

State of Alaska FY2010 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Corporations, Business and Professional Licensing Component Budget Summary

Component: Corporations, Business and Professional Licensing

Contribution to Department's Mission

Ensure that competent, professional and regulated commercial services are available to Alaska consumers.

Core Services

- Administer 20 licensing programs through support to Boards and Commissions; administer 19 programs solely through the division (without oversight of a board or commission).
- License businesses to engage in commerce in Alaska, and grant tobacco endorsements for sale of tobacco or tobacco-related products.
- Serve as a one-stop location to investigate and resolve consumer complaints regarding state licensees, state licensed non-depository lending and money service companies and other state licensed businesses.
- Provide consumer outreach and education regarding consumer borrowing and the use of state licensed professionals.
- Register Corporations and Trademarks for entities engaged in commerce in Alaska.

End Result	Strategies to Achieve End Result
A: Competent, qualified professional and commercial services. <u>Target #1:</u> Increase the number of current licensees. <u>Status #1:</u> Target met of increasing the number of licensees that have licenses and the total number that are current. Total current licensees reflect an increase of 0.64% between FY07 and FY08.	A1: Convenience in access to licensing information. <u>Target #1:</u> Offer 100% web capabilities for licensing programs. <u>Status #1:</u> Target of 100% of licensing programs being on line not met with 15% (6 out of 39) currently having online capabilities.
End Result	Strategies to Achieve End Result
B: Public Protection from unethical and incompetent providers of services. <u>Target #1:</u> Fully investigate 100% of complaints that have a potential for licensing violations. <u>Status #1:</u> The number of cases opened increased 23.13% in FY08. This process is ongoing based on the number of consumer complaints received that have potential for licensing violations.	B1: Execute an aggressive plan to investigate and prosecute licensing violators. <u>Target #1:</u> Apply disciplinary actions to 100% of investigation cases that are warranted. <u>Status #1:</u> Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Distribute application forms for licensure and renewal. • Respond to questions regarding Alaska's licensing laws. • Review applications to determine if basic qualifications have been met. 	<ul style="list-style-type: none"> • Accept and process applications for Alaska Uniform Money Services Act and the Alaska Mortgage Lending Regulation Act. • Ensure applications conform with the federal S.A.F.E. Mortgage Licensing Act of 2008. • Conduct criminal background checks on mortgage

Major Activities to Advance Strategies

- Determine whether applicants are in arrears with child support or student loan payments.
- Verify licenses to inquirers.
- Provide public access to licensing information.
- Write, administer, or arrange for professional licensing examinations.
- Ensure continued competency requirements are met.
- Make available efficient and convenient licensing services at the division's service counters.
- Classify businesses according to business activities.
- Organize and staff licensing board/commission meetings and provide budget data to boards and commissions.
- Assist licensing boards/commissions with promulgating regulations.
- Provide licensing services via the web to the extent possible.
- Conduct examinations for compliance with state licensing requirements for licensed businesses and individuals.
- Investigate complaints regarding persons and businesses engaging in or offering unlicensed services to consumers.
- Assist the Attorney General's office as requested in appeals of license denials, lawsuits and appeals of disciplinary actions.
- Provide investigative support to state board and commissions and other regulatory divisions.
- originator applicants and issue licenses.
- Protect the public against fraud in the delivery of professional and licensed services.
- Protect the public against predatory lending practices by both state licensed entities and unlicensed lenders.
- Standardize investigative forms and create a tracking system for managing case load.
- Create a system coupled with "transparency" for consumers to track the investigative process.
- Train all investigators to ensure consumer complaints are investigated and resolved in a timely manner.
- Work with industry and community groups to be in compliance and understand laws and regulations.
- Sponsor public service announcements on how to file a complaint with the DCCED.
- Redesign Department's web site for consumers to lodge complaints and obtain consumer education materials.
- Conduct investigations into allegations of incompetent, unethical, or illegal delivery of services by licensees.
- Initiate Accusations; negotiate Consent Agreements, or Statement of Issues when warranted.
- Report disciplinary activity in accordance with National reporting requirements (S.A.F.E. Mortgage Licensing Act of 2008, HIPDB, NPDP, and NURSUS).
- Work with the Department of Law on consumer educational programs and enforcement efforts.
- Post consumer information on the CBPL's web site.
- Post investment and financial fraud warnings on CBPL's web site.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$10,945,300

Personnel:

Full time	82
Part time	0
Total	82

Performance

A: Result - Competent, qualified professional and commercial services.

Target #1: Increase the number of current licensees.

Status #1: Target met of increasing the number of licensees that have licenses and the total number that are current. Total current licensees reflect an increase of 0.64% between FY07 and FY08.

Number of current licensees each year.

Fiscal Year	YTD
FY 2008	119,676 +0.64%
FY 2007	118,917 +1.7%
FY 2006	116,933 +0.8%
FY 2005	116,009 +0.27%
FY 2004	115,698 -2.44%
FY 2003	118,595 +3.35%
FY 2002	114,755 +0.51%
FY 2001	114,169 +1.89%
FY 2000	112,053

Analysis of results and challenges: Alaska benefits by increasing its number of competent, qualified practitioners; however, it is not always easy to attract practitioners to the State. A variety of contributing factors can often cause the number of licensees to drop, such as changes to competency requirements, fees, etc. The agency and licensing boards encourages new practitioners and businesses through simplifying its licensing process, while maintaining a high level of ethical practice standards required of its licensees. The numbers of licensees represent current professional and business licenses in the corresponding fiscal year. When the number of licensees increase, there is a greater potential for greater availability of services to Alaskan consumers.

A1: Strategy - Convenience in access to licensing information.

Target #1: Offer 100% web capabilities for licensing programs.

Status #1: Target of 100% of licensing programs being on line not met with 15% (6 out of 39) currently having online capabilities.

Programs with Online Capabilities

Fiscal Year	YTD Total
FY 2008	6 0%
FY 2007	6 0%
FY 2006	6 0%
FY 2005	6 +50%
FY 2004	4 0%
FY 2003	4

Analysis of results and challenges: Prior to FY 2003, the following Online licensing programs were provided:

FY 2001-Business Licensing (new and renewals);

FY 2002-Architects, Engineers, and Land Surveyors; and Real Estate Renewals.

FY 2003: Nursing (RN) Renewal online.

FY 2004: No new programs added for online licensing.

FY 2005: Nursing (LPN); and Medical Renewal online.

FY 2006: No new programs added for online licensing.

FY 2007: No new programs added for online licensing.

FY 2008: No new programs added for online licensing.

B: Result - Public Protection from unethical and incompetent providers of services.

Target #1: Fully investigate 100% of complaints that have a potential for licensing violations.

Status #1: The number of cases opened increased 23.13% in FY08. This process is ongoing based on the number of consumer complaints received that have potential for licensing violations.

Cases Opened during the Fiscal Year

Fiscal Year	YTD Total
FY 2008	676 +23.13%
FY 2007	549 -30.15%
FY 2006	786 +20.55%
FY 2005	652 +17.06%
FY 2004	557 -9.28%
FY 2003	614 -1.92%
FY 2002	626

Analysis of results and challenges: The division's desire is to address all consumer complaints expediently. The number of open cases are reflective of investigative efforts and management efficiencies to prioritize complaints received. Not all complaints result in open investigation cases. Open cases are complaints that were determined to have a potential for licensing violations and warrant further investigation.

B1: Strategy - Execute an aggressive plan to investigate and prosecute licensing violators.

Target #1: Apply disciplinary actions to 100% of investigation cases that are warranted.

Status #1: Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Cases resulting in discipline sanctions

Year	YTD Total
2008	257 -34.77%
2007	394 +37.28%
2006	287

Analysis of results and challenges: Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Discipline Sanctions often fall within the following categories:

- Audit Compliance
- Education
- Fine
- Limited License
- Peer Review
- Probation
- Reprimand

- Revocation
- Suspension

Key Component Challenges

AUTOMATION ENHANCEMENTS

Providing web services across all licensing programs continues to be a goal of the division. In coordinating with the department's IT section, we hope to make greater progress. Web-based programs will provide consumers with the convenience and speed of on-line licensing and allow for better use of the division's resources.

ADMINISTER THE ALASKA MORTGAGE LENDING REGULATION ACT AND FEDERAL MORTGAGE LAW

Title V of Public Law #110-289 (known as SAFE) became law in July of 2008. The Act mandates that states provide a National Mortgage Licensing System (NMLS). The division will issue licenses in conjunction with the federal National Mortgage Lending Services so that mortgage oversight effort will entail the review of numerous licensing applications coupled with examinations of entities on a periodic basis as well as when complaints arise. Resolving suspected violations in a timely manner will be a goal and will likely include closure or referrals for administrative or legal action. CBPL will seek to streamline its violation procedures through issuance of citations and other means than can effect immediate compliance.

TRACK CONSUMER COMPLAINTS

As recognized by the Division of Legislative Audit, the Department is developing a case management tracking system to efficiently perform its responsibilities regarding consumer complaints.

Significant Changes in Results to be Delivered in FY2010

- Online capabilities for licensing programs that currently do not have online capabilities.
- Provide new Guide Unit Area maps for the Big Game Commercial Services Board along with access to Guide Hunt and Transporter Activity Records via the internet.
- Implement cost accounting recommendations by the Maximus contractor reviewing the accounting process in FY09.
- FY2010 will also experience a decrease in Business Licensing fees from \$100 to \$50 annually. This change will hopefully increase compliance with the Business Licensing laws.

Major Component Accomplishments in 2008

IMPLEMENTATION OF THE ALASKA MORTGAGE LICENSING REGULATION ACT (AMLRA)

Legislation was passed in 2007 which provided, for the first time, for the licensing and examination of mortgage companies and mortgage professionals. The effective date of the legislation was July 1, 2008 and the division has established a licensing program, implemented a pre-licensing competency test for mortgage originators, and hired financial examiners who will begin the process of regulating this industry. This is the first time that the mortgage lending industry has been regulated in Alaska. This will involve: (1) oversight of education efforts; (2) licensing; (3) on-site examinations; and (4) complaint investigations. The division will also need to follow the mandates of HERA, specifically the SAFE Mortgage Licensing Act of 2008 which contains provisions requiring each state to join the new National Mortgage Licensing System (NMLS) which will require licensing of all mortgage originators.

The division has undertaken the licensing and regulation of money transmitters and currency exchange businesses, commonly known as Money Service businesses (MSBs). As of August 2008, seventeen licenses have been issued.

PRESCRIPTION DRUG MONITORING PROGRAM (PDMP)

Legislation was passed (Chapter 84, SLA 08) allowing Alaska to participate in a prescription drug monitoring program with oversight by the Board of Pharmacy. The U.S. Department of Justice provided a \$49.0 federal grant to help get the program started. A follow up \$400.0 Federal implementation grant was applied for but is not yet appropriated.

VETERINARY STUDENTS/RESEARCHERS

Legislation was passed (Chapter 108, SLA 08) that authorizes fourth-year Veterinary Students to perform an internship in Alaska as part of their academic program. This new provision is designed to attract new veterinarians to Alaska. The statutory changes also allow for researchers and expert consultants to assist Alaska licensed veterinarians without encountering licensure problems.

WEB RENEWALS

To encourage licensees to use the web renewal options, the division has changed the way it conducts license renewals by mailing renewal instruction 'notices' instead of renewal forms to licensees and advising how to renew online or where to visit to download the renewal application forms.

FOREIGN PLEASURE CRAFT COORDINATION

Coordination efforts with the U.S. Coast Guard, the U.S. Customs Office, the Alaska State Troopers, and local Harbormaster's Offices have shown results in FY08/09 in enforcing the marine pilot exemption laws on foreign pleasure craft entering Southeast Alaska waters. There has been greater compliance in FY08/09 than in previous years.

Statutory and Regulatory Authority

AS 08.01	Centralized Licensing
AS 08.02	Miscellaneous Provisions
AS 08.03	Termination, Continuation and Reestablishment of Regulatory Boards
AS 08.04	Board of Public Accountancy
AS 08.13	Board of Barbers and Hairdressers
AS 08.54	Big Game Commercial Services Board
AS 08.20	Board of Chiropractic Examiners
AS 08.29	Board of Professional Counselors
AS 08.36	Board of Dental Examiners
AS 08.48	State Board of Registration for Architects, Engineers, and Land Surveyors
AS 08.62	Board of Marine Pilots
AS 08.63	Board of Marital and Family Therapy
AS 08.64	State Medical Board
AS 08.65	Board of Certified Direct Entry Midwives
AS 08.68	Board of Nursing
AS 08.72	Board of Examiners in Optometry
AS 08.80	Board of Pharmacy
AS 08.84	State Physical Therapy and Occupational Therapy Board
AS 08.86	Board of Psychologists and Psychological Associate Examiners
AS 08.87	Board of Certified Real Estate Appraisers
AS 08.88	Real Estate Commission
AS 08.95	Board of Social Worker Examiners
AS 08.98	Board of Veterinary Examiners
AS 08.06	Regulation of acupuncturists
AS 08.11	Regulation of audiologists and speech-language pathologists
AS 08.24	Regulation of collection agencies
AS 08.92	Regulation of concert promoters
AS 08.18	Regulation of construction contractors and home inspectors
As 08.38	Regulation of dietitians and nutritionists
AS 08.40	Regulation of electrical and mechanical administrators
AS 08.42	Regulation of morticians
AS 08.45	Regulation of the practice of naturopathy
AS 08.70	Regulation of nursing home administrators
AS 08.71	Regulation of dispensing opticians
AS 08.02.011	Regulation of professional geologists
AS 08.02.050	Regulation of euthanasia for domestic animals
AS 08.55	Regulation of hearing aid dealers
AS 08.26	Regulation of professional guardians and professional conservators
AS 43.70	Regulation of business licenses

AS 46.03.375	Certification of Storage Tank Workers
AS 14.43.148	Student Loan Default Program
AS 25.27.244	Child Support Enforcement Program
AS 06.55	Alaska Uniform Money Services Act
AS 06.60	Alaska Mortgage Lending Regulation Act
AS 44.62	Administrative Procedure Act
AS 44.33.020	Department of Community & Economic Development
AS 10	Corporations and Associations

Federal Laws:

42 CFR 431, 433 and 483	Nurse Aide Registry
42 CFR 442 and 45	Nursing Home Administrators
12 U.S.C. 3338	Real Estate Appraiser
03 AAC 13	Money Services
03 AAC 14	Mortgage Lending
03.AAC 16	Corporations, Partnerships, and Other Business Organizations
12 AAC 02 –	
12 AAC 75	Professional and Vocational Regulations
12 AAC 12	Business Licensing Regulations
18 AAC 78	Underground Storage Tank Workers

Contact Information

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Corporations, Business and Professional Licensing Component Financial Summary

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,652.7	4,073.3	5,710.8
72000 Travel	379.1	334.4	344.4
73000 Services	3,466.8	4,246.7	4,647.0
74000 Commodities	154.0	80.7	105.7
75000 Capital Outlay	52.6	137.4	137.4
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	7,705.2	8,872.5	10,945.3
Funding Sources:			
1002 Federal Receipts	0.0	400.0	400.0
1007 Inter-Agency Receipts	46.1	317.5	692.0
1040 Real Estate Surety Fund	131.3	278.1	280.0
1061 Capital Improvement Project Receipts	12.8	0.0	0.0
1156 Receipt Supported Services	5,994.3	6,343.9	8,024.8
1175 Business License and Corporation Filing Fees and Taxes	1,520.7	1,533.0	1,548.5
Funding Totals	7,705.2	8,872.5	10,945.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Receipt Supported Services	51073	4,245.7	4,000.0	4,100.0
Business License Receipts	51173	1,904.5	1,000.0	1,000.0
Unrestricted Fund	68515	1,883.7	1,800.0	1,872.0
Unrestricted Total		8,033.9	6,800.0	6,972.0
Restricted Revenues				
Federal Receipts	51010	0.0	400.0	400.0
Interagency Receipts	51015	46.1	317.5	692.0
Receipt Supported Services	51073	5,994.3	6,343.9	8,024.8
Business License Receipts	51173	1,520.7	1,533.0	1,548.5
Capital Improvement Project Receipts	51200	12.8	0.0	0.0
Real Estate Surety Fund	51360	131.3	278.1	280.0
Restricted Total		7,705.2	8,872.5	10,945.3
Total Estimated Revenues		15,739.1	15,672.5	17,917.3

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	400.0	8,472.5	8,872.5
Adjustments which will continue current level of service:				
-Consolidate Office of Consumer Affairs and Corporations, Business and Professional Licensing Components	0.0	0.0	1,947.5	1,947.5
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	98.9	98.9
Proposed budget increases:				
-Core Service Increases	0.0	0.0	26.4	26.4
FY2010 Governor	0.0	400.0	10,545.3	10,945.3

**Corporations, Business and Professional Licensing
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2009 Management Plan	FY2010 Governor		
Full-time	64	82	Annual Salaries	3,790,004
Part-time	0	0	COLA	151,198
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	2,184,648
			<i>Less 6.78% Vacancy Factor</i>	(415,050)
			Lump Sum Premium Pay	0
Totals	64	82	Total Personal Services	5,710,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk	0	0	2	0	2
Administrative Assistant II	1	0	0	0	1
Administrative Clerk II	2	0	5	0	7
Administrative Clerk III	5	0	7	0	12
Administrative Officer II	0	0	1	0	1
Business Reg Examiner	0	0	2	0	2
Chief Occupational Licensing	0	0	1	0	1
Division Director	0	0	1	0	1
Exec Admin Board of Nursing	1	0	0	0	1
Exec Admin State Medical Board	1	0	0	0	1
Exec Administrator Rec	1	0	0	0	1
Executive Administrator Aels	0	0	1	0	1
Investigator I	1	0	0	0	1
Investigator II	2	0	1	0	3
Investigator III	12	0	0	0	12
Investigator IV	1	0	0	0	1
Law Office Assistant I	1	0	0	0	1
Marine Pilot Coord	0	0	1	0	1
Occup Licensing Examiner	4	0	19	0	23
Paralegal II	0	0	1	0	1
Project Asst	1	0	0	0	1
Publications Tech I	0	0	1	0	1
Records & Licensing Spvr	1	0	3	0	4
Regulations Spec II	0	0	1	0	1
Secretary	0	0	1	0	1
Totals	34	0	48	0	82