

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

February 28, 2011

8:07 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Kurt Olson
Representative Bill Thomas
Representative Mike Doogan

Senator Lyman Hoffman
Senator Linda Menard
Senator Thomas Wagoner

MEMBERS ABSENT

Senator Bert Stedman, Vice Chair
Senator Hollis French
Representative Mark Neuman

Representative Scott Kawasaki (alternate)
Representative Bill Stoltze (alternate)
Senator Kevin Meyer (alternate)

COMMITTEE CALENDAR

APPROVAL OF MINUTES
AUDIT REQUESTS
EXECUTIVE SESSION

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

REPRESENTATIVE MIKE CHENAULT
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Requested an audit of the Virus Free Seed
Potato project.

REPRESENTATIVE MAX GRUENBERG
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Requested an audit of selected issues in the Department of Commerce, Community & Economic Development, Division of Corporations, Business and Professional Licensing.

ACTION NARRATIVE

[8:07:39 AM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 8:07 a.m. Representatives Hawker, Olson, Thomas, and Doogan, and Senators Hoffman and Menard were present at the call to order. Senator Wagoner arrived as the meeting was in progress.

Approval of Minutes

[8:08:37 AM](#)

CHAIR HAWKER announced that the first order of business would be the approval of the minutes.

[8:09:24 AM](#)

REPRESENTATIVE THOMAS made a motion to approve the minutes of February 10, 2011. There being no objection, the minutes from the meeting of February 10, 2011 were approved.

Audit Requests

[8:09:42 AM](#)

CHAIR HAWKER announced that the next order of business would be to process two audit requests.

[8:10:14 AM](#)

REPRESENTATIVE MIKE CHENAULT, Alaska State Legislature, asked for an audit of the Virus Free Seed Potato project, as there was concern that state funding was being spent on a project that had demonstrated no obvious return to Alaska. He questioned which departments of the University of Alaska were involved with the project.

[8:11:50 AM](#)

CHAIR HAWKER directed attention to the written request listing specific questions for review of the project [Included in members' packets].

8:12:06 AM

REPRESENTATIVE THOMAS moved to approve the request from Representative Chenault for an audit of the Virus Free Seed Potato project. There being no objection, the audit request was approved.

8:12:30 AM

CHAIR HAWKER announced the next order of business to be for the second audit request.

REPRESENTATIVE MAX GRUENBERG, Alaska State Legislature, requested an audit of the Department of Commerce, Community & Economic Development, Division of Corporations, Business and Professional Licensing. He directed attention to the three questions for the auditor to specifically evaluate [Included in members' packets]. He read the three questions: first, whether personal services costs in FY 11 were being accurately recorded for employees working in the areas of professional licensing. These costs must be accurately recorded to ensure compliance with AS 08.01.065, which required that professional licensing fees be approximately equal to the regulatory costs for the occupations/boards; second, whether the Division had reduced its Title 08 enforcement activities, specifically in the area of unlicensed activity; and third, whether the Division made the appropriate adjustments to licensing fees based on the results of the occupation/boards' most recent fee analysis. He reported that he had a detailed statement in support of the request from a confidential informant. He expressed his concern for these serious allegations. He shared that the informant was a person of the highest integrity.

CHAIR HAWKER asked for clarification to "Title 08 enforcement activities."

REPRESENTATIVE GRUENBERG, in response, stated that changes were made in the Division and that unlicensed activity cases had been dismissed, specifically allegations that individuals were practicing in the field without a license. He opined that the dismissal actions appeared to have the impropriety of not

pursuing licensure compliance, or prosecution for failing to comply.

[8:16:15 AM](#)

CHAIR HAWKER asked to clarify that the audit process would be for a broad review of the professional licensure process and the policing of non-licensed activity.

REPRESENTATIVE GRUENBERG pointed to "one very highly regulated profession."

[8:16:48 AM](#)

SENATOR HOFFMAN asked if the request concerned health dentistry practices of health corporations.

REPRESENTATIVE GRUENBERG offered his belief that it did not.

[8:17:13 AM](#)

REPRESENTATIVE GRUENBERG, in further response to the question from Senator Hoffman, offered to ask the informant.

[8:17:27 AM](#)

SENATOR MENARD noted that a full time investigator had been added for dental issues.

[8:17:56 AM](#)

REPRESENTATIVE GRUENBERG, in response, stated that this was not a dental issue, but was concerned with an investigator outside of that field. He offered his belief that AS 08.01.065 required that fees boards be self supporting, and he opined that "these lines seem to be getting blurred." He stated that this was about protection of the profession which was paying for the investigation.

[8:18:42 AM](#)

REPRESENTATIVE THOMAS moved to approve the request for an audit of selected issues in the Department of Commerce, Community & Economic Development, Division of Corporations, Business and Professional Licensing submitted by Representative Gruenberg and Senators Giessel and Paskvan. There being no objection, the audit request was approved.

Executive Session

8:20:13 AM

REPRESENTATIVE THOMAS made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 8:20 a.m.

8:56:35 AM

CHAIR HAWKER brought the committee back to order at 8:56 a.m.

8:56:49 AM

REPRESENTATIVE THOMAS made a motion for the preliminary audit for the FY 10 Statewide Single Audit to be released to the appropriate agencies for response. There being no objection, it was so ordered.

8:57:19 AM

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 8:57 a.m.