

# **State of Alaska FY2008 Governor's Operating Budget**

**Dept of Commerce,Community,& Economic Development  
Corporations, Business and Professional Licensing  
RDU/Component Budget Summary**

**RDU/Component: Corporations, Business and Professional Licensing***(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

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

**Core Services**

- Administer 20 licensing programs through support to Boards or 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 to businesses for sale of tobacco related products.
- Register Corporations engaged in commerce in Alaska.

End Results	Strategies to Achieve Results
<b>A: Protect the public from unethical and incompetent providers of services.</b>  <u>Target #1:</u> Investigate all customer complaints that have a potential for licensing violations. <u>Measure #1:</u> Number of cases opened during the fiscal year.  <u>Target #2:</u> By the end of FY 08, 100% of programs will provide more descriptive disciplinary information available to the public immediately upon inquiry. <u>Measure #2:</u> Number of programs with access to disciplinary information online.	<b>A1: Establish procedures to help qualified individuals meet licensing requirements.</b>  <u>Target #1:</u> Review regulations to stay current with industry needs and standards. <u>Measure #1:</u> Number of regulation projects initiated.  <b>A2: Responsiveness to consumer complaints.</b>  <u>Target #1:</u> Increase number of investigations closed over prior year. <u>Measure #1:</u> Number of investigations that are settled (either through closure or enter litigation.)
End Results	Strategies to Achieve Results
<b>B: Ensure professional and commercial services are available to the public.</b>  <u>Target #1:</u> Ensure availability of practitioners and businesses qualified to provide services. <u>Measure #1:</u> Number of current licensees each year.	<b>B1: Online accessibility of information.</b>  <u>Target #1:</u> Provide online services for licensee convenience. <u>Measure #1:</u> Number of programs that provide online capabilities.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>• Perform the following functions for over 130 occupations within the 38 programs: Distribute application forms for initial licensure and renewal by mail and Internet</li> <li>• Respond to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws</li> <li>• Review applications to determine if qualifications have</li> </ul>	<ul style="list-style-type: none"> <li>• Represent the state in appeals of license denials, lawsuits and appeals of disciplinary actions</li> <li>• Provide public lists of licensees on CD-ROM, paper, and through Internet search of the computer databases.</li> <li>• Distribute application forms for initial licensure and renewal by mail and Internet</li> <li>• Review applications for completeness and legal</li> </ul>

### Major Activities to Advance Strategies

<ul style="list-style-type: none"> <li>• been met</li> <li>• Determine whether applicants are in arrears on child support or student loan repayment</li> <li>• Verify Alaska licenses for the licensing agencies of other states</li> <li>• Write and/or administer professional examinations</li> <li>• Investigate complaints of incompetent or illegal activity by professionals</li> <li>• Prepare formal accusations against licensees when investigations reveal evidence of violations of licensing laws</li> <li>• Present the legal case against licensees charged with violations</li> <li>• Negotiate settlements with licensees whom the division believes violated the law</li> <li>• Report disciplinary actions taken against Alaska licensees to national databanks</li> <li>• Organize and staff licensing board/commission meetings</li> <li>• Assist licensing boards in writing regulations</li> </ul>	<ul style="list-style-type: none"> <li>• sufficiency</li> <li>• Classify businesses according to their activities</li> <li>• Issue licenses at service counters in Juneau and Anchorage</li> <li>• Issue and renews licenses via the Internet</li> <li>• Research the licensing history of Alaska businesses</li> <li>• Bring unlicensed businesses into voluntary compliance with the law</li> <li>• Suspend tobacco sales endorsements of businesses convicted of selling tobacco to minors</li> <li>• Assist tobacco enforcement officers by recording tobacco endorsement actions in the database and making the data available via the internet</li> <li>• Provide public lists of licensed businesses on CD-ROM and through Internet search of the computer database.</li> <li>• Provide registration of Corporate entities via the web.</li> </ul>
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### FY2008 Resources Allocated to Achieve Results

**FY2008 Component Budget: \$10,489,200**

**Personnel:**

Full time	82
Part time	0
<b>Total</b>	<b>82</b>

### Performance Measure Detail

#### A: Result - Protect the public from unethical and incompetent providers of services.

**Target #1:** Investigate all customer complaints that have a potential for licensing violations.

**Measure #1:** Number of cases opened during the fiscal year.

#### Cases Opened During the Fiscal Year

Fiscal Year	YTD
FY 2000	499
FY 2001	626
FY 2002	626
FY 2003	614
FY 2004	557
FY 2005	652
FY 2006	786

**Analysis of results and challenges:** The increased number of consumer complaints over recent years are reflective of providing greater accessibility to the public and with ease, such as the ability to file a complaint online. It represents public awareness of where to address their concerns; streamlining of internal procedures to address complaints more expediently; the ability to assist the investigative process through the use of

panel/peer review committees; and working with Boards to take a more aggressive role in addressing consumer complaints. The number of Open Cases are only those complaints that were investigated. It does not represent all complaints received from consumers. Some complaints are closed simply by referring them to appropriate agencies or individuals; closed for the lack of statutory or regulatory authority; or closed because the potential of a violation simply does not measure up to the more serious complaints and allegations. The Division's desire is to address all consumer complaints expediently. Manpower, old technology, and some statutory or regulatory limitations have contributed to the challenges of addressing all complaints. The significant number of open cases are reflective of current efforts and management efficiencies to prioritize complaints by health and safety issues, age, etc.

**Target #2:** By the end of FY 08, 100% of programs will provide more descriptive disciplinary information available to the public immediately upon inquiry.

**Measure #2:** Number of programs with access to disciplinary information online.

**Number of programs with disciplinary information accessible online.**

Fiscal Year	YTD	Percentage
FY 2004	1	2.7%
FY 2005	1	2.7%
FY 2006	1	2.7%

**Analysis of results and challenges:** Licensing programs online currently indicate if disciplinary action was taken against a licensee, however, no details of the action are provided with the exception of one program area. As more information becomes easily accessible via the Internet, public demand for details have become greater. The practice of simply identifying whether a license is on probation, suspended, limited, or revoked is no longer acceptable. The public is demanding more details, or to answer the question "Why?" This information becomes necessary to make an informed decision on the choice of safe, competent providers of services.

Disciplinary information for 22 programs are currently reported to national disciplinary databanks however, at present there is no public accessibility to those databases except for the one licensing program (medical).

The goal is to expand information availability through the licensing databases for all programs. This task is a slow process because it entails programming revisions to the current licensing databases, and the availability of in-house programming resources that compete with other automation needs. Options to purchase new disciplinary reporting software are being explored. A decision will then be made whether in-house programming resources will be used to expand upon disciplinary reporting, or whether reporting software should be purchased.

**A1: Strategy - Establish procedures to help qualified individuals meet licensing requirements.**

**Target #1:** Review regulations to stay current with industry needs and standards.

**Measure #1:** Number of regulation projects initiated.

**Regulation Projects**

Fiscal Year	YTD Total
FY 2005	20
FY 2006	36

**Analysis of results and challenges:** The division and licensing boards have a responsibility to ensure services are provided by competent, qualified licensees and to ensure regulations are in place to direct safe and competent practices by licensees. As new licensing programs are created; as changes (education, national trends, scope of practice, etc.) develop in an industry; and as safety issues arise, regulation projects are developed to address the need and provide guidance to licensees and the industry. The increase in regulation projects represent the myriad of issues concerning changes in the industries, and ensures that safety issues are being addressed.

**A2: Strategy - Responsiveness to consumer complaints.**

**Target #1:** Increase number of investigations closed over prior year.

**Measure #1:** Number of investigations that are settled (either through closure or enter litigation.)

**Closed Investigations During the Fiscal Year**

Fiscal Year	YTD Total
FY 2000	499
FY 2001	409
FY 2002	550
FY 2003	688
FY 2004	584
FY 2005	707
FY 2006	823

**Analysis of results and challenges:** The Investigations caseload varies from year to year depending on the number of consumer complaints received that involve possible licensing statute and regulation violations. The number of cases that are settled through closure or through litigation are reflective of investigation resources, complexity of cases, and streamlining of investigation procedures. The numbers indicate the State is being responsive to the general public by responding to consumer complaints and ensuring concerns are being addressed by the division and/or the regulatory boards.

**B: Result - Ensure professional and commercial services are available to the public.**

**Target #1:** Ensure availability of practitioners and businesses qualified to provide services.

**Measure #1:** Number of current licensees each year.

**Current Licensees by Fiscal year**

Fiscal Year	YTD Total
FY 2000	112,053
FY 2001	114,169
FY 2002	114,755
FY 2003	118,595
FY 2004	115,698
FY 2005	116,009
FY 2006	116,933

**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. 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, more services are available to Alaskan consumers.

**B1: Strategy - Online accessibility of information.**

**Target #1:** Provide online services for licensee convenience.

**Measure #1:** Number of programs that provide online capabilities.

**Programs with Online Capabilities**

Fiscal Year	YTD Total
FY 2000	0
FY 2001	1
FY 2002	3
FY 2003	4
FY 2004	4
FY 2005	6
FY 2006	6

**Analysis of results and challenges:** FY 2001: Business Licensing provided new licenses and renewals online.

FY 2002: Architects, Engineers and Land Surveyors; and Real Estate license renewals were added.

FY 2003: Nursing (RN) license renewals were added.

FY 2004: No new programs added.

FY 2005: Nursing (LPN) and Medical were added. (Note: Nursing is one program although categories were added during different fiscal years.)

**Key Component Challenges**

The Division of Corporations, Business and Professional Licensing faces several challenges relating to automation modifications, legislation changes, and revisions to the division's cost-accounting system.

The challenge with automation modifications will be implementing a rewrite of all licensing program databases from Oracle to a new .Net language. This is the result of a departmental IT change that will eventually allow the division to digitize licensing records with the intent to make documents easily accessible and reduce the need for paper file storage. Supposedly, this change will also improve the efficiency in allowing more programs the ability to renew licenses via the web. Web access to disciplinary actions is also another element of the automation changes the division hopes to provide.

A comprehensive rewrite of the Public Accountancy licensing statutes, Chapter 16 SLA 06, contains provisions that will become effective on January 1, 2008. Regulations will be initiated in preparation to implement the new requirements by that date. Additionally, the division will attempt to strengthen continuing education and reporting statutes by seeking revisions to the Centralized Licensing Act, AS 08.01; and obtain statutory authority to include fines as part of the self-sufficiency process under AS 08.01.065.

In accordance with the self-sufficiency statutes of AS 08.01.065(c), the Division has maintained a cost-accounting system that includes positive timekeeping to track regulatory costs of a licensing program. The licensing fees are adjusted each biennium and set in regulations to cover those costs. Tracking costs under the current system has worked well to capture information over the past 10 years, however, tracking costs is also a tedious and time-consuming process. Based on advice from cost-accounting experts, historical data can be used to take a different approach with less intensity, toward analyzing costs and establishing fees.

**Significant Changes in Results to be Delivered in FY2008**

A significant change to occur in FY2008 is statute and regulation amendments that reflect a change to the Division's name from the Division of Occupational Licensing to the Division of Corporations, Business and Professional Licensing. Other changes include:

- Licensing of dispensing opticians without a Board (the Board terminated 6/30/06);
- Licensing of big game guide outfitters and transporters through the reestablished Board, and by creating and administering a new guide licensing examination;

- Creation of a new database to capture information from guide hunt records and transporter activity reports. The goal is to eventually scan the applicable reports and make the database accessible to other enforcement agencies;
- Implementation of new continuing education requirements for Land Surveyors, Architects, and Engineers;
- Increased enforcement through cooperative efforts with the US Coast Guard and the Alaska State Troopers on Marine Pilot - Foreign Pleasure Craft Exemption requirements; and
- Increased enforcement and fines assessed by Department of Labor on unlicensed construction contractors, electrical administrators, and mechanical administrators.

## Major Component Accomplishments in 2006

- Physical relocation of the Corporations program staff into the Division of Corporations, Business and Professional Licensing offices;
- Enhancements to Corporations filing abilities online.

## 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 Work 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 08.02.025	Student Loan Default Program
AS 25.27.244	Child Support Enforcement Program

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            Nurse Aide Registry  
    and 483  
42 CFR 442 and 45        Nursing Home Administrators  
12 U.S.C. 3338            Real Estate Appraiser

State Regulations:

03 AAC 16                Corporations, Partnerships, and Other Business Organizations  
12 AAC 02 - 12 AAC 75 Administrative Regulations  
12 AAC 12                Business Licensing Regulations  
18 AAC 78                Underground Storage Tank Workers

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### Corporations, Business and Professional Licensing Component Financial Summary

*All dollars shown in thousands*

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	4,613.4	5,348.3	6,078.8
72000 Travel	310.3	334.4	334.4
73000 Services	3,179.6	3,844.9	3,837.9
74000 Commodities	228.7	100.7	100.7
75000 Capital Outlay	17.2	137.4	137.4
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>8,349.2</b>	<b>9,765.7</b>	<b>10,489.2</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	109.9	311.5	342.4
1040 Real Estate Surety Fund	86.7	271.3	284.7
1156 Receipt Supported Services	6,669.7	7,577.8	8,306.1
1175 Business License and Corporation Filing Fees and Taxes	1,482.9	1,605.1	1,556.0
<b>Funding Totals</b>	<b>8,349.2</b>	<b>9,765.7</b>	<b>10,489.2</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Unrestricted Revenues</b>				
General Fund Program Receipts	51060	131.0	130.0	130.0
Receipt Supported Services	51073	7,672.2	8,360.0	7,625.0
Business License Receipts	51173	319.2	200.0	250.0
Unrestricted Fund	68515	1,414.5	1,422.0	1,422.0
<b>Unrestricted Total</b>		<b>9,536.9</b>	<b>10,112.0</b>	<b>9,427.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	109.9	311.5	342.4
Receipt Supported Services	51073	6,669.7	7,577.8	8,306.1
Business License Receipts	51173	1,482.9	1,605.1	1,556.0
Real Estate Surety Fund	51360	86.7	271.3	284.7
<b>Restricted Total</b>		<b>8,349.2</b>	<b>9,765.7</b>	<b>10,489.2</b>
<b>Total Estimated Revenues</b>		<b>17,886.1</b>	<b>19,877.7</b>	<b>19,916.2</b>

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2007 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>9,765.7</b>	<b>9,765.7</b>
<b>Adjustments which will continue current level of service:</b>				
-Delete Maintenance for Corporations' Automated Office Solutions System	0.0	0.0	-100.0	-100.0
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	1.1	1.1
<b>Proposed budget increases:</b>				
-FY 08 Internal Dept Cost Increase due to Retirement Systems Rate Increases	0.0	0.0	93.0	93.0
-FY 08 Retirement Systems Rate Increases	0.0	0.0	729.4	729.4
<b>FY2008 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>10,489.2</b>	<b>10,489.2</b>

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

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	82	82	Annual Salaries	3,520,984
Part-time	0	0	Premium Pay	1,337
Nonpermanent	0	0	Annual Benefits	2,805,869
			Less 3.94% Vacancy Factor	(249,390)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>82</b>	<b>82</b>	<b>Total Personal Services</b>	<b>6,078,800</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk I	0	0	1	0	1
Accounting Clerk II	0	0	1	0	1
Accounting Tech II	0	0	1	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	4	0	6	0	10
Administrative Clerk III	4	0	8	0	12
Administrative Manager II	0	0	1	0	1
Administrative Supervisor	0	0	1	0	1
Business Reg Examiner	0	0	3	0	3
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
Health Program Associate	1	0	0	0	1
Investigator I	1	0	0	0	1
Investigator II	1	0	0	0	1
Investigator III	11	0	0	0	11
Investigator IV	1	0	0	0	1
Marine Pilot Coord	0	0	1	0	1
Nurse Consultant I	1	0	0	0	1
Occup Licensing Examiner	3	0	16	0	19
Paralegal II	0	0	1	0	1
Project Asst	1	0	0	0	1
Publications Spec II	1	0	0	0	1
Records & Licensing Spvr	1	0	3	0	4
Regulations Spec II	0	0	1	0	1
Secretary	0	0	1	0	1
<b>Totals</b>	<b>34</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>82</b>