



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

**DIVISION OF CORPORATIONS, BUSINESS AND  
PROFESSIONAL LICENSING**

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April 4, 2018

The Honorable Senator Anna MacKinnon  
Co-Chair, Senate Finance Committee  
State Capitol Room 532  
Juneau, AK 99801

Dear Senator MacKinnon,

During the Senate Finance Committee hearing on April 3, we were asked to follow up on questions concerning the board sunset extension bills.

**What is the status of the fee regulation project?**

*HB274, Extend the Board of Psychologists and Psychological Associates*

The Board of Psychologists and Psychological Associate Examiners and Division Director Janey McCullough determined together to delay implementing a regulations project to reduce fees. Since the lion's share of revenue received is during renewal season (only 24 new licensees in 2017), they decided that it would be best to wait until closer to their renewal in June 2019 so that the most up-to-date financial data is used. If the division adopted regulations immediately to change fees, the additional effort would add expense to the program and create confusion for licensees.

**What is the status of the fee regulation project?**

*HB278, Extend the Board of Certified Real Estate Appraisers*

The board has been working on an existing regulations project and has requested that the division wait to promulgate fee regulations so the two projects could be combined and save costs. The division expects to release this package for public comment by April 10.

**Why was the fee analysis showing the division's proposal much higher than the board's?**

*HB278, Extend the Board of Certified Real Estate Appraisers*

During the fee-setting process, the division submits a draft proposal as a starting point for discussion with each board. The fee analysis reviewed in committee demonstrates comparisons between current fees, the division's proposal to the board, and the counter-proposal made by the board to the division. In this particular case, both the board and division agreed to accept the board's proposal, which is noted at the top of the document. This is the proposal that will be submitted for public comment next week.

**How does the division plan to resolve the “chain of custody” concern raised in the FBI audit? What is the timeframe for completion?**

*HB275, Extend the Board of Massage Therapists*

Director McCullough has been working with Kathryn Monfreda (Chief, Criminal Records & Identification Bureau, DPS) and Margaret Brodie (Director, Health Care Services, DHSS) to determine what statutory and budgetary changes would be required to utilize LiveScan electronic fingerprinting services, thereby eliminating the FBI’s concern.

In the meantime, the division fingerprinting instructions require that applicants have their fingerprints taken by the Department of Public Safety or by a company or agency authorized by DPS. The division is determining additional procedures that could mitigate any risk associated with this issue until the budgetary and statutory authority is available to implement the solutions utilized in other departments.

**Why was Ms. Brollini’s complaint deemed “non-jurisdictional” by division investigators?**

*SB279, Extend Alaska Real Estate Commission*

The division is consulting with the Department of Law to ensure proper jurisdiction, will re-review the complaint, and will notify Ms. Brollini of the outcome or if additional information is required. If all necessary information is received timely from all parties, we expect to complete this review within 30 days.

**What are the true, complete costs of licensing programs? Are there any “hidden” expenses?**

*Not bill-specific*

The full schedules of revenues and expenditures for all professional licensing programs are provided online and to board members on a quarterly basis. In addition to any direct expenses, board members receive additional detail on indirect allocation methodology and a breakdown of indirect expenses, which are included herein. There are no “hidden” expenses.

We believe this completes the follow up from the questions posed to the department. If you or any members of the committee have further questions or require additional information about anything provided here, please contact special assistant Micaela Fowler at 465-2503.

Sincerely,



Sara Chambers  
Deputy Director

cc: Janey McCullough, Director, CBPL  
Greg Francois, Chief Investigator, CBPL  
Micaela Fowler, Special Assistant, DCCED  
Sharon Walsh, Executive Administrator, REC

# FY 17 CBPL Indirect Allocation

## FY 2017 CBPL COST ALLOCATIONS

Name	Activity Code	Direct Revenue	3rd Party Revenue/Short	Total Revenue	Direct Expense	Percentage of Board Revenue/Total Revenue	Division receiving personal services by percentage %	Department Personal Services - Personal Revenue by percentage %	Indirect Expense (Total Non-PCH Allocation)	Percentage of direct personal services	Total Indirect Expense	Total Revenue	FY17 Annual Budget (FY16)
Accountants	ACU1	28,813		28,813	13,108	3,893	248	760	4,937	4,937	9,428	22,314	4,226
Appraisers, Engineer	AEU1	201,228	13,378	214,606	214,606	213,088	2,188	8,457	221,315	86,085	335,403	680,058	(485,441)
Attorney, Trialman	ATH1	11,215		11,215	1,085	1,368	48	248	1,684	878	2,862	5,727	5,488
Autolog/Referral Pathologists	AUD1	88,110		88,110	42,478	30,586	4,724	2,747	28,508	14,681	42,747	85,220	85,220
Barbers & Hairdressers	BAH1	302,183		302,183	332,117	211,480	3,737	8,938	224,225	84,515	308,740	641,863	(338,684)
Behavior Analysts	BEV1	30,380		30,380	3,308	1,858	78	418	2,131	781	2,912	8,218	14,372
Chiropractors	CHI1	218,840	1,373	220,213	80,443	10,320	886	2,082	13,648	8,848	22,880	83,138	134,877
Collection Agencies	COA1	38,128		38,128	28,318	22,021	375	1,281	23,880	8,875	32,333	81,881	(22,838)
Current Practitioners	CPH1	11,878		11,878	2,927	1,279	48	322	1,630	784	2,414	8,241	12,434
Construction Contractors	CON1	1,287,823		1,287,823	887,287	304,388	10,191	10,772	335,251	111,746	438,967	1,594,264	233,258
Home Inspectors	HNI1	6,788		6,788	7,285	3,431	88	385	3,854	2,481	6,315	13,600	(8,802)
Janitor	DEJ1	884,080		884,080	224,889	128,983	5,388	3,873	138,952	47,835	186,347	421,478	284,884
Landscapers/Horticulturists	DTH1	8,840		8,840	1,881	1,380	88	588	8,984	587	9,881	10,842	(3,802)
Child Entry Module	MDH1	123,578		123,578	24,983	2,987	87	445	2,828	8,802	8,831	34,484	88,081
Expanding Options	DDP1	31,313		31,313	1,531	3,485	248	858	4,681	2,583	7,448	14,278	17,038
Electronic Administrator	EAD1	18,870		18,870	72,887	27,747	318	1,881	28,814	14,728	44,350	118,847	(101,877)
Etiquette Services	ELF1	250		250	438	288	18	85	411	158	570	1,008	(758)
Geologists	GED1	1,440		1,440	880	381	74			488	518	1,883	(233)
Guardians/Custodians	GCO1	8,881		8,881	8,881	518	18	85	821	1,486	2,587	7,988	881
Guide-Outfitters	GUH1	488,888	225	489,084	274,444	42,858	2,485	8,384	80,887	70,022	130,878	388,123	137,222
Home Reps	MAR1	213,440		213,440	57,518	3,158	888	1,022	4,985	13,714	18,888	78,218	88,308
Foreign Pasture Crib	FPC1	88,308		88,308	1,284		38	343	278	488	737	1,881	88,308
Mental & Family Therapy	MFT1	88,308	1,881	87,378	42,828	3,187	178	842	4,308	8,428	13,818	58,244	11,131
Massage Therapists	MAR1	228,818		228,818	153,488	42,383	1,877	3,348	48,228	25,888	78,818	224,308	3,718
Mechanical Administrator	MED1	12,478		12,478	62,708	18,717	208	5,022	17,858	14,051	32,008	84,712	(82,231)
Medical	MED1	1,810,184	3,887	1,814,071	914,013	211,738	12,708	6,887	231,258	284,811	436,291	1,348,274	184,887
Workshop Source	MCH1	38,880		38,880	4,188	4,387	288	478	5,088	1,087	6,188	10,281	28,278
Naturopaths	NAT1	9,088		9,088	41,881	1,488	28	188	1,887	328	2,022	43,888	(34,888)
Human Aides	NHA1	200,188	183	200,388	222,881	108,182	1,887	4,838	114,977	43,208	168,188	410,773	(210,887)
Nursing	NUR1	2,847,184	1,840	2,848,984	1,228,884	857,820	28,888	11,883	888,188	322,488	821,888	2,148,882	882,012
Nursing Home Administrators	NHA1	12,820	81	12,739	12,739	1,787	88	428	2,338	1,082	3,428	8,142	4,888
Opticians	OPT1	108,020		108,020	87,818	6,182	488	878	7,388	17,818	28,344	82,802	7,118
Pharmacists	PAW1	4,000		4,000	444	818	7	42	885	117	982	1,428	2,574
Physiotherapy	PHY1	208,788	3,208	212,011	288,848	137,887	2,803	4,348	144,648	78,078	222,818	481,888	(278,848)
Physical/Occupational Therapy	PHY1	128,275	754	129,029	82,848	48,258	1,287	3,705	54,840	28,623	84,843	177,208	(48,208)
Professional Counselors	PCO1	84,888		84,888	84,888	28,640	388	1,710	22,718	18,181	38,887	102,838	(18,883)
Psychology	PSY1	181,208		181,208	48,117	8,740	828	1,212	10,480	10,080	20,878	87,887	128,178
Public Accountancy	CPA1	178,838	8,874	187,812	188,884	338,871	47,323	2,488	88,208	81,478	111,738	322,887	(145,788)
Real Estate	REC1	287,181		287,181	302,115	82,115	2,308	8,223	88,888	188,188	488,275	172,114	208,208
Real Estate Appraisers	ARR1	272,880	6,827	279,707	91,888	8,423	810	1,814	11,847	6,808	78,308	102,834	(43,418)
Social Workers	CBW1	57,424		57,424	84,888	25,078	544	2,329	27,881	17,815	48,888	102,834	(43,418)
Storage Tents Workers	UST1	188		188	3,011	1,472	14	78	1,588	1,100	2,688	8,878	(5,481)
Veterinarians	VET1	238,830		238,830	28,700	28,700	1,518	2,842	30,118	20,888	50,887	121,052	117,578
No longer another legal jurisdiction fee related													
Totals All Sectors		\$ 8,844,488	\$ 8,844,488	\$ 10,844,488	\$ 6,878,878	\$ 2,888,188	\$ 8,877	\$ 10,878	\$ 2,874,877	\$ 1,488,814	\$ 4,822,881	\$ 18,188,887	\$ 883,881

ABL & Corporations	08881005	\$ 8,832,838	\$ -	\$ 8,832,838	\$ 888,181	\$ 788,118	\$ 184,870	\$ 18,381	\$ 881,888	\$ 281,488	\$ 783,488	\$ 1,782,838	
Private & Profit GP		238,157		238,157	(813,888)								
Revenue Transfer in Carry Forward	CPWD				228,832	228,832						228,832	
Reimbursable Service Agreement Fund	OS881007				38,048	128,482						128,482	
Real Estate Recovery Fund	ZSU1												
Total CBPL		\$ 10,888,848	\$ 8,844,488	\$ 19,733,336	\$ 7,414,381	\$ 3,888,346	\$ 273,847	\$ 18,384	\$ 3,878,448	\$ 1,787,888	\$ 4,788,848	\$ 12,300,297	

Indirect Expense Allocated by License % based short by board / total professional services currently active. Note: does not include Geologists

HW1 and CCH1 combined for board reports

PC1 and MAR1 combined for board reports

NHA1 and NUR1 combined for board reports

<b>DIVISION INDIRECT EXPENSES</b>	<b>Prof Lic</b>
<b>Percentage of direct personal services:</b>	
Business Supplies	28,331
Office Equipment	74,986
State Vehicles	3,300
Storage and Archives	9,189
Legal Support	18,659
Mail postage	27,876
Software Licensing and Maintenance	36,226
Division coding adjustment - conversion	
Division Administrative Expenses - all other	155,076
Division allocated by percentage of direct personal services:	353,643
<b>Percentage of board licenses/total licensees:</b>	
Division supervisors of receipting Personal Services 75%	126,339
Receipting Personal Services 40%	271,829
Investigations indirect Personal Services	47,052
Division Administration Personal Services	842,333
Professional License Administration Personal Services	463,772
Division allocated by percentage of board licenses/total licensees:	1,751,325
<b>Receipting personal services by transaction %:</b>	
Division supervisors of receipting Personal Services 25%	14,632
Receipting Personal Services 60%	74,745
Division receipting personal services by transaction %:	89,377
<b>Total Division Indirect Expenses</b>	<b>2,194,345</b>
<b>DEPARTMENT INDIRECT EXPENSES</b>	<b>Prof Lic</b>
<b>Percentage of direct personal services:</b>	
Commissioner's Office	151,033
Administrative Services - Director's Office	55,102
Administrative Services - Human Resources	49,516
Administrative Services - Fiscal	52,504
Administrative Services - Budget	41,331
Administrative Services - Information Technology	84,599
Administrative Services - Information Technology - Network & Database	162,792
Administrative Services - Mail postage	7,273
Administrative Services - Facilities - Maintenance	2,462
Department allocated by percentage of direct personal services:	606,612
<b>Percentage of board licenses/total licensees:</b>	
Department administrative services support: Fiscal, IT, Procurement	631,802
<b>Receipting personal services by transaction %:</b>	
Department Personal Services - Fiscal Revenue personal services by transaction %	103,973
<b>Total DEPARTMENT INDIRECT EXPENSES</b>	<b>1,342,387</b>
<b>STATEWIDE INDIRECT EXPENSES</b>	<b>Prof Lic</b>
<b>Percentage of direct personal services:</b>	
Accounting and Payroll Systems	15,431
State Owned Building Rental (Building Leases)	253,176
Human Resources	50,621
IT Non-Telecommunications	98,605
IT Telecommunications	66,435
Risk Management	1,491
Statewide allocated by percentage of direct personal services:	485,759
<b>FY16 TOTALS BY METHODOLOGY</b>	<b>Prof Lic</b>
Percentage of direct personal services:	1,446,014
Percentage of board licenses/total licensees:	2,383,127
Receipting personal services by transaction %:	193,350
<b>Grand Total</b>	<b>4,022,491</b>

## X. Board Finances: How Do They Work?

The division is authorized revenues and expenditures in the budget adopted annually by the Alaska State Legislature. The division's annual budget is published by the Office of Management and Budget; fiscal year 2016 is shown below as an example in Figure 1 as the *Final FY16 Operating as Passed*. Once the budget is signed into law, it goes into effect for the next fiscal year, which begins July 1. Any adjustments to the current year's budget are adopted as incremental or decremental supplements by the legislature during Legislative Session.

**FIGURE 1: FY16 CBPL OPERATING BUDGET (IN MILLIONS):**

	Final FY2016 Operating as Passed (12605)
1000 Personal Services	7,249.6
2000 Travel	677.1
3000 Services	4,074.7
4000 Commodities	110.4
5000 Capital Outlay	137.4
7000 Grants, Benefits	0.0
8000 Miscellaneous	0.0
<b>Totals</b>	<b>12,249.2</b>

The division's operating budget is annually around \$12 to \$13 million; however, we do not receive general funds from the legislature; we are granted authority to spend the funds collected through licensing fees. While individual licensing program revenues are segregated, the total spending authority ceiling is shared among all CBPL activities. The division as a whole cannot spend more than its appropriated amount.

This total includes all aspects of administration of all professional and business licensing programs, board activity, corporation registration, and investigation expenses.

Spending authority gives the green light to expend revenues collected through licensing fees up to the stated limit in each functional area (numbers on the left are the account code series):

1000 Personal Services:	Payroll and benefits for division staff (licensing, investigations, administration)
2000 Travel:	All travel expenses for board members, staff, and investigators

3000 Services/Contractual:	<p>Agreements with other agencies to perform services outside the division's expertise, including Department of Law, Office of Administrative Hearings, fingerprinting by the Department of Public Safety, inspections by Department of Environmental Conservation</p> <p>Contracts with vendors to provide services outside the state's purview, such as printer maintenance, professional testing, program-specific consulting, postage and mailing</p>
4000 Commodities/Supplies:	Consumable supplies, such as paper, pens, envelopes, and staples
5000 Equipment/Capital Outlay:	Major durable purchases, including computers, desks, and office equipment

These functional areas shown in the division budget are the same as board members receive in the Quarterly Schedules of Revenues and Expenditures for their licensing programs and in the division's Annual Report to the Legislature, the summary of which is included in this report as Appendix D. (The entire report, including individual licensing program detail, is on the division web site at the link shown in Appendix F.) This consistency allows board members to compare how their expenditures fit within the division's overall spending authority—including all expenses for professional licensing functions and investigations for 40+ programs, corporations and business licensing, and administrative support for each of these sections of the division.

## Professional Licensing Fee-Setting Process

The division is tasked in statute (AS 08.01.050) with proper administration of licensing fees, revenues, and expenditures. The state's professional licensing activities are funded wholly by "receipt supported services." This means that by statute, all costs must be covered by licensing fees.

State law delegates the responsibility for fee-setting to the division, which in turn must consult with the board when proposing changes to that program's fees. It requires the division to "annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections." The annual review informs fee-setting for the biennial licensing period—a cycle that, by design, collects a program's significant source of revenue only once every two years.

Because AS 08.01.065 requires the division to assess fees that approximate the cost of that particular licensing program, boards should not maintain too large a roll-forward surplus or carry too extreme a deficit. If a licensing program collects a higher fee amount than needed, those funds carry forward from

one fiscal year to the next. The surplus may provide a future benefit to the licensees by allowing fees to be maintained or lowered and for use to offset ongoing program-specific expenses. Conversely, if the amount collected is not adequate to cover expenses, that deficit carries forward as a liability for the next fiscal year. This often results in fee increases for the next renewal or—if the deficit is significant—the deficit can be amortized through incremental increases over multiple licensing periods. (Dept. of Law opinion, Milks, 2014)

## **Board and Commission Review of Fiscal Documentation**

Your board's staff liaison will include documentation of the board's most current finances in materials available before each scheduled meeting. In your board meeting packet, you will receive:

- Quarterly Schedule of Revenue & Expenditure (i.e. the board's quarterly report)
- Breakout of direct program expenditures

The fourth quarter report will contain all year-end revenue and expense information, including the final annual indirect allocation, as well as additional fiscal back-up documentation.

Board meetings may happen more frequently than new reports are published, which may result in a meeting without updated financial information. Please keep that in mind as meetings are scheduled.

Report publication schedule:

1<sup>st</sup> Quarter (July-September) = Reports ready the 15th of November

2<sup>nd</sup> Quarter (October-December) = Reports ready at the end of January

3<sup>rd</sup> Quarter (January-March) = Reports ready at the end of April

4<sup>th</sup> Quarter (April-June) = Reports ready mid-October

Due to the statewide year-end financial close-out process, the raw data to produce final end-of-year reports is available to the department becomes available September 1. Reporting for the various agencies within the department then requires additional time, so a little "radio silence" between May and October is necessary. Once this data is final, though, final reports will be issued, followed shortly by each program's first-quarter report.

Around this time, the division also publishes its Annual Professional Licensing Report to the Legislature, which contains a breakout of legal and investigative expenses for the prior six years. This and other reports are always available online at

<https://www.commerce.alaska.gov/web/cbpl/AnnualPerformanceReports.aspx>.

Final year-end reporting is complete for FY14; each board member will receive a copy via email from their staff liaison, and these documents will also be included in board packets for the first regular meeting following this report.

## **Direct Expenses**

Direct expenses are incurred specifically on behalf of the licensing program in implementation of the administrative and investigative responsibilities enumerated in statute to the division and/or a board appointed by the Governor.

Personal services charges (account code 1000) include the salaries and benefits of division staff working directly on behalf of a program—typically a licensing examiner, records and licensing supervisor, and investigator. Some programs may also directly utilize the services of an office assistant, project assistant, regulations specialist, paralegal, or executive administrator. Many licensing programs share staff, so only the time actually worked on their activities is charged to that program's code.

Travel expenses (2000) for board members, licensing staff, and investigators working in support of a specific licensing program are charged to that program. Travel through the state system requires adherence to the state travel policy, which is outlined in a separate document. Travel arranged directly through associations after obtaining pre-approval from the CBPL director will not reflect in a program's 2000 line of expenses.

Contractual expenses (3000) include services provided by agencies outside the division. These costs predominantly represent advice provided by an attorney with the Department of Law in conjunction with board meetings, regulations, enforcement, or appeals of board decisions. They may also include appeal expenses incurred by the Office of Administrative Hearings and expenses for licensing examinations, facilities usage, expert witnesses, credit card fees, FedEx, and other similar contracts required to support the mission of the program.

Supplies (4000) and equipment (5000) used for a program are usually fairly minimal and may include binders for board books, folders and labels for licensing files, and other tangible resources requested by a specific employee to meet the needs of their program(s). Equipment and supply requests are reviewed by a supervisor and purchased by the department through processes required by the state's procurement code.

## **Indirect Expenses**

Indirect expenses are services and expenses that are not directly attributable to a singular program or profession. Within the Division of Corporations, Business & Professional Licensing (CBPL), costs meeting this criterion are charged to one administrative code, then allocated among the two revenue-generating units of the division: (1) Corporations and Business Licensing and (2) Professional Licensing.

CBPL's indirect costs include:

- Salaries for CBPL division management, front desk staff, and certain employees performing services for multiple programs.



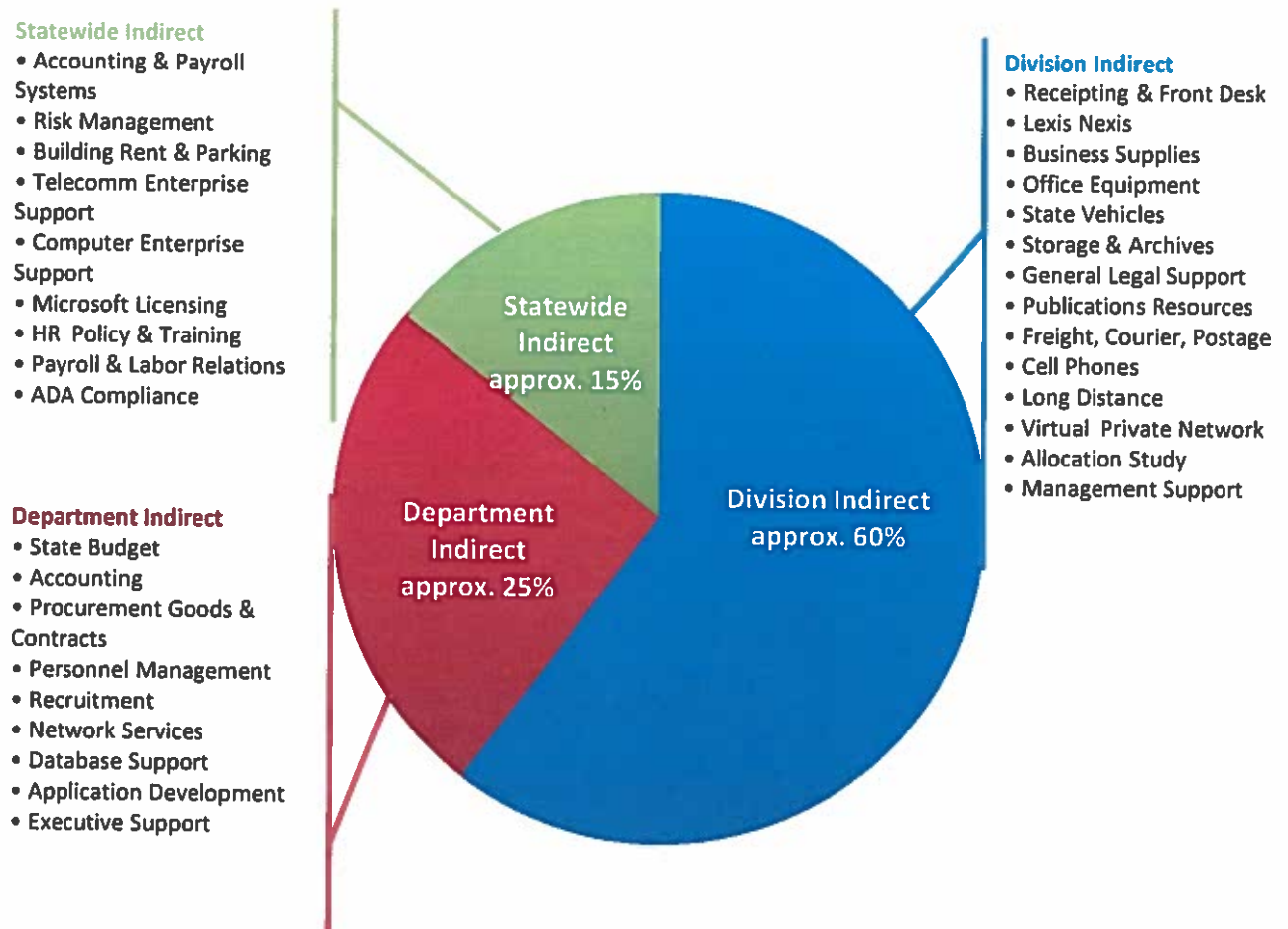
- Travel for management that is not directly chargeable to a singular program.
- Various services and commodities, such as the Lexis Nexis research database subscription, copies of statutes and regulations, records storage, purchase/lease and maintenance of printers and copiers, and other shared supplies and equipment.

It is more cost-effective for the division to share certain central resources with other agencies in the department and across the state. Department cost allocations, to which every department agency contributes, include services of the Commissioner's Office and the Division of Administrative Services (ASD). Costs are distributed equitably in accordance with a plan approved by the Office of Management and Budget and put into place in FY10.

Included in this indirect allocation are:

- Department-wide functional support areas, including fiscal oversight and accounting, network services and support, software programming and support, human resources, and procurement
- Statewide core costs for services that every state agency receives, including:
  - Department of Administration – Human Resources, Risk Management, AKSAS/AKPAY accounting systems, mail services, state-owned building rental, parking garages, Microsoft licenses, enterprise computer services, computer anti-virus protection, telecom support services, telecom PBX phones, pagers, and virtual private networks
  - Department of Labor – ADA management and compliance

**FIGURE 2: BREAKDOWN OF INDIRECT ALLOCATION TO CBPL:**



## Indirect Expense Allocation Methodology

The division has strived to define and further refine its indirect allocation methodology since a Legislative Audit in FY11 revealed a deficiency in the indirect expenses carried by the Corporations and Business Licensing Unit. The legislature in FY12 provided \$3.4 million to recoup the indirect expenses overpaid by professional licensing programs. The division, in partnership with its sister Division of Administrative Services, undertook an exhaustive examination of all revenues and expenses for each of its professional licensing programs, ensuring each transaction was reconciled to the state accounting system. This project, sometimes referred to as the “10-year look-back,” provided boards and commissions with accurate documentation of accounting for their programs since 2001.

This effort did not make “whole” all programs that had been operating at a deficit; it only made correct the operating expenses over the last decade. Some programs converted their negative carry-forward

balances to surplus; some discovered that they were deeper in deficit than anticipated before the reconciliation. Regardless of the outcome of this massive effort in FY12, it paved the way for programs to receive transparent fiscal details—and for the division to be held accountable for its responsibility to accurately manage its fiscal affairs.

Another outflow of the project was to codify a reasonable, defensible, justifiable method of allocating indirect expenses to the division from the state and department levels—and then within the division across the work units and various licensing programs. From FY12-FY13, indirect expenses were allocated to the division according to level of effort, then distributed further to professional licensing programs by licensee count.

In FY14, from this position of strength, CBPL launched a deeper analysis of indirect costs. The result led to implementation of three new indirect allocation methodologies, as represented in Figure 4, below:

- 1) Allocating costs, both statewide and departmental, to agencies based on PCN, or position, count. It was determined that the division should be consistent with the statewide and department allocation methodology whenever possible. This methodology is based on percentage of time coded to each program; these percentages are driven by payroll reports for each position.

Examples of CBPL indirect expenses now allocated by PCN count are indicated by account code; a full explanation of each line of account code can be found on the Department of Administration's website.

Statewide (per federally approved cost allocation plans):

- 3805 IT/Non-Telecom
- 3806 IT/Telecom
- 3810 Human Resources
- 3811 Building Leases

Departmental:

- 3155 Software Maintenance
- 3979 Management/Consulting (support from the Division of Administrative Services and Commissioner's Office)

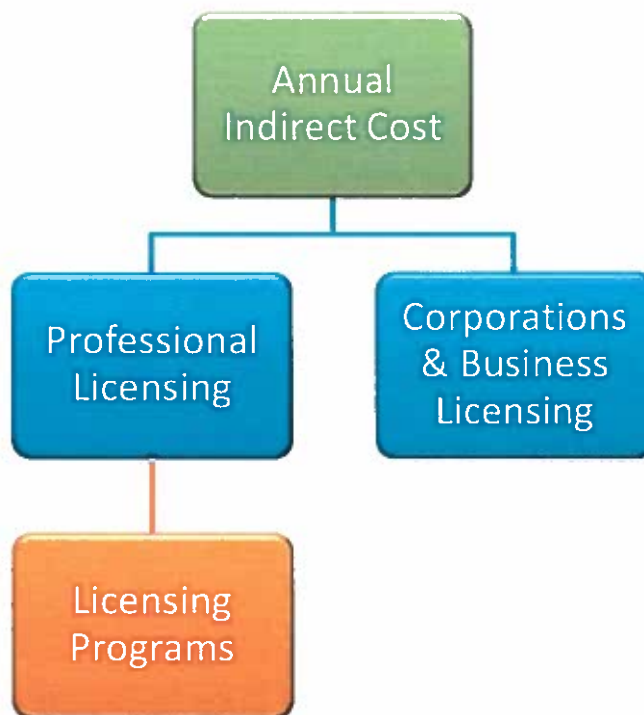
- 2) Allocation of CBPL personal services costs for administrative and accounting activity during high-volume renewal cycles. Following a review of CBPL administrative staff personal services, specifically the receipting staff & a portion of their supervisor's time, resulted in an updated allocation based on the number of transactions staff processed for each program in the department's receipting system.

This change resulted in the Business Licensing and Corporations programs paying a more accurate, higher percentage of the administrative staff's personal services costs due to the fact that there is a higher volume of business license and corporations transactions processed when compared to

professional licensing transactions. Professional Licensing programs were charged for 49.2% (\$193.9) of the personal services of CBPL administrative staff in FY14 vs. 84% (\$331.2) they would have been allocated if maintaining the allocation methodology used in FY13.

3) Allocation of ASD personal services costs for administrative and accounting activity during high-volume renewal cycles. The allocation for ASD revenue support staff that process CBPL's accounting transactions was similarly adjusted, now driven by the count of financial lines entered to the State Accounting System for each program.

**FIGURE 4: INDIRECT ALLOCATION WITHIN CBPL**



Looking forward, indirect expenses are expected to increase since Undesignated General Fund (UGF) allocations are being reduced to the DCCED Division of Administrative Services, Department of Administration, and other agencies providing services to CBPL. As positions are cut in other DCCED divisions, CBPL's percentage of costs allocated by PCN from the department to divisions will increase. As this dynamic will change year to year, division management will keep board members informed.