



MEMORANDUM

DATE: February 6, 2024
TO: Joint Legislative Audit Committee
FROM: Dan Hereth, Secretary-designee
RE: **Audit Report 23-24: Administration of Professional Credentials**

I want to start by thanking the co-chairs and the entire committee for inviting me to speak with you today about our work and successes at DSPTS.

We're here to talk about an audit of the administration of professional credentials in Wisconsin, and by every measure the findings point to success. Audit data on number of licenses issued, time to issue licenses, call center response – all show dramatic improvement. We're approving 50% more credentials, 50% more quickly.

When I first took on this role, less than 18 months ago, I knew there were expectations to make immediate and significant improvements to our credentialing division. I was eager to take on the challenge and work toward better service for the people of Wisconsin. I often compare it to running a factory floor with over 250 products, thousands of suppliers, and individualized shipment dates. This is a high-volume, highly complex agency. Yet it was clear to me that despite the volume and complexity, we could drive improvement across the entire division by focusing on three overarching categories: people, processes, and technology.

This audit's findings validated this strategy. We are issuing more licenses more quickly than at any point in the history of Wisconsin.

- The audit found the number of initial credentials DSPTS issued annually increased 51% over a three-year period.
- Last year, we issued nearly twice as many healthcare licenses than in any previous year.
- The average time from application to issuance of a health license decreased by 52% in FY23

What does that mean for our customers—your constituents?

- It means that many of our nursing applicants are licensed within a week of meeting all legal requirements, making us one of the fastest states in the nation.
- It means the volume of calls your offices receive dramatically decrease.
- It means in FY23, our efforts paved the way for \$54 million more in wages for graduates in key industries throughout Wisconsin.

While our department is self-funded through the fees we collect, these improvements represent a massive return on investment, between 5-15 times the dollars put in. Wage increases of this magnitude will drive tens if not hundreds of millions of dollars more in economic activity throughout Wisconsin.

We were actively engaged in improvement efforts during the audit, and we continue that work today. Our investments have continued to pay dividends since the completion of the audit, further lowering median licensing times an additional 15% for business licenses and 59% for health licenses, beyond what was reported in the audit.

The audit noted that even in the worst circumstances, 75% of the time it takes to receive a license was not solely attributable to the department. This means that while we have had success in improving **OUR** existing processes inside the department, we need to help applicants better understand **THEIR** steps in the licensing process. We must continue to collaborate with other workforce stakeholders to find further innovations that provide a better experience for even more applicants. This work will benefit individuals, employers and entire communities throughout Wisconsin.

This means working alongside industry and education to lead with innovation and replace old processes with better ones, while ensuring Wisconsin's workforce continues to be one of the safest and most competitive in the country. I've put an emphasis on focused changes that streamline the entry of licensed professionals into the workforce without compromising our department's mission to protect the public.

For example, we partnered with Marquette Dental School, the Wisconsin Dental Association, Wisconsin DHS, and the Dental Examining Board to create a first-in-the-nation diploma privilege for state dental students. This collaboration eliminated a redundant post-graduation test. This will save dental students time and money, while getting our state-trained dentists licensed and into the Wisconsin workforce more quickly.

In addition, we partnered with the Universities of Wisconsin, the Wisconsin Association of Independent Colleges and Universities, and the Wisconsin Technical College System to implement a first-in-the-nation college portal. Participating UW, WAICU, and Tech College health programs will now have defined access to LicensE, our online licensing system. They can use this access to see their students' progress in the licensing process and then help any students facing challenges. They can also perform education certifications in bulk, saving them time, the applicant time and the department time. Again, the goal is to make the licensing process more efficient, and to get these students licensed and working as soon as possible.

Our agency has also taken recent steps to streamline pharmacy and nursing home administrator licensing, as well as offer more options for skilled workers in our state to take a trades exam. All those efforts and successes I just listed came to fruition over just the past six months and build on the success outlined in the audit.

We launched phase two of our licensing modernization effort during the auditing process, moving business licensing online. Just this month we moved the remainder of our licenses from the trades professions into our online system. This work will yield **additional** improvements and will extend the benefits of this effort to more applicants, stakeholders, and citizens of Wisconsin.

Again, I want to emphasize that through strategic investment and innovation, we have exponentially improved the credentialing experience for applicants, and this has exponentially improved outcomes for stakeholders, including higher education institutions and employers.

As of yesterday afternoon, the average time for DSPS to review application materials for initial licenses was at 4.8 calendar days, with the average times for health licenses even better at 3.8 calendar days. That means an applicant who applies for a credential with our department, and has all required documentation, will be approved for a license in a matter of days. **Work that we were measuring in months, and then weeks not that long ago – is now being measured in days.** That's the kind of progress I'm talking about.

While the audit highlighted our successes, it also made some recommendations for improving administration of professional credentials in Wisconsin. We had constructive talks with the auditors. While we didn't see eye-to-eye on every small detail, we understand the value of an audit, and we recognize the merit of the recommendations in providing clarity to our license holders. In fact, we had already self-identified some of the same concerns and were working to address them.

Taking a look at the recommendations:

1. Develop more comprehensive written policies for credentialing – We’ve already turned in 4 additional policies on top of the hundreds of pages previously provided to auditors, and we will be submitting more before March 15.
2. Develop policies related to refunding application fees – To bring clarity to our applicants, we have already posted an interim policy while we have an active rule project to align previously-disparate legacy policies related to refunds.
3. Ensure all contracts are current – Done.
4. Develop additional policies related to personal identifying information – We’ve done this.
5. Develop policies to better assess staff productivity – We wrapped up new staff productivity guidelines after the conclusion of the active audit period. This policy is in place.
6. Regularly report data on license administration on our website – As the audit notes, we launched an occupational licensing data dashboard in late August that provides real-time application information. And we’ve recently launched an updated version of that dashboard, which includes even greater amounts of useful information for our license holders.

As you know, Governor Evers recognized the increased demand for licensed professionals during the pandemic and allocated emergency federal funding to more quickly position the department to meet that demand. This funding allowed us to pursue a major technology upgrade that led to our department’s first online, self-guided platform for initial licensing and renewals. We’ve heard good feedback from our license holders and professional associations about this upgrade, and that positive feedback was noted in the audit.

That temporary funding also helped our department add staff to our call center and licensing teams, increasing our production and improving our service to license holders, as demonstrated by the call center data in the audit. That data makes a strong argument for maintaining call center capacity when the emergency funding expires.

I’ve talked a lot about technology and process, but success also takes people. Not simply more people—although that helps. It also takes the right people, including the right leader.

You heard me talk earlier about how I view these processes like a complex supply chain and factory floor. Who better to lead such a mission than a military officer? I hired Captain Niko Ruud, a US Air Force Academy graduate who spent a decade working in logistics for the US Air Force. His ability to lead teams, focus staff, and ensure mission success was critical to my efforts to deliver improvements for the people of Wisconsin. I’m proud to have him with me today.

Thank you again for your time today. I’ll hand things over to Niko, and I look forward to your questions at the conclusion of his remarks.