



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

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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 EO's.

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 EO's 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,



Sara Chambers
Boards and Regulations Advisor, DCSED

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

cc: Lizzie Kubitz, Legislative Liaison, DCSED
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 20			FY 22			FY 24 1st & 2nd QTR
	FY 18	FY 19	Biennium	FY 20	FY 21	Biennium	FY 22	FY 23	Biennium	
Revenue										
Revenue from License Fees	\$ 1,210,958	\$ 439,932	\$ 1,650,890	\$ 1,034,860	\$ 389,183	\$ 1,424,043	\$ 1,035,686	\$ 349,898	\$ 1,385,584	\$ 961,795
General Fund Received	-	-	-	\$ -	\$ -	\$ -	\$ 21,523	\$ 5,933	\$ 27,456	\$ -
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	481	757	81	838	241	643	884	11
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:	<ul style="list-style-type: none"> 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 20					FY 22					FY 24	
	FY 18		FY 19		Biennium	FY 20		FY 21		Biennium	FY 22		FY 23		Biennium	1st & 2nd QTR	
Revenue																	
Revenue from License Fees	\$ 346,505	\$ 89,770	\$ 436,275			\$ 350,267	\$ 79,165	\$ 429,432		\$ 400,630	\$ 79,870	\$ 480,500		\$ 310,625			
General Fund Received								\$ 33,654		\$ 230,859	\$ 27,675	\$ 258,534		\$ -			
Allowable Third Party Reimbursements	1,161	1,791	2,952			\$ 860	\$ -	860		\$ -	\$ 1,516	1,516		\$ -			
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	555			237	81	318		104	295	399		6			
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:	<ul style="list-style-type: none"> 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 20			FY 22			FY 24		
	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	\$ 160,160	\$ 15,280	\$ 142,945	\$ 158,225	\$ 17,065	\$ 82,680	\$ 99,745	\$ 11,475		
General Fund Received	-	-	-	\$ -	\$ -	\$ -	\$ 1,165	\$ 320	\$ 1,485	\$ -		
Allowable Third Party Reimbursements	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
TOTAL REVENUE	\$ 24,565	\$ 135,595	\$ 160,160	\$ 15,280	\$ 142,945	\$ 158,225	\$ 18,230	\$ 83,000	\$ 101,230	\$ 11,475		
Expenditures												
Non Investigation Expenditures												
1000 - Personal Services	12,504	8,921	21,425	15,274	10,107	25,381	13,702	13,882	27,584	1,709		
2000 - Travel	-	-	-	-	-	-	-	5,490	5,490	-		
3000 - Services	2,359	2,614	4,973	1,251	9,456	10,707	2,600	7,683	10,283	10,255		
4000 - Commodities	52	13	65	-	-	-	-	-	-	-		
5000 - Capital Outlay	-	-	-	-	-	-	-	-	-	-		
Total Non-Investigation Expenditures	14,915	11,548	26,463	16,525	19,563	36,088	16,302	27,055	43,357	11,964		
Investigation Expenditures												
1000-Personal Services	1,522	2,041	3,563	3,142	2,397	5,539	1,215	5,476	6,691	891		
2000 - Travel	-	-	-	-	-	-	-	-	-	-		
3023 - Expert Witness	-	-	-	2,250	-	2,250	-	-	-	-		
3088 - Inter-Agency Legal	878	2,419	3,297	10,623	727	11,350	727	12,039	12,766	-		
3094 - Inter-Agency Hearing/Mediation	-	-	-	-	-	-	-	-	-	6,770		
3000 - Services other	-	94	94	9	-	9	-	59	59	-		
4000 - Commodities	-	-	-	-	-	-	-	-	-	-		
Total Investigation Expenditures	2,400	4,554	6,954	16,024	3,124	19,148	1,942	17,574	19,516	7,661		
Total Direct Expenditures	17,315	16,102	33,417	32,549	22,687	55,236	18,244	44,629	62,873	19,625		
Indirect Expenditures												
Internal Administrative Costs	2,898	2,433	5,331	2,910	1,831	4,741	2,271	3,296	5,567	1,648		
Departmental Costs	2,598	2,473	5,071	2,668	2,008	4,676	2,594	2,623	5,217	1,312		
Statewide Costs	1,568	1,150	2,718	2,426	1,716	4,142	1,875	2,105	3,980	1,053		
Total Indirect Expenditures	7,064	6,056	13,120	8,004	5,555	13,559	6,740	8,024	14,764	4,013		
TOTAL EXPENDITURES	\$ 24,379	\$ 22,158	\$ 46,537	\$ 40,553	\$ 28,242	\$ 68,795	\$ 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:	<ul style="list-style-type: none"> 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. 											