

State of Alaska FY2004 Governor's Operating Budget

Department of Natural Resources Recorder's Office/Uniform Commercial Code Component Budget Summary

Component: Recorder's Office/Uniform Commercial Code

Contact: Sharon Young, State Recorder

Tel: (907) 269-8882 **Fax:** (907) 269-8912 **E-mail:** sharony@dnr.state.ak.us

Component Mission

To provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations. (Differs from Ch 124, SLA2002).

Component Services Provided

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examination, recording/filing, processing and return of original documents in the manner prescribed by law;
- (2) provide secure storage and preservation of all recorded/filed documents as the official public record of the State;
- (3) maintenance and updating of accurate and current grantor/grantee and location indices to facilitate ready retrieval of documents from the public record;
- (4) providing record searches and copies of recorded and filed Uniform Commercial Code documents upon user's written request; and
- (5) administration of recording/filing services and maintenance of public libraries of recorded and filed documents in fourteen rural and urban locations, serving 34 recording districts throughout Alaska.

Component Goals and Strategies

Maintenance of an accurate and sound recording system is an essential part of meeting the departmental missions and priorities. The component's principal operational objective for FY04 is to provide excellent public service to the fourteen rural and urban communities it serves in the reception, recordation and permanent storage of documents affecting real property in the State of Alaska and in the operation of the Uniform Commercial Code (UCC) central file system for Alaska. The component is funded by receipt supported services and routinely generates more than \$1 million in excess of its requisite operating funding annually. The component processes more than 200,000 documents annually. Its workload is volume driven by external factors completely beyond its ability to control.

The component's principal goals for FY04 include broadened access to public records, reduction of turnaround time for return of original documents, and implementation of electronic filing of UCC documents in Alaska and a pilot program for electronic recording. The component will provide additional improved internet access and other services to the public. Emphasis will be placed on continuing to automate various portions of the recordation process. Strategies to meet these goals include:

- Automation - Integration of various computer applications (such as receipting, bar coding and mainframe) and enhancements to streamline recordation process
- Automation - Reduction of paper handling at various levels of the recordation process
- Automation - Utilizing technology to maximize efficiency in state's recording offices
- Automation - Conversion of paper and film media to digital images
- Training - Sufficient levels of trained and cross-trained staff to address severe fluctuations in workflow
- Training - Customer service training and diversity training for all employees in compliance with Administrative Order 195
- Automation - New technology capabilities offer additional products that may be sources of new revenues to the state
- Legislation - Support legislation that will facilitate electronic recording under a standardized framework such as the Uniform Electronic Transactions Act
- Legislation - Support legislation that incorporates modern technology as an alternate method of records preservation
- Legislation - Monitor proposed legislation that affects the component's business in any way
- Training - Encourage staff to display the highest levels of professionalism when dealing with the public

- Preservation and Security - Ensure the highest security levels for accurate and safe transmission of documents submitted electronically for recording or filing
- Preservation and Security - Safeguard official records through preservation and a formal disaster recovery plan
- Preservation and Security - Provide adequate backup procedures for automated processes and accession original records to State Archives for permanent storage

Key Component Issues for FY2003 – 2004

- 1) Web access to recorded document images and UCC filings. Broadened access to public record information is a desired goal of governments everywhere, but this goal must be balanced against potential legal issues arising from the fact that some public records contain personal or private data. Recording staff cannot be put in a position of having to scour through hundreds of thousands of pages of material to redact such material from public display. Restricting access to public records is not the answer to the privacy concerns that exist today.
- 2) Implementation of electronic filing of UCC documents. The massive overhaul of the Uniform Commercial Code secured transaction law was enacted in all states in FY02. This legislation encourages states to utilize electronic UCC filing systems as a means to promote commerce and ensure consistency among the states. The component is working on such an electronic filing system that should be ready for implementation in FY04 or earlier. Privacy issues relating to credit card transactions and security of filing data are paramount in the development of this project.
- 3) Staffing to address fluctuations in workload. The component's workload is highly cyclical in both good economic times and bad economic times. Failure to meet rising workloads with adequate staffing levels can result in unmanageable backlogs for the component, and severe monetary losses for our major user groups and the public at large. Recording is a time sensitive process and monetary losses can and do occur if such recording does not timely occur.
- 4) Turnaround time for return of original recorded documents. This is a recurring problem for the component because of the cyclical fluctuations in workload mentioned above.
- 5) Filming/preservation issues as addressed in Ombudsman's 1992 investigation -including space management and efficiencies for the public. The component will continue filming of original historic books so that they can be accessioned to State Archives for permanent storage.
- 6) Full compliance with stated performance measures. The performance measure established by the legislature requires the component to complete daily inputting of all documents received, and verification on at least a weekly basis. The component continues to have difficulty meeting this measure because of peak workloads and logistical problems facing remote office locations.
- 7) Streamline processes and improve services to the public. The component has implemented some new services to the public as a result of using new technologies. Continued improvements are being considered on an ongoing basis.
- 8) Conversion of most recent 10 years of film to digital format to facilitate customer research and back indexing of documents recorded prior to 1971. Customers benefit tremendously from having access to document images from the entire state, which has been the case since the statewide imaging began in July 2001. Converting the film for this ten-year period to digital images will greatly enhance the public's ability to research property records throughout Alaska.
- 9) Continue addressing stakeholder concerns. Dozens of concerns were expressed during statewide stakeholder meetings held in 1997. Over the past several years the component has addressed most of the issues that were within its power to change. Additional expansions of data and enhancements of the indexing system are contained in a programming worklist and will be addressed as time and resources permit.
- 10) Address national recording standards and improve quality of data. The component is monitoring efforts at the national level to establish specific guidelines and standards for recording processes nationwide.
- 11) Electronic recording pilot program. Many jurisdictions are moving to electronic recordation processes to curb the paper flow and streamline recording. Several large users have expressed an interest in exploring this concept further in Alaska for real estate transactions.
- 12) Community-based single staffed recording offices and equity of workload. The component currently has five single staffed offices statewide, and plans to transition the remaining court recording offices into two additional single staffed facilities. While it is desirable to maintain a presence in these communities for prompt recordation of real estate transactions, many internal operational issues arise as a result of having remote offices. These issues include closures and alternate coverage during employee leave or illness, low volumes of recording (when other offices have more work than they can possibly handle), off site supervision, training and evaluation, and similar issues.

- 13) Expanded workload in Anchorage and Palmer areas due to new construction, growing populations and increased mortgage refinance activity. Keeping pace with the high volumes in these population centers is an ongoing challenge for the component and repetitive backlogs in essential functions have been the norm for nearly two years.

Major Component Accomplishments in 2002

FY02 was a banner year for the Recorder's/UCC component in terms of progress and accomplishments. Due to low interest rates and a fairly robust economy in many areas of the state, mortgage refinance activity was at near record levels. The component recorded/filed 232,200 documents during FY02, nearly 8 per cent above FY01. However, increased technology by our users has also resulted in more work for recording offices, as the actual document page count increased 45 per cent in FY02 when 790,622 pages were processed throughout the state. FY02 revenues reached an all-time record high for the component at more than \$5.3 million.

While the workload substantially escalated during FY02, the component achieved increased productivity without increasing staff or outsourcing technology. Simultaneous with the huge workload increase in FY02, the component introduced new technologies (imaging and bar coding), dealt with new laws (UCC Revised Article 9, new mining laws, and new administrative regulations), and offered new services to the public (CD's of document images, mining rental payments, intranet access to images, web search capability). The component's FY02 accomplishments, primarily related to broadening access to public records and improving service to the public, included the following:

1. In July 2001, Alaska became the first and only state in the nation to make its computerized index of land records accessible via the internet. The index covers approximately thirty years and approximately 30 million individual grantor/grantee and location index records. Alaska's recording system web search offers ten different research options for locating land records. The Recorder's Office/UCC web site is the most heavily accessed web site in DNR, logging more than 400,000 hits per month on a regular basis.
2. In July 2001, Alaska made its Uniform Commercial Code central file index records available via the internet. The UCC Central web search offers four different research options for locating UCC filings.
3. In July 2001, Alaska became the first and only state in the nation to image all recorded documents and Uniform Commercial Code filings on a statewide basis and to offer public access to those document images from any local DNR recording office via an intranet capability.
4. Effective June 2002, recording offices began accepting rental payments on new mining claims at the time of recording. To utilize this new one-stop feature, the miner needs to fill out a simple worksheet and submit it with the mining claims being recorded.
5. In July 2001, Alaska implemented Revised Article 9 of the Uniform Commercial Code, resulting in a massive overhaul of UCC filing procedures and UCC operations. This legislation brought major changes to the UCC filing processes in Alaska, and the component expended a vast amount of time relative to the implementation of the changes, preparation of a regulations package, and education of the public users and staff. The legislation served to streamline the filing process in Alaska and make it more consistent with that in all other states.
6. The Recorder's/UCC section continued a multi-year statewide filming project to preserve thousands of historic books that are in various stages of deterioration. The books are then being accessioned to State Archives for permanent storage under secure and climate controlled conditions so that further deterioration can be averted.
7. The Recorder's/UCC section completed a film conversion of approximately three quarters of a million aperture cards in order to capture this film series in an archival form. The aperture cards were the sole surviving media for an approximate seven-year period during the "Pipeline Era" and were in a serious state of deterioration. The entire public record of documents for that time frame could have been lost forever if this conversion had not been completed.
8. The funding source for the Recorder's Office was changed from General Fund Program Receipts to Receipt Supported Services, effective in FY02. This change helps ensure that the fees paid by the thousands of recording customers will be utilized to support and maintain the recording system and fund the program costs in their entirety. There is no general fund contribution needed to support this program.

9. The recorder job series underwent a formal classification study in 2001 and resulted in long overdue upgrades for all recorder and recorder manager positions within the section. The classification study addressed the many changes in job functions as a result of adding new technologies.

Statutory and Regulatory Authority

STATUTORY/REGULATORY CITATIONS

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05
AS 40.17
AS 44.37
AS 45.29
11 AAC 05, 06

Recorder's Office/Uniform Commercial Code
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,193.8	2,358.1	2,384.2
72000 Travel	22.5	15.8	15.8
73000 Contractual	303.3	579.5	579.5
74000 Supplies	112.1	52.4	52.4
75000 Equipment	68.0	40.0	40.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,699.7	3,045.8	3,071.9
Funding Sources:			
1156 Receipt Supported Services	2,699.7	3,045.8	3,071.9
Funding Totals	2,699.7	3,045.8	3,071.9

Recorder's Office/Uniform Commercial Code

Proposed Changes in Levels of Service for FY2004

The FY04 Governor's Budget requests funding for the Recorder's/UCC component at a level equivalent to FY03 (\$3,045.8) plus the amount of COLA increases for employee bargaining units (\$26.1). What this level of funding assumes is an average workload. Our goal will be to keep our existing offices open with the funding provided. However priority for handling volumes in excess of the average workload will be decided based on cost and volumes, and in which locations the volumes can be most efficiently processed.

Volumes in excess of the average workload may have the following detrimental impacts to the public:

1. In multiple recording locations not all documents will be fully indexed the day they are recorded if there is insufficient staffing to handle this critical function. This will result in delayed reception report information being made available to the public. If title companies are unable to date down with current information, real estate closings may have to be deferred.
2. The component will encounter delays in returning original documents to their owners within 30 days of recording.
3. UCC searches cannot be performed when there are backlogs in indexing and verification. Failure to certify UCC searches on a prompt turnaround of 48 hours or less will adversely affect lending institutions that require the search information to close loan transactions.
4. Backlogs in one or more critical recording functions, such as those noted above, will also impact the component's ability to produce scanned images and film of the recorded documents in a timely matter and to make this information available to the public in its recording offices throughout the state.
5. With insufficient staffing to handle the increasing workload the component may have to delay production of conformed and certified copies at the time of recording. This would have a significant adverse impact for lending institutions that require these copies in order to disburse funds on loan transactions.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	3,045.8	3,045.8
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.0	26.1	26.1
FY2004 Governor	0.0	0.0	3,071.9	3,071.9

Recorder's Office/Uniform Commercial Code

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	44	43	Annual Salaries	1,822,001
Part-time	7	8	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	710,596
			<i>Less 5.86% Vacancy Factor</i>	(148,397)
			Lump Sum Premium Pay	0
Totals	51	51	Total Personal Services	2,384,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Analyst/Programmer III	1	0	0	0	1
Recorder I	0	0	1	4	5
Recorder II	13	6	1	9	29
Recorder III	0	0	1	3	4
Recorder IV	1	1	0	0	2
Recorder Mgr	2	0	1	0	3
Recorder, Archives Unit	4	0	0	0	4
Recorder, Archives Unit Supvsr	1	0	0	0	1
State Recorder	1	0	0	0	1
Totals	24	7	4	16	51