs are not approximately equal, the department shall calculate fee adjustments and adopt regulations...to implement the adjustments.”

As licensed midwives are aware, the program has been struggling with a substantial deficit and its ability to cover operating expenses for many years. Fees have been increased, but the increases thus far have not been enough to cover biennial program expenses. This means the deficit is growing exponentially. The Division of Legislative Audit, as well as the Alaska State Legislature itself, has been outspoken of its criticism of fees not being set high enough to comply with the statutory requirements mentioned above.

The Board of Certified Direct-Entry Midwives recognizes the problem and the risks to the program if a serious effort is not made in addressing the deficit. The board has taken a courageous step in recommending to this division the implementation of a supplemental “deficit reduction fee” for those fully licensed as certified direct-entry midwives, in addition to a substantial increase in the licensing fees for all licensees.

The board’s attorneys reviewed the proposal of a “deficit reduction fee” outside of the licensing fee itself and found practical and legal complications to implementation of this type of fee. Therefore, it has been decided that the extra fee proposed and approved by the board will need to be merged into the regular licensing fees and then reevaluated annually until the program has resolved its deficit and the fee can be reduced.

Therefore, the license fee for a midwife licenses is proposed at \$4,700 per biennium. When separated to show the board’s intent as described above, \$2,700 of this amount is the license fee to cover the biennial expenses, and \$2,000 is the increase in license fee to cover deficit reduction.

With this increase over the next two licensing periods, here is the fiscal forecast based on these estimates:

	CALCULATIONS BASED ON DIVISION'S PROPOSAL			
	FY2014/2015 Actuals	Projected FY2016/2017	Projected FY2018/2019	Projected FY2020/2021
<b>Revenues and Expenditures</b>				
Revenue	71,000	250,885	250,885	250,885
Expenses	(146,373)			
Adjustments				
<i>Expenses adjusted for 2% biennial increase</i>		(149,300)	(152,286)	(155,332)
<i>Fee adjustment for pro-rated renewal</i>		(3,625)	(3,625)	(3,625)
Projected Net	(75,373)	97,960	94,974	91,928
Beginning Cumulative Surplus (Deficit)	(82,699)	(158,072)	(60,112)	34,861
Ending Cumulative Surplus (Deficit)	(158,072)	(60,112)	34,861	126,789

It is estimated that the program will be out of deficit after the FY2019 renewal cycle, and a fee analysis conducted at that time may determine that a fee reduction is fiscally warranted.

This fee proposal is entering a public comment period. The division encourages all licensees and interested parties to comment on this proposal through the division's Regulations Specialist, whose contact information is enclosed on the public notice. After the comment period closes and the division reviews all comments received, the division may adopt the regulation as drafted, may amend a proposed fee, or may withdraw the regulations in part or in its whole.

All comments received will be reviewed and taken into consideration prior to adopting the final regulations. The final decision will result in the fee to be implemented in time to be effective for the upcoming license renewal this fall.

Follow the instructions enclosed to make written comments during the public comment period. Comments must be addressed to Jun Maiquis, Regulations Specialist, PO Box 110806, Juneau, AK 99811 or [regulationsandpubliccomment@alaska.gov](mailto:regulationsandpubliccomment@alaska.gov).

Sincerely,



Janey Hovenden  
Director

Encl.

**Chapter 02. General Occupational Licensing Functions.**

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

12 AAC 02.145 is amended to read:

**12 AAC 02.145. Board of Certified Direct-Entry Midwives.** The following fees are established for direct-entry midwives and apprentices:

- (1) nonrefundable application fee for initial certification, **\$500** [\$250];
- (2) certification fee for all or part of the initial biennial certification period, **\$4,700** [\$1,750];
- (3) biennial certification renewal fee, **\$4,700** [\$1,750];
- (4) apprentice direct-entry midwife permit fee, **\$1,275** [\$825];
- (5) biennial apprentice direct-entry midwife permit renewal fee, **\$1,275** [\$825];
- (6) nonrefundable application fee for initial apprentice direct-entry midwife permit, **\$250** [\$125]. (Eff. 1/22/93, Register 125; am 10/29/94, Register 132; am 11/15/96, Register 140; am 5/5/99, Register 150; am 10/28/2000, Register 156; am 11/15/2002, Register 164; am 10/15/2004, Register 172; am 10/31/2008, Register 188; am 12/3/2010, Register 196; am 12/2/2012, Register 204; am 11/30/2014, Register 212; am \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 08.01.065 AS 08.65.100