Reviewing and Streamlining State Regulations and Portals for Businesses

May 4, 2022

Agenda

I. Welcome & Introductions
Rachael Stephens, Program Director, Workforce Development & Economic Policy, NGA Center for Best Practices
Chaaron Pearson, Senior Manager, Fiscal & Economic Policy, State Fiscal Health, Pew Charitable Trusts

II. Session 1: State One-Stop Portals
Moderated by Shane Benz, Associate, Fiscal & Economic Policy, State Fiscal Health, Pew Charitable Trusts

5-minute break

III. Session 2: State Regulatory Reviews and Cross-Agency Inventories
Moderated by Sally Rood, Senior Policy Analyst, Workforce Development & Economic Policy, NGA Center

IV. Final Q&A and Closing Remarks

NATIONAL
GOVERNORS
ASSOCIATION

The National Governors Association (NGA)

Founding

A 1908 meeting of President Theodore Roosevelt and governors led to the creation of NGA.

Photo: The first meeting of the nation's governors, convened by President Theodore Roosevelt in Washington D.C., 1908.

What We Do

- NGA is the nonpartisan organization of the nation's governors.

- Through NGA, governors identify priority issues and address public policy at the state, national and global levels.

- The NGA Center for Best Practices is the only research & consulting firm that directly serves governors, and helps them develop and implement innovative solutions to public policy challenges.

- Our Government Relations team ensures that states are a strong voice in Washington, D.C.

- We also provide management consultative services to both new and incumbent governors, their senior executive staff and trusted advisors.

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The NGA Center for Best Practices

Services:

- Customized Technical Assistance
- Multi-State Consortia and Peer Learning
- Research & Published Reports

Program Areas:

- Children & Families
- Cybersecurity
- Energy and Environment
- Healthcare Cost and Coverage
- Health Data & Workforce
- Health Systems
- Homeland Security
- Infrastructure
- K-12 Education
- Post Secondary Education
- Public Health
- Public Safety & Legal Counsels
- **Workforce Development & Economic Policy**

Photo: Governor Reynolds, NGA Chair Governor Hutchinson and Governor Pritzker at the NGA Winter Meeting in 2020.

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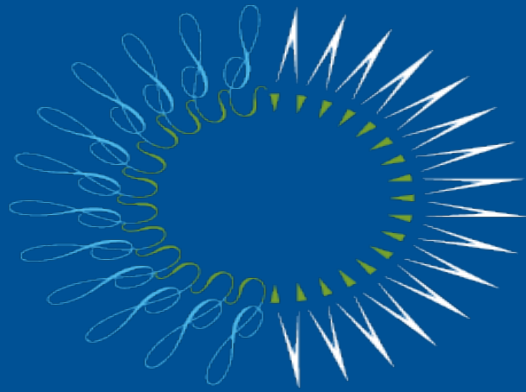
Chaaron Pearson

Senior Manager

Fiscal and Economic Policy, State Fiscal Health

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Panel: State One-Stop Portals

Moderator: Shane Benz, Associate, Fiscal & Economic Policy, State Fiscal Health, Pew Charitable Trusts

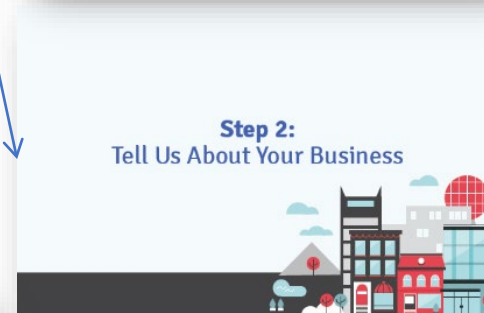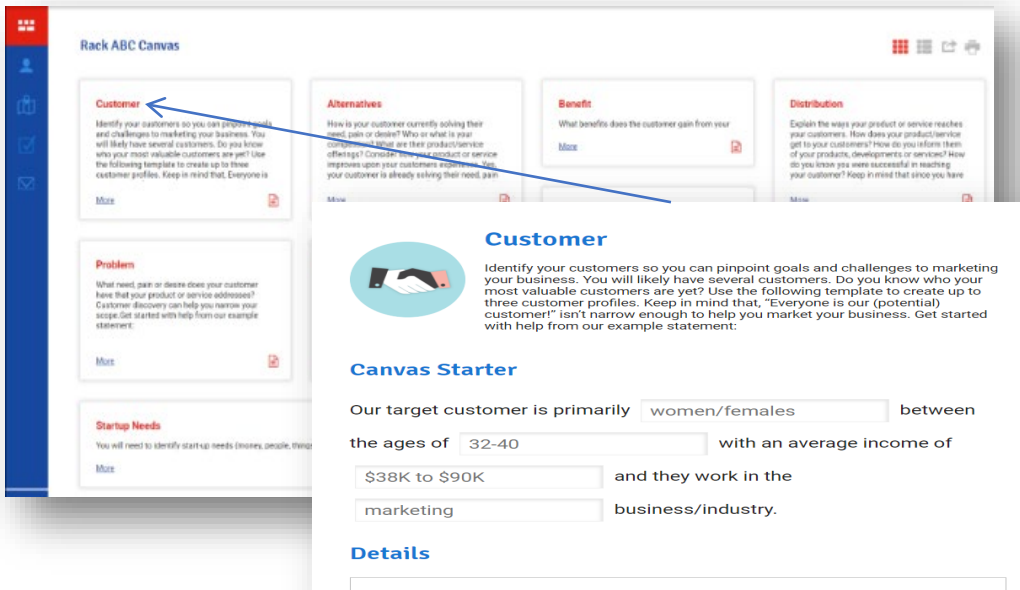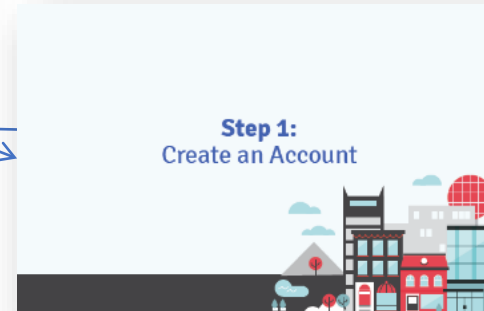**Elizabeth M. Tanner, Esq., Director, Rhode Island Department of Business Regulation**
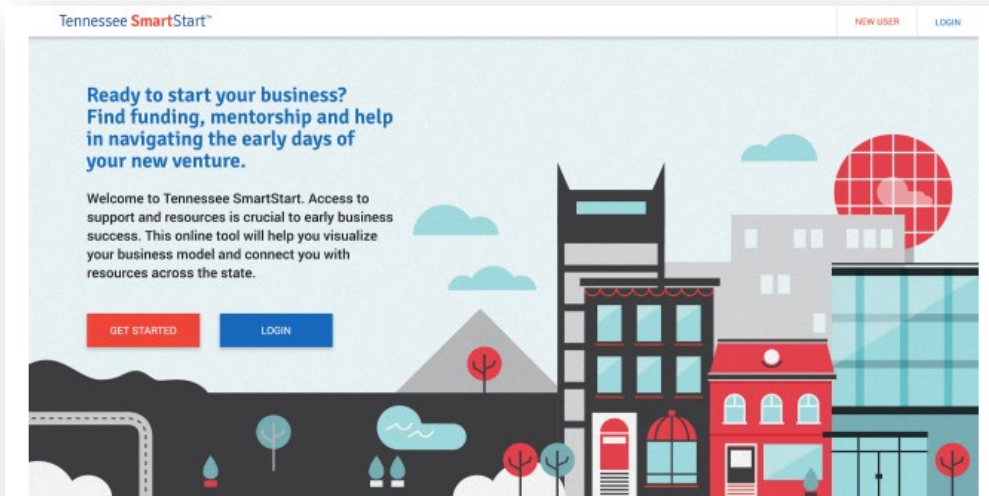
Wisty Pender, State Director, Tennessee Business Enterprise Resource Office

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Tennessee SmartStart™ | tnsmartstart.com
Smart Businesses Start Here

Access to support and resources is crucial to early business success. This online tool will help you visualize your business model and connect with resources across the state.

Step 1:
Create an Account

Step 2:
Tell Us About Your Business

Step 3: Complete a Business Model Canvas

Step 4:
Discover Resources

Tennessee SmartStart™

☑ **STEP ONE:** Choose a name
- What is your business name?

☑ **STEP TWO:** Choose a Legal Structure
- Recommendation: Consult an attorney, CPA, business counselor

☐ **STEP THREE:** Obtain Your Taxpayer ID Number
- SSN or FEIN: Sole Proprietor/General Partnership (Social Security Administration or IRS)
- FEIN: Corporation, LLC, LLP, LP (IRS)

☐ **STEP FOUR:** Taxes
Identify the basic tax obligations of operating your business in Tennessee.
- Register: TN Dept. of Revenue
- County Tax Assessor, possibly others...

☐ **STEP FIVE:** Register Your Business
- Sole Proprietor/General Partnership (Municipal/County Clerk)
- Corporation, LLC, LLP, LP (TN Secretary of State and Municipal/ County Clerk)

☐ **STEP SIX:** Employees
- Will your business employ additional staff?
- Yes/No: TN Dept. of Labor and Workforce Development

☐ **STEP SEVEN:** Regulations/Licensures
Is your business required to register with other departments or agencies?
- Based on business: ABC, Ag, Commerce and Insurance, TDEC, Health, Labor WFD, ATF, USDA, etc

Customer

Identify your customers so you can pinpoint goals and challenges to marketing your business. You will likely have several customers. Do you know who your most valuable customers are yet? Use the following template to create up to three customer profiles. Keep in mind that, "Everyone is our (potential customer!" isn't narrow enough to help you market your business. Get started with help from our example statement:

Canvas Starter

Our target customer is primarily [women/females] between the ages of [32-40] with an average income of [$38K to $90K] and they work in the [marketing] business/industry.

Details

Questions? | Contact

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TN Department of
Economic &
Community Development

Panel: State One-Stop Portals

E.J. Kalafarski, Innovation Fellow, New Jersey State Office of Innovation

Ellen Harpel, Founder, Smart Incentives

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Lessons Learned/Policy Implications

- Make one-stops a priority and provide visible support
- Demonstrate value to participating state agencies
- Orient work around improving the customer experience
- Implement thorough regulatory process mapping
- Allocate resources for portal promotion
- Offer initial funding
- Plan for sustainability

Source: Evolving State One-Stops Offer New Ways to Help Businesses, forthcoming from NGA

Questions?

5-Minute Break

Panel: State Regulatory Reviews and Cross-Agency Inventories

Moderator: Sally Rood, Senior Policy Analyst, NGA Center

James Broughel, Adjunct Professor, Antonin Scalia Law School, George Mason University

Dustin Chambers, Professor of Economics, Perdue School of Business, Salisbury University

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Panel: State Regulatory Reviews and Cross-Agency Inventories

Sara Chambers, Division Director, Alaska Division of Corporations, Business and Professional Licensing

Ronne Hines, Director of Professions and Occupations, Colorado Department of Regulatory Agencies

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Learning from State Regulatory Streamlining Efforts

James Broughel, George Mason University
Dustin Chambers, Salisbury University

Overview

- Focus is on regulatory streamlining efforts across eight states

- Emphasis is on building inventories to manage regulatory systems, along with other retrospective review reforms

- States included: Colorado, Idaho, Kentucky, Rhode Island, Arizona, Missouri, New Jersey, and Ohio.

Topic Areas

- Creating inventories to catalog rules and restrictions

- Transparency and goal setting

- Measurement

- Regulatory assessment and analysis

- Outreach efforts and marketing

- Reporting to the governor

- Oversight and enforcement mechanisms, and

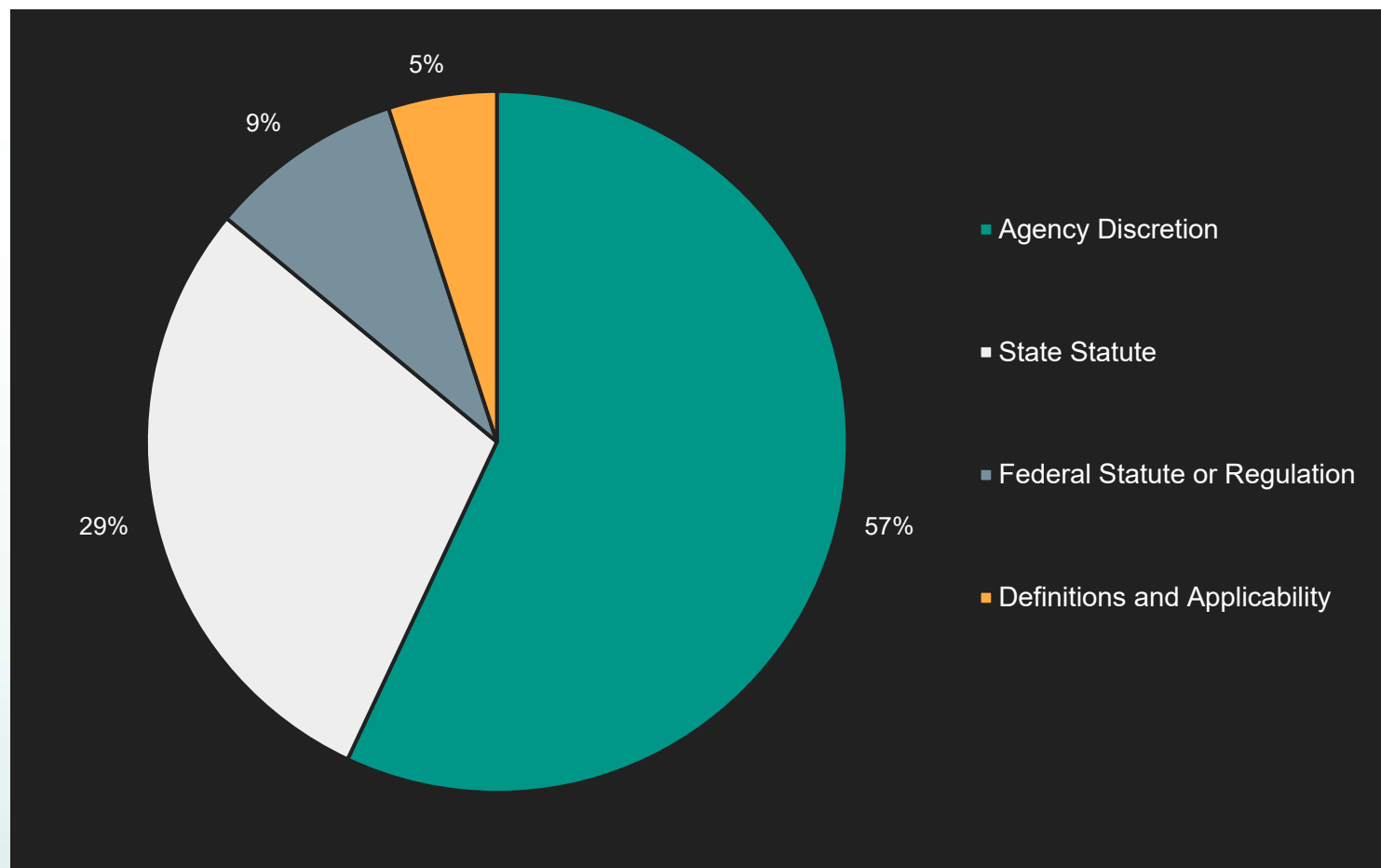- Ensuring sustainability of reforms

Rule Inventories and Catalogs

Creating an inventory of rules and requirements is a way to make the daunting task of reviewing thousands of regulations more manageable.

ARIZONA REGULATION **ROLLBACK**

Arizona

Original Authority for Arizona State Regulations

- Agency Discretion
- State Statute
- Federal Statute or Regulation
- Definitions and Applicability

5%

9%

29%

57%

Arizona

Transparency and Goal Setting

Governors should be clear about what reforms are supposed to accomplish. This can be achieved through transparent reporting about how regulations are amended as part of reviews, and by communicating goals of the reforms.

RED TAPE REDUCTION

Kentucky

Measurement

States have used a variety of metrics to gauge whether reforms are achieving their intended goals.

Rhode Island

Regulatory Assessment and Analysis

Economic analysis can guide regulatory review efforts and help administrations prioritize which regulations are amended and which discarded.

Idaho

Contact

Reach out to jbroughe@gmu.edu with questions

@jamesbroughel on Twitter

Reviewing and Streamlining State Regulations (Part 2)

Dustin Chambers

Outreach Efforts and Marketing

- Many governors have found that regulatory streamlining can be a pillar of their policy platform and can define their governorship

- Such reform efforts send a clear signal to the public that the governor is taking the economy and business climate seriously

- The benefits of reforms are often communicated to the public through the creation of online websites which, among other things, allow members of the public to submit information about regulations that are giving them problems.

Outreach Efforts and Marketing: Missouri

- Missouri began a regulatory review effort in 2017 called "No Mo Red Tape," under the leadership of then-Governor Eric Greitens.

- The effort began with an executive order requiring regulatory agencies to conduct a review of their regulations and to produce a report based on their findings.

- A website was built where businesses or other members of the public could identify a regulation for review, provide examples of agencies impacting them, or describe actions they believed the administration should take.

Outreach Efforts and Marketing: Missouri

- The Greitens administration hosted many public meetings around the state and solicited more than 5,000 comments from the public as part of the initiative.

- The Greitens administration designated specific individuals within the various agencies to be point persons for the review.
  - Each agency was asked to solicit a minimum of 100 comments.
  - Agencies held public meetings open to the general public as well as industry and advocacy groups, and even set up tables at the Missouri State Fair to speak with state residents directly and conducted outreach via social media and the press.

Reporting to the Governor

- Reporting is critical to aid a Governor in communicating the results of reforms and for sharing best practices with other states.

- Such reports should include statistics such as how many rules were reviewed, financial cost savings and hours saved on compliance, along with information about the substance of rule changes.

Reporting to the Governor: Colorado

- Colorado began a sweeping regulatory streamlining effort in 2011 called "Pits and Peeves Initiative," under the leadership of then-Governor John Hickenlooper.

- 92% of Colorado's 24,000 rules were reviewed, of which 6,500 were modified and 4,500 were repealed.

- When regulations were updated, a myriad of statistics were recorded, including the number of customers impacted and the total time and money saved.

- This information was published in a series of reports, as well as on a performance scorecard. In total, three reports were issued as part of the initiative.

Reporting to the Governor: Colorado

- By 2017, these efforts resulted in annual savings worth an estimated $7.8 million with 2,260,000 hours of saved time.

- These savings came from a variety of improvements ranging from eliminating redundant securities paperwork to streamlining the licensing process for engineers.

- Agencies also focused on leveraging improved technology, for example by moving forms and reporting online, and prioritizing enforcement based on risk.

Sustainability of Reforms

- In many cases, reforms discussed in this presentation were initiated via executive order or other form of executive action.

- Such reforms can be impactful but are not always long-lasting, since permanent reforms require legislative changes.

- Codifying reforms through legislation has the potential to ensure a governor's legacy on regulatory improvement lasts far beyond his or her time in office.

Sustainability of Reforms: Arizona

- Arizona Gov. Ducey is seeking to make regulatory reforms enacted during his administration permanent, which would give his regulatory agenda a lasting legacy.

- Some of his administration's initiatives, such as a requirement that three regulations be identified for elimination for each new rule added, would not have the same long-run impact unless formalized in law.

- A bill was introduced to codify these aspects of Ducey's reforms into law this legislative session. To date, it has passed one legislative chamber.

Conclusion

- As discussed, a small but growing group of states are making significant headway towards creating better regulatory management systems and leaner regulations, and this will undoubtedly improve efforts for reviewing and cataloging regulations in the future. Strategies noted include:
  - Rule Inventories and Catalogs
  - Transparency and Goal Setting
  - Measurement
  - Regulatory Assessment and Analysis
  - Outreach Efforts and Marketing
  - Reporting to the Governor
  - Sustainability of Reforms.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing

Reviewing and Streamlining State Regulations

Sara Chambers, Division Director

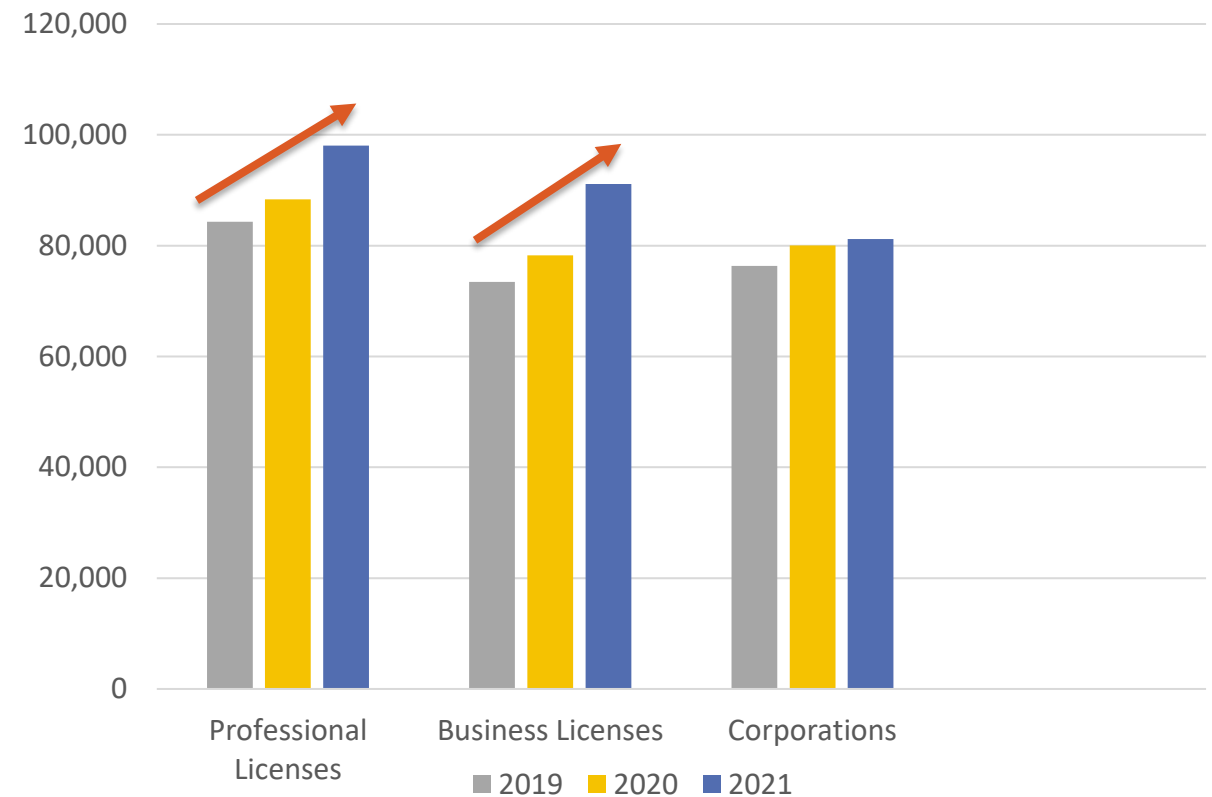May 2022

Professional licensing

- 43 programs, including 21 boards
- 98,068 professional licenses
- **9.67% increase in FY21**
- **5% increase in FY20**

Business licensing

- 91,114 business licenses
- 1497 nicotine endorsements
- **16.4% increase in FY21**

Corporations

- 81,187 registered corporations

From a little rain to *the perfect storm:*

Dramatic increase in demand

- Health care licensure skyrocketed
- Amazon Prime expectations

Dramatic decrease in personnel

- "The Great Resignation" –*Harvard Business Review*
- Personnel turnover during COVID
- Additional absences due to COVID, school and childcare closures, etc.

Perfect Storm...

Workforce Shortage

COVID-19

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Pause practices and activities that are not legally required:

- Reducing administrative support for board activities unrelated to immediate licensing or enforcement;

- Eliminating duplicate and courtesy notifications to applicants;

- Postponing ministerial paperwork functions; and

- Postponing production of various reports, staff travel, and committee participation.

Pause ➡ **Permanent?**

- Modernize licensing technology
  - Addition of AI components to automate customer experience
  - Improved customer communication, contact form, and email functionality
  - Dashboard to track processing times and license completion

- Restructure professional licensing teams for greater support
  - Promotional ladder within the division
  - Pay matches position description and duties
  - Retention of skilled staff with valuable institutional memory

- Review and streamline burdensome board regulations

Building a Right-Touch-Regulated Workforce

Legislature	Licensing Boards
Telehealth licensing	Eliminate unnecessary requirements
Adopt streamlined licensing for qualified applicants	Utilize reputable national resources to reduce redundant requirements
Eliminate outdated statutes	Make data-driven decisions
Adopt licensing compacts	Partner with stakeholders
Safely expand scope of practice	Make permanent what worked during COVID

B. Create a *hazard profile* for each problem

Intrinsic Hazards		Extrinsic Hazards	
Complexity The complexity and inherent hazards of the activity	Potential for harm caused by essential features of practice; for example: prescribing, surgical and psychological interventions	**Scale** • Size of service user group • Size of practitioner or licensee group	This criterion helps to ascertain the dimensions of harm. If the number of practitioners or service users is small, then this may suggest an alternative method of assurance would be appropriate. Conversely, support workers might pose a small risk volume in terms of complexity but are high in numbers.
Context The environments in which the intervention takes place	Environments with varying levels of oversight (hospitals, private practice, homes) may indicate greater or lesser opportunity for hazards—or the ability to proactively or reactively manage hazards.	**Perception** Need for: • Public confidence in the occupation • Assurance for employers or other stakeholders	This criterion enables consideration of probable effects on public confidence in the occupation or needs of employers or other agencies using the services of the occupational group. Take care not to allow false perceptions influence your answers.

Regulatory
climate change
requires an
organizational
culture change

Thank you!

Sara Chambers, Director

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The Future of Regulation

Ronne Hines, Director
Division of Professions and Occupations
Department of Regulatory Agencies

Colorado's Approach to Regulatory Culture

A Balanced Perspective of Reducing Regulatory Barriers and Consumer Protection

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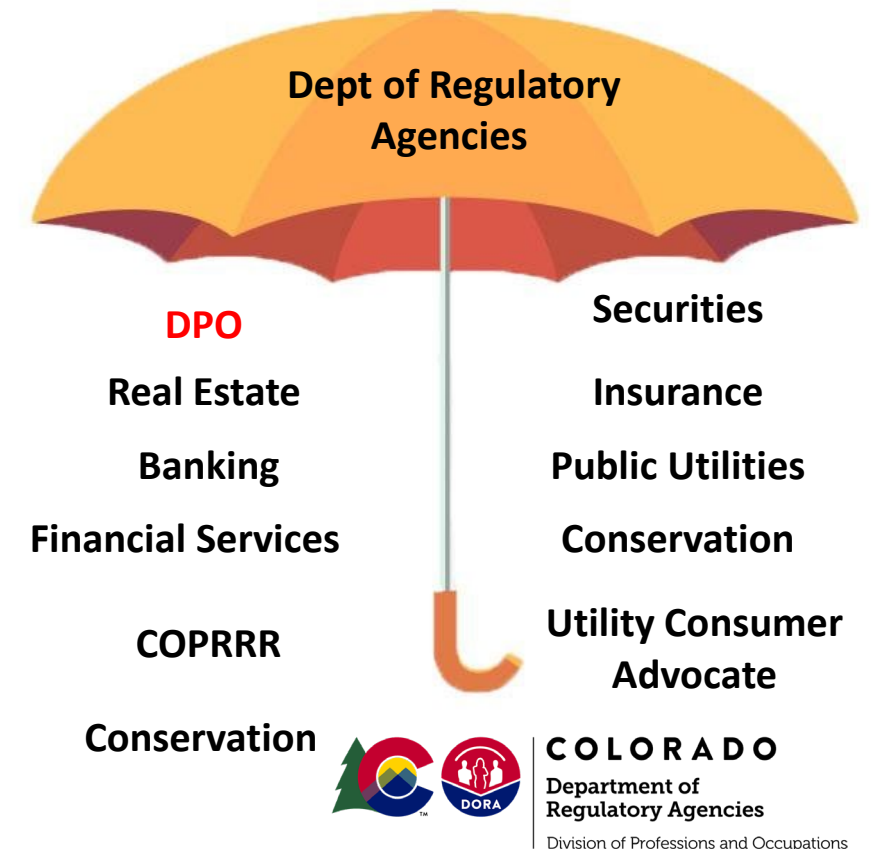Department of Regulatory Agencies
Division of Professions and Occupations

Division of Professions and Occupations

Overview of DORA's Division of Professions & Occupations

Centralization Efforts in Practice

Regulatory Culture and Innovation

Dept of Regulatory Agencies

DPO
Real Estate
Banking
Financial Services

COPRRR

Conservation

Securities
Insurance
Public Utilities
Conservation

Utility Consumer Advocate

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Division of Professions and Occupations

Centralized Regulation in Practice

- **Centralization of Division's functions strives for consistency across all areas in the Division**

- **Organizational culture includes ideas of continuous process improvement, reducing barriers, and streamlining process to better serve customers and the public.**

- **Centralized model helps leverage workflows, customer satisfaction,**

Division of Professions and Occupations

Results from Centralized Efforts

DPO is centralizing and streamlining processes to benefit both customers and consumers:

- Cutting licensing process times
- Reducing the life of a case/investigations
- Increasing remote inspections
- Increased outreach and education among professionals
- Consistent board/program operations and decisions

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Regulatory Culture and Innovation

- Historical - Regulatory Reform and Rule Review - Government Efficiency

- Lean implementation and culture

- Legislation:
  - HB 16-1197 VOCAL Program
  - HB 19-1290 allows immigrants to apply for foreign equivalency for barber/cosmetology licenses
  - HB20-1326 Occupational Credentialing Portability Program

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What The Future Holds

➢ Continued focus on occupational portability - interstate compacts

➢ Leverage centralization for regulatory consistency and efficiency (rule reviews)

➢ Technology as a regulatory tool (telehealth, rural access, competency demonstrations, licensing)

➢ Increased engagement with vulnerable populations (immigrants, veterans, displaced workers)

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Questions?

Contacts

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- Ellen Harpel, Smart Incentives, ellen@smartincentives.org

Regulatory Reviews and Inventories:
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NGA Center for Best Practices:
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- Sophia Yager, syager@nga.org

Resources

Coming Soon:

- Evolving State One-Stops Offer New Ways to Help Businesses
- Learning from State Regulatory Streamlining Efforts

Streamlining State Business Regulatory Processes To Support Economic Recovery: Learning from Administrative and Compliance Process Improvements During COVID-19

List of State and Territory Business Portals

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