



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER
Juneau Office

P.O. Box 110800
Juneau, Alaska 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

February 2, 2024

The Honorable Jesse Bjorkman
Chair, Senate Labor & Commerce Committee
Alaska State Capitol, Room 9
Juneau, Alaska 99801

RE: Follow-up related to EO 127, EO 129, and EO 130

Dear Chair Bjorkman:

During the hearing on Executive Order 127 regarding the Board of Massage Therapists, Executive Order 129 regarding the Board of Barbers and Hairdressers, and Executive Order 130 regarding the Board of Certified Direct-Entry Midwives in the Senate Labor and Commerce Committee on January 31, 2024, I agreed to follow-up with some information. The question from the committee member and our follow-up response is below.

Senator Gray-Jackson asked about the historical cost of these boards.

The professional licensing unit within the Division of Corporations, Business and Professional Licensing ("division") is a single appropriation and allocation in the budget, so the Legislature does not create a budget for each program or board. Because AS 08.01.065 requires the division to set fees to cover the approximate cost of administering each program -- including the cost of a board for those programs with boards -- we use cost accounting to ensure each employee's time is charged to the correct program. We do not track time by task, such as board work, so we do not have the data that would allow us to answer Senator Gray-Jackson's question with the specificity we would like.

The boards have few direct costs: travel to meetings and conferences, the software used to manage online document flow, occasionally room rental costs if a meeting is held in a location where we cannot secure a free location to meet, the cost to publicly notice the meetings, and lunch stipends for board members meeting in-person in their home community. Attached you will find the financial statements from the second quarter in FY2024 and fourth quarter FY2017, both of which also show the costs for the preceding six years. These reports are provided to all boards each quarter, and the most recent reports are made available on the division's website. However, the reports reflect the *program* costs not the *board* costs. Program costs are inclusive of all expenses incurred to operate the program, including the cost of the board.

Because of the way we do our accounting, we are not able to offer hard data on the amount of work staff do for board meetings and working with board members. However, we feel confident that the changes in work tasks related to the elimination of the boards will be approximately equal as boards create many

hours of additional work for staff each month. While these additional hours of board-related work are worth the staff time away from licensing for many of our programs, we also have many programs where that time would not be effective and is better spent focused on licensing or investigations. This is true for the 24 professional licensing programs regulated by the department now, and the three programs addressed in these EOs.

Upon further analysis, the division projects the potential need to hire an additional investigator to complete the work of reviewing massage therapy investigation cases to determine if there has been a violation of statute or regulation. This work is currently completed by the licensed massage therapists on the volunteer board. Due to the nature of the work and the potential impact on applicants' and licensees' ability to pursue their chosen profession, this work must be performed by staff with an advanced level of responsibility. The Statements of Cost for each of the three EOs have been transmitted to the committee.

Please let us know if the committee would like any additional information regarding this question or further follow-up on matters related to professional licensing.

Sincerely,

A handwritten signature in blue ink that reads "Sara Chambers". The signature is fluid and cursive, with the first name "Sara" being more prominent than the last name "Chambers".

Sara Chambers
Boards and Regulations Advisor, DCCED

Attachments: FY17 4th Qtr All Boards 1.01.17.pdf
CBPLScheduledRevenues_2024_Q2.pdf

cc: Lizzie Kubitz, Legislative Liaison, DCCED
Laura Stidolph, Director, Governor's Legislative Office

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

Board of Barbers and Hairdressers
Schedule of Revenues and Expenditures

	FY 12		FY 13		FY 14		FY 15		FY16		FY17	
Licensing Revenue	\$	960,165	\$	215,696	\$	903,618	\$	225,990	\$	1,058,351	\$	302,163
Allowable Third Party Reimbursement		-		-		-		-		-		-
Total Revenue		960,165		215,696		903,618		225,990		1,058,351		302,163
Direct Expenditures												
Personal Services		160,497		144,209		219,116		151,444		283,369		268,727
Travel		9,216		5,170		6,649		14,560		9,766		7,021
Contractual		33,414		26,807		52,875		53,764		63,413		57,144
Supplies		5,672		308		104		355		584		225
Equipment		-		-		-		-		-		-
Total Direct Expenditures		208,799		176,494		278,744		220,123		357,132		333,117
Indirect Expenditures*		423,581		428,613		317,040		184,661		325,574		308,740
Total Expenses		632,380		605,107		595,784		404,784		682,706		641,857
Annual Surplus (Deficit)		327,785		(389,411)		307,834		(178,794)		375,645		(339,694)
Beginning Cumulative Surplus (Deficit)		99,329		427,114		37,703		345,537		166,743		542,388
Ending Cumulative Surplus (Deficit)	\$	427,114	\$	37,703	\$	345,537	\$	166,743	\$	542,388	\$	202,694

* For the first three quarters, indirect costs are based on the prior fiscal year's total indirect amount. The 4th quarter board reports reflect the current year's actual indirect expenses allocated to the boards.

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

Board of Massage Therapists
Schedule of Revenues and Expenditures

	FY 12		FY 13		FY 14		FY 15		FY16		FY17	
Licensing Revenue	\$	-	\$	-	\$	-	\$	660	\$	586,230	\$	228,015
Allowable Third Party Reimbursement		-		-		-		-		-		-
Total Revenue		-		-		-		660		586,230		228,015
Direct Expenditures												
Personal Services		-		-		-		34,676		116,046		76,106
Travel		-		-		-		6,585		17,726		10,216
Contractual		-		-		-		12,627		52,528		67,008
Supplies		-		-		-		274		13		155
Equipment		-		-		-		-		-		-
Total Direct Expenditures		-		-		-		54,162		186,313		153,485
Indirect Expenditures*		-		-		-		16,424		68,579		70,815
Total Expenses		-		-		-		70,586		254,892		224,300
Annual Surplus (Deficit)		-		-		-		(69,926)		331,338		3,715
Beginning Cumulative Surplus (Deficit)		-		-		-		-		(69,926)		261,412
Ending Cumulative Surplus (Deficit)	\$	-	\$	-	\$	-	\$	(69,926)	\$	261,412	\$	265,127

* For the first three quarters, indirect costs are based on the prior fiscal year's total indirect amount. The 4th quarter board reports reflect the current year's actual indirect expenses allocated to the boards.

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

Board of Certified Direct Entry Midwives
Schedule of Revenues and Expenditures

	FY 12		FY 13		FY 14		FY 15		FY16		FY17	
Licensing Revenue	\$	5,290	\$	51,545	\$	3,990	\$	67,010	\$	27,355	\$	123,575
Allowable Third Party Reimbursement		-		-		-		-		-		-
Total Revenue		5,290		51,545		3,990		67,010		27,355		123,575
Direct Expenditures												
Personal Services		34,945		53,564		37,272		51,565		43,901		18,888
Travel		8,520		4,793		5,348		4,280		4,341		2,523
Contractual		5,544		6,580		2,465		11,097		31,411		3,441
Supplies		-		24		12		90		25		111
Equipment		-		-		-		-		-		-
Total Direct Expenditures		49,009		64,961		45,097		67,032		79,678		24,963
Indirect Expenditures*		3,459		3,946		10,698		23,547		14,408		9,531
Total Expenses		52,468		68,907		55,795		90,579		94,086		34,494
Annual Surplus (Deficit)		(47,178)		(17,362)		(51,805)		(23,569)		(66,731)		89,081
Beginning Cumulative Surplus (Deficit)		(18,160)		(65,338)		(82,700)		(134,505)		(158,074)		(224,805)
Ending Cumulative Surplus (Deficit)	\$	(65,338)	\$	(82,700)	\$	(134,505)	\$	(158,074)	\$	(224,805)	\$	(135,724)

* For the first three quarters, indirect costs are based on the prior fiscal year's total indirect amount. The 4th quarter board reports reflect the current year's actual indirect expenses allocated to the boards.

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

Summary of All Professional Licensing
Schedule of Revenues and Expenditures

Board of Barbers and Hairdressers	FY 18		FY 19	Biennium	FY 20		FY 21	Biennium	FY 22		FY 23	Biennium	FY 24 1st & 2nd QTR							
Revenue																				
Revenue from License Fees	\$	1,210,958	\$	439,932	\$	1,650,890	\$	1,034,860	\$	389,183	\$	1,424,043	\$	961,795						
General Fund Received														\$	-					
Allowable Third Party Reimbursements		-		-		-		-		-		-		\$	-					
TOTAL REVENUE	\$	1,210,958	\$	439,932	\$	1,650,890	\$	1,034,860	\$	389,183	\$	1,424,043	\$	1,057,209	\$	355,831	\$	1,413,040	\$	961,795
Expenditures																				
Non Investigation Expenditures																				
1000 - Personal Services		190,824		195,815		386,639		187,928		154,229		342,157		177,685		201,311		378,996		118,506
2000 - Travel		10,451		6,127		16,578		2,521		-		2,521		2,862		-		2,862		917
3000 - Services		59,241		58,111		117,352		44,123		39,463		83,586		29,742		27,235		56,977		12,974
4000 - Commodities		300		193		493		-		-		-		-		-		-		-
5000 - Capital Outlay		-		-		-		-		-		-		-		-		-		-
Total Non-Investigation Expenditures		260,816		260,246		521,062		234,572		193,692		428,264		210,289		228,546		438,835		132,397
Investigation Expenditures																				
1000-Personal Services		108,332		126,521		234,853		163,905		87,573		251,478		97,978		157,238		255,216		13,474
2000 - Travel		-		-		-		723		-		723		-		-		-		-
3023 - Expert Witness		-		-		-		-		-		-		-		-		-		-
3088 - Inter-Agency Legal		1,425		1,489		2,914		558		288		846		8,185		767		8,952		256
3094 - Inter-Agency Hearing/Mediation		-		868		868		-		-		-		3,624		-		3,624		-
3000 - Services other				481		481		757		81		838		241		643		884		11
4000 - Commodities				-		-		-		-		-		-		-		-		-
Total Investigation Expenditures		109,757		129,359		239,116		165,943		87,942		253,885		110,028		158,648		268,676		13,740
Total Direct Expenditures		370,573		389,605		760,178		400,515		281,634		682,149		320,317		387,194		707,511		146,137
Indirect Expenditures																				
Internal Administrative Costs		205,071		177,867		382,938		217,172		164,610		381,782		196,546		192,783		389,329		96,392
Departmental Costs		104,226		96,684		200,910		76,526		60,003		136,529		71,313		70,880		142,193		35,440
Statewide Costs		33,433		34,066		67,499		46,351		33,188		79,539		34,649		38,993		73,642		19,497
Total Indirect Expenditures		342,730		308,617		651,347		340,049		257,801		597,850		302,508		302,656		605,164		151,329
TOTAL EXPENDITURES	\$	713,303	\$	698,222	\$	1,411,525	\$	740,564	\$	539,435	\$	1,279,999	\$	622,825	\$	689,850	\$	1,312,675	\$	297,466
Cumulative Surplus (Deficit)																				
Beginning Cumulative Surplus (Deficit)	\$	202,694	\$	700,349			\$	442,059	\$	736,355			\$	586,103	\$	1,020,487			\$	686,467
Annual Increase/(Decrease)		497,655		(258,290)				294,296		(150,252)				434,384		(334,020)				664,329
Ending Cumulative Surplus (Deficit)	\$	700,349		442,059			\$	736,355	\$	586,103			\$	1,020,487	\$	686,467			\$	1,350,796
Statistical Information																				
Number of Licenses for Indirect calculation		8,514		6,784				7,460		6,956				7,507		7,086				
Additional information:																				
• General fund dollars were received in FY21-FY23 to offset increases in personal services and help prevent programs from going into deficit or increase fees.																				
• Most recent fee change: New fee added FY19																				
• Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and program changes per AS 08.01.065.																				

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

Summary of All Professional Licensing
Schedule of Revenues and Expenditures

Board of Massage Therapists	FY 18		FY 19	Biennium	FY 20		FY 21	Biennium	FY 22		FY 23	Biennium	FY 24 1st & 2nd QTR							
Revenue																				
Revenue from License Fees	\$	346,505	\$	89,770	\$	436,275	\$	350,267	\$	79,165	\$	429,432	\$	310,625						
General Fund Received														\$	-					
Allowable Third Party Reimbursements		1,161		1,791		2,952		860		-		860		-	\$	-				
TOTAL REVENUE	\$	347,666	\$	91,561	\$	439,227	\$	351,127	\$	112,819	\$	463,946	\$	631,489	\$	109,061	\$	740,550	\$	310,625
Expenditures																				
Non Investigation Expenditures																				
1000 - Personal Services		57,585		84,174		141,759		97,519		97,825		195,344		122,441		101,801		224,242		56,894
2000 - Travel		9,646		10,277		19,923		5,437		839		6,276		4,610		2,869		7,479		1,990
3000 - Services		96,155		60,787		156,942		14,143		15,801		29,944		51,629		11,244		62,873		4,653
4000 - Commodities		70		25		95		-		-		-		-		-		-		-
5000 - Capital Outlay		-		-		-		-		-		-		-		-		-		-
Total Non-Investigation Expenditures		163,456		155,263		318,719		117,099		114,465		231,564		178,680		115,914		294,594		63,537
Investigation Expenditures																				
1000-Personal Services		93,529		63,771		157,300		66,128		77,018		143,146		78,280		59,887		138,167		10,585
2000 - Travel		-		-		-		(707)		-		(707)		-		328		328		-
3023 - Expert Witness		-		-		-		-		150		150		-		-		-		-
3088 - Inter-Agency Legal		1,679		845		2,524		-		5,082		5,082		4,084		17,698		21,782		2,643
3094 - Inter-Agency Hearing/Mediation		16,632		2,013		18,645		-		760		760		391		4,081		4,472		3,904
3000 - Services other				555		555		237		81		318		104		295		399		6
4000 - Commodities				-		-		-		-		-		-		-		-		-
Total Investigation Expenditures		111,840		67,184		179,024		65,658		83,091		148,749		82,859		82,290		165,148		17,138
Total Direct Expenditures		275,296		222,447		497,743		182,757		197,556		380,313		261,539		198,204		459,742		80,675
Indirect Expenditures																				
Internal Administrative Costs		53,488		43,601		97,089		48,628		39,186		87,814		48,467		44,429		92,896		22,215
Departmental Costs		35,578		32,777		68,355		26,239		24,894		51,133		31,010		22,692		53,702		11,346
Statewide Costs		16,888		15,627		32,515		21,559		23,997		45,556		25,229		17,584		42,813		8,792
Total Indirect Expenditures		105,954		92,005		197,959		96,426		88,077		184,503		104,706		84,705		189,411		42,353
TOTAL EXPENDITURES	\$	381,250	\$	314,452	\$	695,702	\$	279,183	\$	285,633	\$	564,816	\$	366,245	\$	282,909	\$	649,153	\$	123,028
Cumulative Surplus (Deficit)																				
Beginning Cumulative Surplus (Deficit)	\$	265,127	\$	231,543			\$	8,652	\$	80,596			\$	(92,218)	\$	173,026			\$	(822)
Annual Increase/(Decrease)		(33,584)		(222,891)				71,944		(172,814)				265,244		(173,848)				187,597
Ending Cumulative Surplus (Deficit)	\$	231,543		8,652			\$	80,596	\$	(92,218)			\$	173,026	\$	(822)			\$	186,775
Statistical Information																				
Number of Licenses for Indirect calculation		1,498		1,277				1,382		1,246				1,402		1,232				
Additional information: • General fund dollars were received in FY21-FY23 to offset increases in personal services and help prevent programs from going into deficit or increase fees. • Most recent fee change: New fee added FY21 • Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and program changes per AS 08.01.065.																				

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

Summary of All Professional Licensing
Schedule of Revenues and Expenditures

Board of Certified Direct Entry Midwives	FY 18		FY 19	Biennium	FY 20		FY 21	Biennium	FY 22		FY 23	Biennium	FY 24 1st & 2nd QTR				
Revenue																	
Revenue from License Fees	\$	24,565	\$	135,595	\$	15,280	\$	142,945	\$	17,065	\$	82,680	\$	99,745	\$	11,475	
General Fund Received																	
Allowable Third Party Reimbursements		-		-													
TOTAL REVENUE	\$	24,565	\$	135,595	\$	15,280	\$	142,945	\$	18,230	\$	83,000	\$	101,230	\$	11,475	
Expenditures																	
Non Investigation Expenditures																	
1000 - Personal Services		12,504		8,921		15,274		10,107		13,702		13,882		27,584		1,709	
2000 - Travel		-		-		-		-		-		5,490		5,490		-	
3000 - Services		2,359		2,614		1,251		9,456		2,600		7,683		10,283		10,255	
4000 - Commodities		52		13		-		-		-		-		-		-	
5000 - Capital Outlay		-		-		-		-		-		-		-		-	
Total Non-Investigation Expenditures		14,915		11,548		16,525		19,563		16,302		27,055		43,357		11,964	
Investigation Expenditures																	
1000-Personal Services		1,522		2,041		3,142		2,397		1,215		5,476		6,691		891	
2000 - Travel		-		-		-		-		-		-		-		-	
3023 - Expert Witness		-		-		2,250		-		-		-		-		-	
3088 - Inter-Agency Legal		878		2,419		10,623		727		727		12,039		12,766		-	
3094 - Inter-Agency Hearing/Mediation		-		-		-		-		-		-		-		6,770	
3000 - Services other				94		9		-		-		59		59		-	
4000 - Commodities		-		-		-		-		-		-		-		-	
Total Investigation Expenditures		2,400		4,554		16,024		3,124		1,942		17,574		19,516		7,661	
Total Direct Expenditures		17,315		16,102		32,549		22,687		18,244		44,629		62,873		19,625	
Indirect Expenditures																	
Internal Administrative Costs		2,898		2,433		2,910		1,831		2,271		3,296		5,567		1,648	
Departmental Costs		2,598		2,473		2,668		2,008		2,594		2,623		5,217		1,312	
Statewide Costs		1,568		1,150		2,426		1,716		1,875		2,105		3,980		1,053	
Total Indirect Expenditures		7,064		6,056		8,004		5,555		6,740		8,024		14,764		4,013	
TOTAL EXPENDITURES	\$	24,379	\$	22,158	\$	40,553	\$	28,242	\$	24,984	\$	52,653	\$	77,637	\$	23,638	
Cumulative Surplus (Deficit)																	
Beginning Cumulative Surplus (Deficit)	\$	(135,724)	\$	(135,538)		\$	(22,101)	\$	(47,374)		\$	67,329	\$	60,575		\$	90,922
Annual Increase/(Decrease)		186		113,437			(25,273)		114,703			(6,754)		30,347			(12,163)
Ending Cumulative Surplus (Deficit)	\$	(135,538)		(22,101)		\$	(47,374)	\$	67,329		\$	60,575	\$	90,922		\$	78,759
Statistical Information																	
Number of Licenses for Indirect calculation		61		55		51		50		47		54					
Additional information: • General fund dollars were received in FY21-FY23 to offset increases in personal services and help prevent programs from going into deficit or increase fees. • Most recent fee change: Fee reduction FY23 • Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and program changes per AS 08.01.065.																	