

Budget Brief - Commerce Department

2007 GENERAL SESSION, C-01

PURPOSE

The Utah Department of Commerce is the licensing and registration agency for Utah’s professional and corporate community. Business registrations, professional licensing, consumer protection and education, oversight of public utilities and monitoring real estate and securities industries are all in the department’s scope.

ISSUES

See: **Issue Brief – Commerce Fees.** The Legislature must approve department fees.

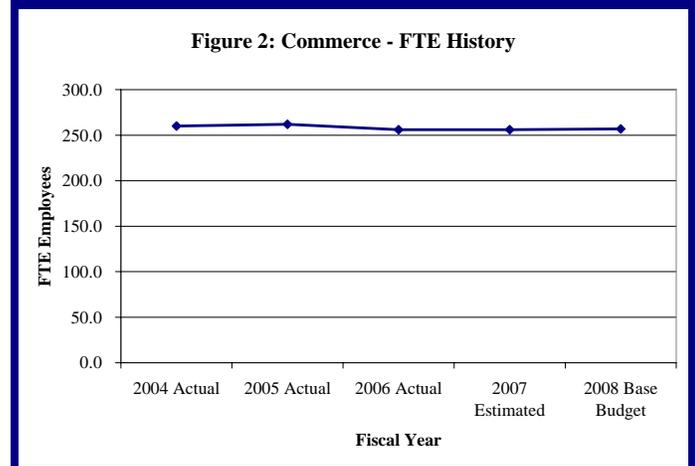
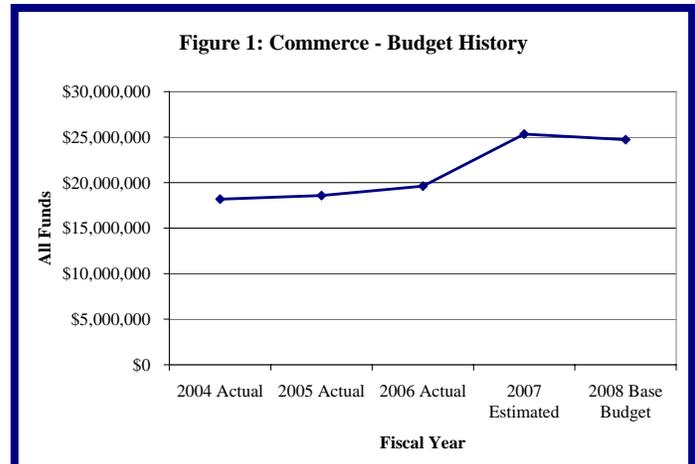
See: **Issue Brief – Federal Funds.** The Legislature must approve federal funds.

Two Real Estate Office Specialists: The Division of Real Estate regulates Utah’s real estate industry. It protects the public through education and licensing. The Division licenses all real estate brokers, sales agents, and appraisers. It investigates, and when necessary, conducts disciplinary proceedings. The Division screens all subdivided lands and time-share projects and insures full disclosure in offerings. The Division audits broker trust accounts, and monitors sales and appraisals to insure they are fair and reasonable. The Division also administers the Utah Residential Mortgage Practices Act and registers residential mortgage professionals and companies not affiliated with financial institutions.

The Division of Real Estate licensure volume increased 50% over the last three years. One individual would be assigned to Real Estate licensees and the other to Mortgage industry licenses. The Division has streamlined processes including online renewals and has brought in temporary help. The Analyst recommends \$98,000 from the Commerce Service Fund to pay for two additional FTE.

One Consumer Protection Specialist II: The Division of Consumer Protection helps consumers and businesses deal with dishonest commercial practices. It enforces thirteen consumer protection statutes. It responds to consumer complaints, prevents and corrects unfair and deceptive business practices, provides consumer relief and promotes consumer education programs. Its goal is to balance the need to provide a regulatory environment that is firm, reasonable, and fair against the need to protect consumers and encourage business growth.

BUDGET AT A GLANCE



This person would support investigations and license processing and records digitization. Investigations based on customer complaints are increasing at a rate of 11% annually. The number of charitable organization applications has increased by 300% over the last decade and are expected to increase by 17% in the coming year. The Analyst recommends \$49,000 in Commerce Service Funds for one additional FTE.

Digitize Case and Disciplinary Files: The Division of Occupational and Professional Licensing (DOPL) is responsible for licensing and regulating approximately fifty-seven occupations and professions with 303 subcategories. Licensing an occupation or profession is established by law. The division establishes minimum requirements for licensing, investigates unlawful or unprofessional conduct, and conducts administrative proceedings against individuals who allegedly engage in unlawful or unprofessional conduct.

Annually DOPL opens about 300 disciplinary files for the professions it regulates. The Division keeps ten years of hard copies (3,000 files) so that they will be available to the public and before they are sent to state archives. There are no back-up files. The Division would like to scan the files so that there would be a duplicate copy. This would free up staff time, increase convenience to the customer and protect the information from being lost while maximizing workspace. The Analyst recommends \$120,200 from the Commerce Service Fund. The spending plan is: \$45,000 for two temporary employees to do the scanning, \$11,800 for imaging equipment, \$50,000 for the initial web interface content manager (outsourced), \$2,000 for storage costs, \$5,400 for initial web content licensing of users at \$540 per license, and Utah Interactive payment receipt set-up costs.

Reconfigure Office Space: The Commerce Department is overcrowded. Some employees, not having an office space, have been put in a conference room with a wireless laptop. Other employee's jobs include meetings, conferences sometimes involving confidential matters, have no confidential space (an office with a door). The Department is requesting funding to expand and remodel part of its existing workspace to provide a more suitable working environment. This will benefit the Division of Public Utilities and Corporations. The Analyst recommends \$80,000, with \$40,000 from the Commerce Service Fund and \$40,000 from the Commerce Service Fund – Public Utility Regulatory Fee (PURF).

Spending from the Commerce Service Fund affects the General Fund. Additional expenditures from the Commerce Service Fund May impact future deposits into the General Fund since excess Commerce Service Fund lapses to the General Fund.

INTENT

The Analyst recommends the following intent statements:

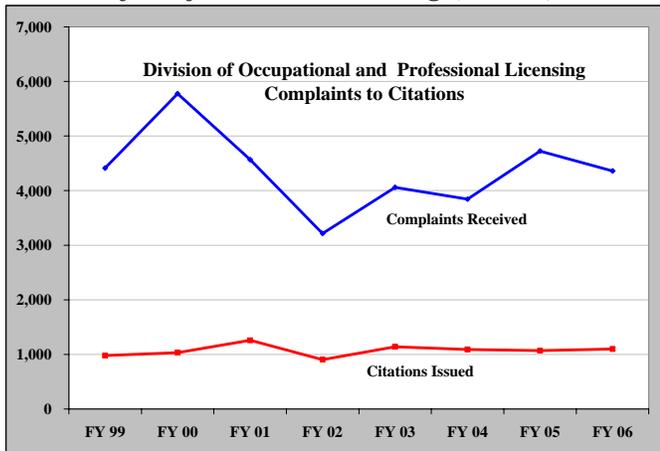
for **Commerce General Regulation** line item:

The Legislature intends that at the end of the fiscal year, unused funds for the Committee on Consumer Services lapse to the Committee's Professional and Technical Services and that unused funds for Public Utilities lapse to Public Utilities Professional and Technical Services line item.

for **Public Utilities Professional & Technical Services** and for the **Committee of Consumer Services Professional and Technical Services** line items:

ACCOUNTABILITY

Division of Professional Licensing (DOPL)



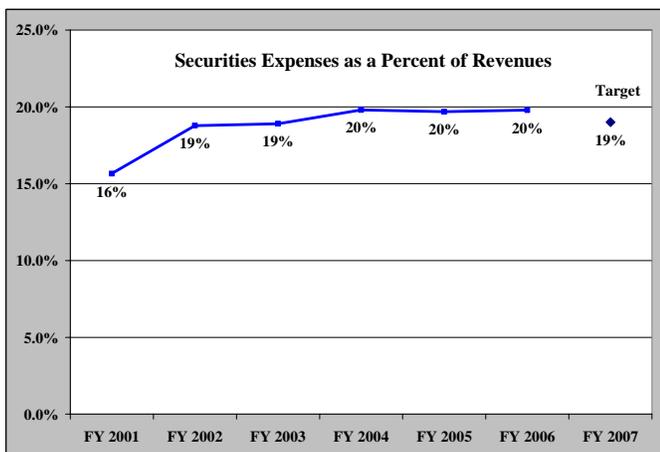
Measure: DOPL Complaints Received vs. Citations.

Goal: To investigate legitimate complaints and issue a citation where applicable. Citations is one of the tools used to reduce complaints.

Methodology: This is a simple count of complaints received and citations issued by the Division of Professional Licensing.

Measure Type: Complaints are a workload measure while citations are an output measure.

Securities



Measure: Operating expenses as a percent of revenue generated.

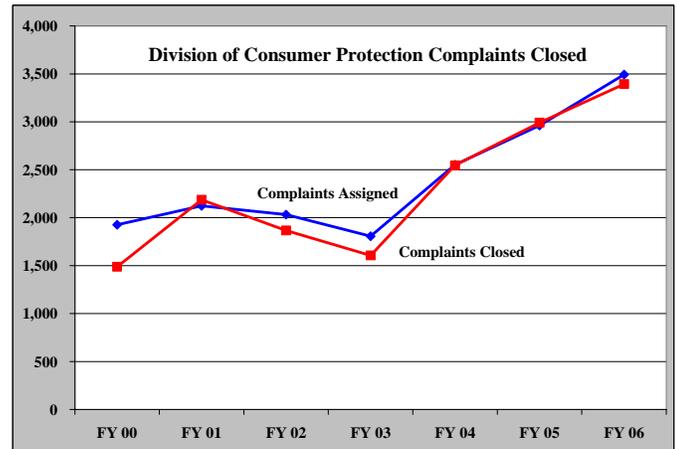
Goal: Maximize revenues while operating at minimal expense.

Methodology: Divide division operating expenses by revenues generated.

Measure Type: Efficiency.

The Division has kept expenses less than 20% of total revenues for the last six years.

Consumer Protection



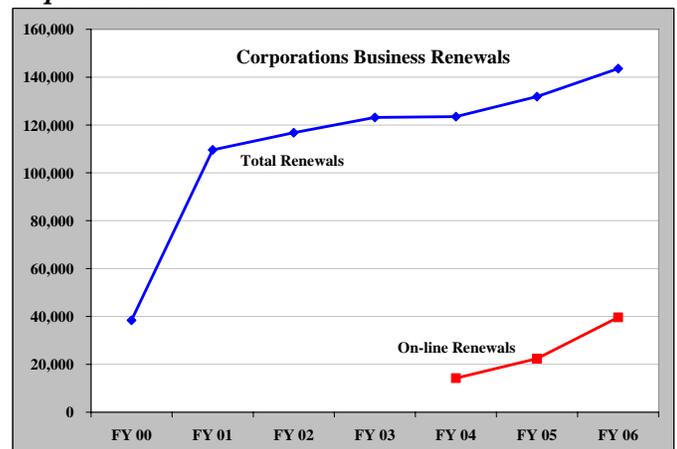
Measure: Consumer protection complaints handled.

Goal: Investigate legitimate complaints and close cases effectively in proportion.

Methodology: This is a straight count of complaints assigned and complaints closed. It does not address the backlog or time to close a complaint.

Measure Type: Workload and efficiency.

Corporations



Measure: Division of Corporations Business Renewals

Goal: Make business renewals less burdensome on citizens and reduce the need to add FTE to cover growth.

Methodology: This is a straight count of total business renewals with a breakout of the number of online renewals

Measure Type: Workload and output.

BUDGET DETAIL

The Analyst recommends the FY 2008 base budget of \$24,716,600.

Commerce						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
General Fund	50,000	50,000	0	50,000	0	50,000
General Fund, One-time	100,000	20,000	0	20,000	(20,000)	0
Federal Funds	249,000	245,900	0	245,900	0	245,900
Dedicated Credits Revenue	1,557,100	1,727,600	0	1,727,600	600	1,728,200
GFR - Commerce Service	15,320,900	17,316,700	(169,700)	17,147,000	206,400	17,353,400
GFR - CSF - PURF	4,504,400	4,624,300	0	4,624,300	10,300	4,634,600
GFR - Factory Built Housing Fees	104,700	0	104,700	104,700	(104,700)	0
GFR - Geologist Ed. & Enf.	10,000	0	10,000	10,000	(10,000)	0
GFR - Nurses Ed & Enf Fund	10,000	0	10,000	10,000	(10,000)	0
GFR - Pawnbroker Operations	45,000	0	45,000	45,000	(45,000)	0
Transfers	328,300	0	0	0	0	0
Transfers - Within Agency	(328,300)	0	0	0	0	0
Pass-through	27,200	0	0	0	50,000	50,000
Beginning Nonlapsing	1,555,700	799,800	1,630,900	2,430,700	(1,776,200)	654,500
Beginning Fund Balances - CSF	(317,800)	0	100,000	100,000	(100,000)	0
Closing Nonlapsing	(2,212,900)	(192,000)	(462,500)	(654,500)	654,500	0
Lapsing Balance	(1,390,700)	(27,100)	(504,600)	(531,700)	531,700	0
Total	\$19,612,600	\$24,565,200	\$763,800	\$25,329,000	(\$612,400)	\$24,716,600
Line Items						
Commerce General Regulation	18,871,100	23,781,800	525,300	24,307,100	(480,500)	23,826,600
Public Utilities Professional & Technical Services	59,600	125,000	55,500	180,500	9,500	190,000
Committee of Consumer Services Professional and	681,900	658,400	183,000	841,400	(141,400)	700,000
Total	\$19,612,600	\$24,565,200	\$763,800	\$25,329,000	(\$612,400)	\$24,716,600
Categories of Expenditure						
Personal Services	14,777,900	17,907,400	(326,100)	17,581,300	(103,500)	17,477,800
In-State Travel	86,200	78,900	51,100	130,000	(800)	129,200
Out of State Travel	105,100	133,400	22,600	156,000	(15,600)	140,400
Current Expense	3,684,800	5,137,300	1,313,500	6,450,800	(208,100)	6,242,700
DP Current Expense	684,000	1,074,600	(153,700)	920,900	(284,400)	636,500
DP Capital Outlay	55,200	153,000	(153,000)	0	0	0
Capital Outlay	168,600	5,400	34,600	40,000	0	40,000
Other Charges/Pass Thru	50,800	75,200	(25,200)	50,000	0	50,000
Total	\$19,612,600	\$24,565,200	\$763,800	\$25,329,000	(\$612,400)	\$24,716,600
Other Data						
Budgeted FTE	256.0	272.0	(16.0)	256.0	1.0	257.0
Vehicles	36	36	0	36	0	36

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.