

# 2018-20 Executive Progress Report

Commonwealth of Virginia  
Secretary of Commerce and Trade

## Department of Professional and Occupational Regulation

### At A Glance

The Department of Professional and Occupational Regulation protects the health, safety and welfare of the public by licensing qualified individuals and businesses and enforcing standards of professional conduct for professions and occupations as designated by statute.

**Staffing** 181 Salaried Employees, 0 Contracted Employees, 203 Authorized, and 31 Wage Employees.

**Financials** Budget FY 2019, \$23.95 million, 0.00% from the General Fund.

**Trends Legend** ↑ Increase, ↓ Decrease, → Steady

**Key Perf Areas Legend**

- ↑ Licenses issued within 15 days
- ↑ Web site renewals
- Cost incurred by DPOR/licensee
- ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov](http://www.vaperforms.virginia.gov)

### Background and History

#### Agency Background Statement

The Department of Professional and Occupational Regulation (DPOR) issues professional credentials (licenses, certificates or registrations) for more than 300,000 individuals and businesses subject to regulation, as determined by the General Assembly pursuant to Title 54.1 Subtitle II of the Code of Virginia. The agency performs all administrative functions for 19 boards (15 policy boards, 3 advisory boards and the Board for Professional and Occupational Regulation) comprised of practitioners and citizens. DPOR protects the public by verifying minimum competency, investigating complaints, and upholding professional compliance with state law and regulations.

DPOR regulatory boards establish minimum entry qualifications and qualify applicants based on a combination of education, experience and examination. The agency enforces standards of professional conduct by investigating reports of regulatory violations, seeking compliance with legal requirements or disciplining the regulant. Regulatory violations are subject to sanctions ranging from fines and probationary terms to license suspension or revocation.

Additionally, the agency administers and enforces federal and state fair housing law, operates the Office of the Common Interest Community Ombudsman; and manages recovery funds established by statute related to contractors, real estate, and common interest communities.

As of the end of the 2018 fiscal year, the Department had 203 full-time positions (181 of them filled) and 31 wage positions. A non-general fund agency, DPOR is financed solely by licensing fees, which are adjusted periodically in accordance with state law to ensure revenues are sufficient but not excessive.

#### Major Products and Services

Products and services with a direct impact on external customers include:

- Licenses, certifications, registrations, and other authorizations
- Alternative dispute resolution
- Application and form design
- Case management (compliance tracking and documentation)
- Common Interest Community Ombudsman determinations
- Communications and community outreach

- Complaint intake and analysis
- Customer assistance
- Disciplinary informal fact-finding conferences
- Investigation of regulatory, fair housing and unlicensed activity complaints
- Licensing informal fact-finding conferences
- Recovery fund claim processing
- Regulatory coordination and development

Other products and services include:

- Board administration
- Budget and financial management
- Business continuity planning
- Education curricula development
- Employee benefits administration
- Employee development
- Employee recruitment and succession planning
- Examination administration
- Facilities management and visitor access control
- Information technology and systems development
- Legislative analysis
- Mail processing and delivery
- Policy analysis and plan development (including strategic planning)
- Quality assurance and performance measurement
- Records/information management
- Risk management
- Supply inventory management

## Customers

### Customer Summary

At the close of FY 2010, the Department of Professional and Occupational Regulation (DPOR) regulated approximately 310,000 individuals and businesses. Over the following three biennia, the volume of regulants decreased nearly 2%, primarily in contractor-related professions. However, decreases in the number of contractors were partially offset by increases in the real estate and engineering professions. Since FY 2016, the total regulant population has grown to approximately 311,000. The number of contractors is expected to stabilize and the Department expects the continuation of modest overall growth during the current biennium, with growth primarily in real estate and engineering.

One hundred ninety-six practitioner and citizen members from every part of Virginia now serve on DPOR's 19 boards. Trade and professional organizations affiliated with regulated occupational areas include national, state and regional associations. The affiliated organizations actively participate in the regulatory and legislative processes affecting program areas. In addition, DPOR works directly with approximately 238 local, state and federal government offices and agencies in accomplishing its public protection mission and organizational goals.

### Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Business and Finance	Regulants (individuals/businesses holding licenses, certifications, registrations and other authorizations issued by DPOR)	311,000	312,000	Increase
Applicants	Applicants (potential regulants)	25,851	26,000	Increase
Consumer	Complainants (individuals submitting complaints against regulants)	3,370	3,500	Increase
Consumer	Recovery fund claimants	95	90	Decrease
Local or Regional Government Authorities	Local, state and federal government offices and agencies	238	238	Stable
State Agency(s),	Board members (regulatory & advisory)	196	196	Stable
State Government Employee	DPOR Employees	181	203	Increase

**Finance**

**Financial Summary**

The Department of Professional and Occupational Regulation (DPOR) budget is comprised of the appropriation of three Non-General funds: Dedicated Special Revenue, Federal Trust, and Special. Activities of the Professional Boxing, Wrestling, and Martial Arts Advisory Board and the Common Interest Community Board are conducted within the Special Fund. Federal grants that help support the Fair Housing activities are maintained within the Federal Trust fund. All other boards and agency support activities are conducted within the Dedicated Special Revenue fund. In addition to the federal grant, 99 percent of DPOR's source of funding is licensing and related fees charged to applicants and regulants. Pursuant to the Callahan Act (Section 54.1-113) of the Code of Virginia, fee amounts are established for each board to provide revenues and cash reserves that are sufficient for operating expenses, but not excessive. Operating expenses for each board include direct expenditures and a proportionate share of agency operations and support services. The agency receives no support from the general fund for its operations.

**Fund Sources**

Fund Code	Fund Name	FY 2019	FY 2020
02222	Dpor Special Revenue Fund	\$296,629	\$296,629
02590	Common Interest Community Mgmt	\$1,031,781	\$1,031,781
09222	Dpor Dedicated Spec Rev Fund	\$22,291,028	\$22,291,028
10000	Federal Trust	\$335,000	\$335,000

**Revenue Summary**

Revenue for each board is recorded in separate revenue accounts. Revenue is collected from licensing and related fees as set in regulation. The agency and the boards have no other source of revenue. Fines and penalties may be collected by the agency but all such monies are transferred to the Literary Fund. All other revenue collected pays for the expenses of the boards and a proportionate share of the agency operations and support services.

**Performance**

**Performance Highlights**

Of the more than 308,000 individuals and businesses holding current licenses, certifications or registrations issued by the Department of Professional and Occupational Regulation (DPOR) at the end of FY 2018, 99 percent had no disciplinary violations during the same fiscal year. Of the more than 158,000 initial, renewal and reinstatement applications and related payments processed by DPOR during FY 2018, nearly 26,000 were applications for new licenses. The Compliance and Investigations Section processed approximately 3,370 disciplinary complaints during the same fiscal year.

DPOR improved its efforts to issue secure credentials to qualified applicants without unreasonably sacrificing processing time and efficiency when verifying identity and authenticating documents. Most notably, as a result of enabling legislation requested by the agency in 2017, contractor application backlogs have decreased with enactment of the surety bond option to demonstrate fiscal responsibility.

**Selected Measures**

Measure ID	Measure	Alternative Name	Estimated Trend
22256046.001.002	Cost per licensee	Cost incurred by DPOR/licensee	Maintaining
22256046.001.001	Percent of licenses issued to qualified applicants within 15 days of receipt of completed application	Licenses issued within 15 days	Improving
222.0001	Percent of paid renewals processed through the agency's website	Web site renewals	Improving

**Key Risk Factors**

The addition and modification of regulatory programs assigned to the Department by the General Assembly, as well as the potential for additional environmental and housing-related mandates (e.g., appraisers and fair housing) issued by the federal government, are among the external challenges facing the agency.

Already enacted modifications to regulatory programs for the 2019 Fiscal Year include:

- Increased education requirements for real estate salespersons and brokers (2018, c. 60); effective 1/1/2019.
- Extension of tradesmen license term (2018, c. 750); exempt regulatory action effective 1/1/2019.

DPOR is one of two pilot agencies participating in the three-year regulatory reduction program mandated by Chapter 444 of the 2018 Acts of Assembly. After developing a baseline catalog of discretionary regulatory requirements, the agency will attempt to reduce or streamline the overall number by 25 percent over three years.

The regulatory review process continues to impede the Department's ability to provide responsive services, with Administrative Process Act (APA) timeframes and executive branch approvals resulting in regulations taking an average of 24-48 months to become effective. Additionally, ensuring the security and integrity of the licensure process must be balanced with expectations for efficient and timely services. Fraud prevention, identity verification, and document authentication increase the time and expense associated with issuing a license.

Finally, all professional regulatory boards face increased risk of legal liability following the *NC Dental* SCOTUS decision. DPOR boards' exposure to anti-trust claims is minimized as a result of the director's active supervision as a non-market participant.

## Agency Statistics

### Statistics Summary

Given the various professions and occupations assigned to the Department of Professional and Occupational Regulation (DPOR), it is conceivable that nearly all Virginia residents are served through and affected by the Department's service area programs. The statistics included in this report illustrate the magnitude of DPOR's operations. Specifically, DPOR processed more than 158,000 initial, renewal and reinstatement applications and related payments during FY 2018 while during the same time period, the licensing division alone handled over 287,000 telephone calls and email communications from the public

### Statistics Table

Description	Value
Number of individuals/businesses with current licenses at the end of FY 2018	308,305
Number of initial, renewal and reinstatement applications and payments processed in FY 2018	158,502
Public contact with licensing sections through telephone and email handled during FY 2018	287,226

## Management Discussion

### General Information About Ongoing Status of Agency

DPOR will continue its development of fully interactive business processes, including on-line licensure, address changes, case management, and reporting capabilities. Secure, user-friendly online services are essential to meeting citizen expectations, improving customer service, excelling with e-government initiatives, managing and evaluating operations effectively, and redirecting staff to higher-level workflow activities. Balancing the significant resource investments in application and employee development required for such transformation, however, requires the Department to identify other processing efficiencies.

Ongoing expansion of DPOR's innovative electronic document management capabilities will continue to improve Freedom of Information Act (FOIA) and in-house research response time through desktop retrieval of electronic records in a fraction of the time needed to retrieve paper documents. Additionally, the agency is nearing completion of its conversion of internal paper/non-interactive forms to interactive forms with digital (electronic signature) capability thereby eliminating the cost and delay associated with paper record processing.

DPOR will continue its process improvement efforts by investing in employee professional development, specifically stressing technical training for customer service skill sets and coaching for core competencies, and emphasizing the effective use of reliable data and measures to evaluate and improve performance, teamwork and employee morale.

### Information Technology

Population increases, enhanced workforce opportunities, and new regulatory programs (affecting customer bases) create increased demand for agency services, particularly real-time automated interactive business processes to support on-line licensure and case management. Renewed emphasis on anytime anywhere access to electronic data generates greater demand for enhanced delivery, readiness, and reporting capabilities.

While relatively new, the Department's licensing and regulation system has not been expanded to provide enhanced processing abilities as originally planned, and enforcement tracking initiatives remain a separate process, both of which make regulatory programming changes highly resource-intensive efforts for the agency. Additionally, changes driven by the Virginia Information Technologies Agency (VITA) in IT infrastructure, cybersecurity and IT governance continue to require resource-intensive means to ensure DPOR's continuity in providing and serving both internal and external customers. These changes and the associated expenses in meeting VITA IT security and infrastructure mandates will likely continue to increase DPOR's overhead costs.

### Workforce Development

As the operational needs of DPOR evolve to better align our mission and the expectations of our customers, professional development opportunities for our workforce are critical. DPOR is a customer service-orientated agency charged with assisting and protecting the public with regard to our regulated professions. In an effort to focus on enhancing our customer service philosophy throughout the agency, employees are encouraged to explore various online training opportunities afforded through the Commonwealth of Virginia Learning Center and other on-demand

training providers. DPOR also continues to encourage and support specific employee development initiatives connected to individual positions, and extends a tuition reimbursement program as an additional consideration for job-related courses/programs. The Department's complex licensing system, requires continued training to allow employees to fully utilize this advanced system. DPOR partners with the Performance Management Group through Virginia Commonwealth University and identifies employees to participate in supervisory and/or management level programs to refine or establish their leadership skills. Considering all of DPOR's professional development efforts combined with our succession planning and cross-training initiatives, DPOR strives to be adequately prepared to meet our customer's needs as we move into the future.

### **Physical Plant**

The Department of Professional and Occupational Regulation (DPOR) is located in the Perimeter Center office building in Henrico County's Deep Run Office Park. The Department of General Services leases the building at 9960 Mayland Drive, Richmond, Virginia, 23233 and in turn has assigned that space to five state agencies. DPOR leases nearly 44,000 sq. feet of commercial office and storage space in the four-story building.

The Department employs more than 193 individuals with 24 percent of DPOR's full-time positions [many as field investigators with home offices] telecommuting at least 32 hours each month, and another 22 percent telecommuting on an occasional basis.

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