



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY, AND  
ECONOMIC DEVELOPMENT

# **FY2021 BUDGET AND DEPARTMENT OVERVIEW**

**Presented to the House Finance Committee**

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## Mission and Core Services

**The Department of Commerce, Community, and Economic Development's mission is to promote a healthy economy, strong communities, and protect consumers in Alaska.**

The Department achieves its mission by providing services that support:

- economic growth
- affordable energy
- strong communities
- consumer protection

Department Home

<https://www.commerce.alaska.gov/web/>

Duties of the Department

<http://www.legis.state.ak.us/basis/statutes.asp#44.33.010>

Alaska Constitution - Article X § 14

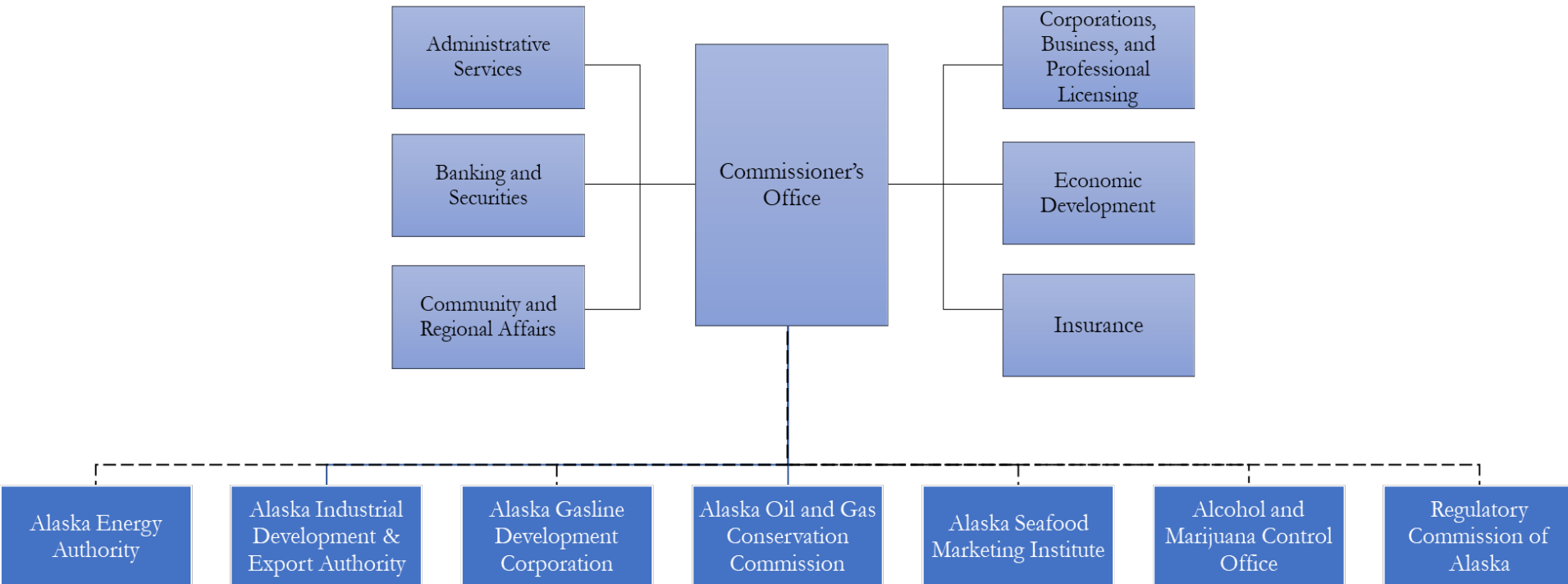
<https://ltgov.alaska.gov/services/alaskas-constitution/>

FY2020 Performance Measures

<https://omb.alaska.gov/html/performance/program-indicators.html?p=10&r=1>



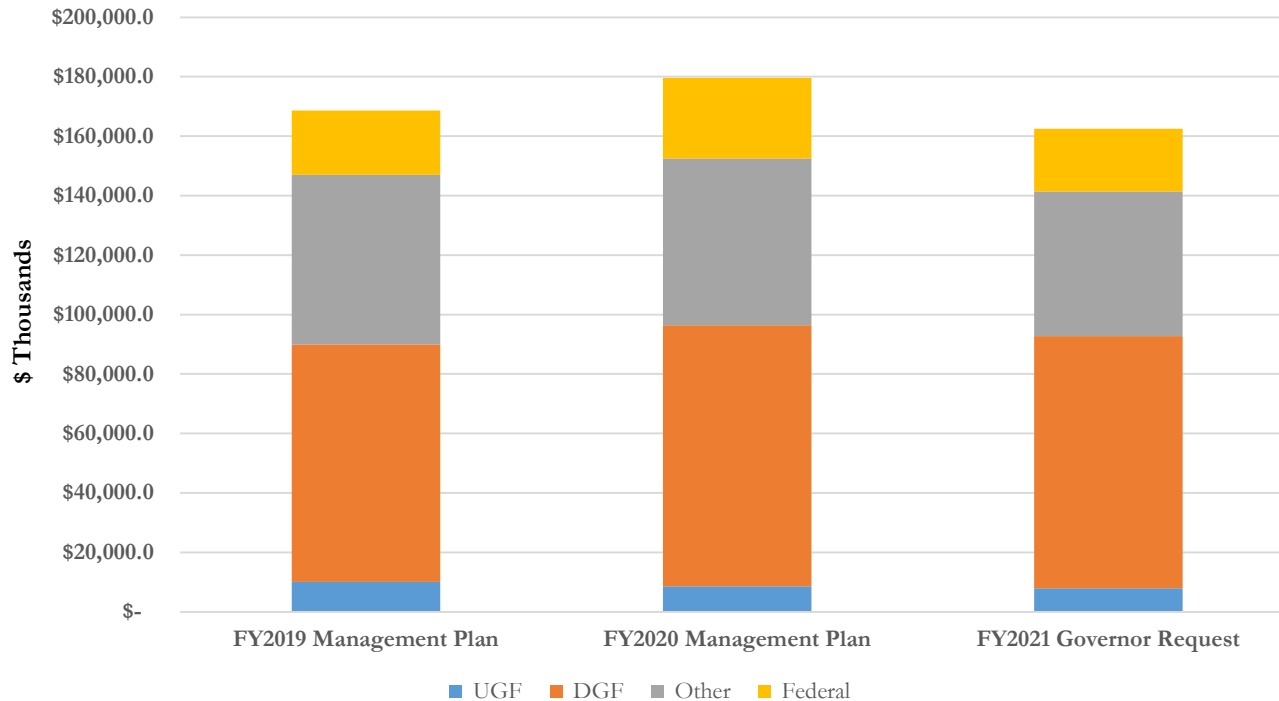
# Department Organization



- The Alaska Railroad Corporation is housed within DCCED but exempt from the Executive Budget Act.



# FY2021 Operating Budget Comparison



## Significant Changes

- Transfer International Trade from the Governor's Office
- Replace Economic Development with Alaska Development Team
- Reduce Alaska Gasline Development Corp by \$6,254.0
- Eliminate \$200.0 Kawerak grant now eligible for federal funding

	FY2019 Management Plan	FY2020 Management Plan	FY2021 Governor Request	Difference FY19 and FY21	% Difference Between FY19 and FY21
UGF	\$ 10,101.6	\$ 8,522.5	\$ 7,916.3	\$ (2,185.3)	-21.6%
DGF	\$ 79,812.6	\$ 87,830.7	\$ 84,787.4	\$ 4,974.8	6.2%
Other	\$ 57,090.0	\$ 56,136.1	\$ 48,736.9	\$ (8,353.1)	-14.6%
Federal	\$ 21,638.8	\$ 27,106.8	\$ 21,023.5	\$ (615.3)	-2.8%
<b>Total</b>	<b>\$ 168,643.0</b>	<b>\$ 179,596.1</b>	<b>\$ 162,464.1</b>	<b>\$ (6,178.9)</b>	<b>-3.7%</b>



# FY2021 Fund Source by Fund Category

Agency Operating	UGF	DGF	GF Sub Total	OTHER	FED	TOTAL	PFT
Formula		\$ 29,855.0	\$ 29,855.0	\$ 3,100.0	\$ 11,028.2	\$ 43,983.2	
Non-Formula	\$ 7,916.3	\$ 54,932.4	\$ 62,848.7	\$ 45,636.9	\$ 9,995.3	\$ 118,480.9	518
*Duplicate				\$ (22,956.8)		\$ (22,956.8)	
Non-Duplicate Total	\$ 7,916.3	\$ 84,787.4	\$ 92,703.7	\$ 25,780.1	\$ 21,023.5	\$ 139,507.3	

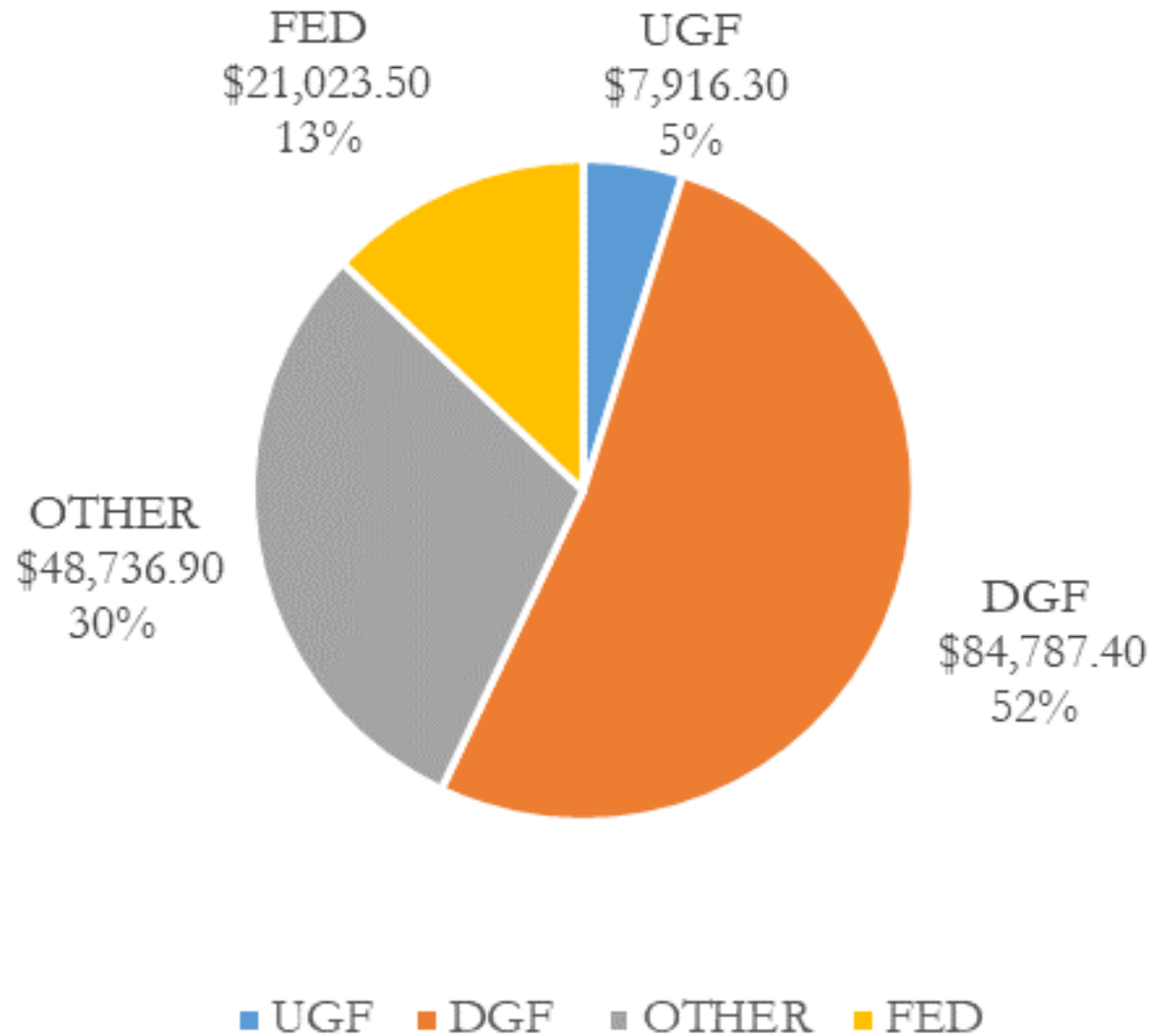
UGF	1004 General Fund	\$ 6,896.0
	1003 General Fund Match	\$ 1,020.3
DGF	1005 General Fund Program Receipts	\$ 9,536.4
	1036 Commercial Fishing Loan Fund	\$ 4,451.0
	1040 Surety Fund	\$ 296.6
	1062 Power Project Fund	\$ 995.5
	1070 Fisheries Enhancement R/L Fund	\$ 629.9
	1074 Bulk Fuel R/L Fund	\$ 57.1
	1141 RCA Receipts	\$ 9,187.3
	1156 Receipt Supported Services	\$ 19,701.4
	1162 AOGCC Receipts	\$ 7,492.3
	1164 Rural Development Initiative Fund	\$ 60.1
	1169 PCE Endowment Fund Earnings	\$ 30,236.8
	1170 Small Business ED R/L Fund	\$ 56.8
	1202 Anatomical Gift Fund	\$ 80.0
	1209 Capstone Avionics R/L Fund	\$ -
	1210 Renewable Energy Grant Fund	\$ 1,400.0
	1216 Boat Registration Fees	\$ 196.9
	1221 Civil Legal Services Fund	\$ 360.3
	1223 Commercial Charter Fisheries R/L	\$ 19.5
	1224 Mariculture R/L Fund	\$ 19.8
	1227 Microloan R/L Fund	\$ 9.7

- Five percent of the Department of Commerce, Community, and Economic Development's budget is UGF.
- The Department is a contributor to the General Fund, contributing \$102,307.3 in FY2019.

OTHER	1007 Inter-Agency Receipts (Duplicate)	\$ 15,717.3
	1061 CIP Receipts (Duplicate)	\$ 3,807.9
	1102 AIDEA Receipts	\$ 8,618.1
	1107 AEA Receipts	\$ 780.7
	1108 Stat. Desig. Progr. Receipts	\$ 16,381.3
	1235 AGDC-LNG Fund (Duplicate)	\$ 3,431.6
FED	1002 Federal Receipts	\$ 21,023.5

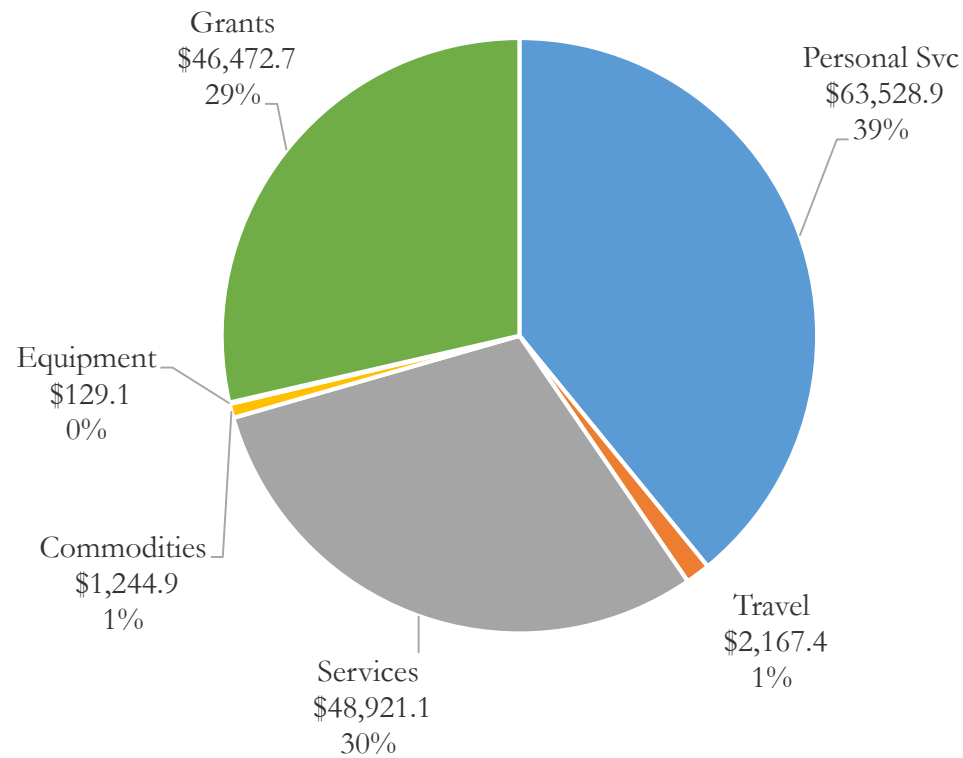


## FY2021 Budget by Fund Source





# FY2021 Budget by Line Item



■ Personal Svc ■ Travel ■ Services ■ Commodities ■ Equipment ■ Grants





## Noteworthy FY2020 Operating Budget Changes

### **Reduced General Fund Appropriation to Division of Community and Regional Affairs (-\$1,000.0 UGF)**

- DCRA has reorganized local government staff and established a central resource desk to improve responsiveness to local governments. 6 PCN's are deleted in FY21.

### **Reduced Economic Development component (-\$239.5 UGF, all other fund sources eliminated)**

- DED's budget was reduced by \$1,060.0 across all fund sources in FY2020. Three of the Five economic development component PCNs were deleted.





## Noteworthy FY2021 Operating Budget Changes

### **Eliminate Kawerak Inc. Named Recipient Grant Due to Direct Federal Funding**

- Diomede is now a subsidized federal DOT Essential Air Service program community. (\$200.0 UGF)

### **Eliminate Economic Development Funding to be Replaced by Alaska Development Team**

- Multi-year pilot program to establish a 501(c)(3) to outsource economic development functions to the private sector. (\$546.6 UGF)/ \$2,843.6 Capstone (DGF) (multi-year)

### **Eliminate Alaska Capstone Avionics Revolving Loan Fund Due to Sunset**

- Scheduled to sunset June 30, 2020: Investments (\$137.5 Capstone (DGF))



# Noteworthy FY2021 Operating Budget Changes

## **Reduce Alaska Gasline Development Corporation Operational Expenditures**

- Deletion of ten full-time and one temporary positions, reduction by eliminating office space, reducing contracts, travel, and commodity purchases: (\$6,254.0) AGDC-LNG (Other)/ 10) PFT/(1) NP

## **Power Cost Equalization and Endowment Funding**

- Based on historical averages in fuel costs. PCE grant disbursements were \$31.6 million in FY2016; \$26.4 million in FY2017; \$26.2 million in FY2018, estimated to be \$28.7 million in FY19 and \$29.7 million in FY20. (\$2,500.0) PCE Endow (DGF)



# Economic Growth

- **Division of Economic Development**
  - Investments
  - Alaska Development Team
- **Alaska Industrial Development & Export Authority**
- **Alaska Seafood Marketing Institute**



# Economic Growth

## **Division of Economic Development:** *Promoting economic development in Alaska*

The Investments component provides direct loan programs for Alaskans, increasing access to capital to support economic opportunity.

- FY2021 Operating Budget: \$5,303.9 (DGF), 37 PFT
- Significant changes: The Alaska Capstone Avionics revolving loan fund sunsets June 30, 2020

The Alaska Development Team is focused on promoting growth of existing Alaskan businesses, encouraging new businesses to invest in Alaska, and creating an economic environment that is favorable for business development.

- FY 2021 Operating Budget: \$0.0, 3 PFT, 3 NP (year two of a multi-year operating appropriation)
- Significant changes: FY2020 Supplemental budget appropriation of \$2,843.6 (multi-year DGF)
- Significant changes: FY2021 decrease of \$546.6 (UGF)



# Economic Development

**Alaska Industrial Development and Export Authority:** *promoting, developing, and advancing economic growth and diversification in Alaska by providing various means of financing and investment*

AIDEA finances and develops commercial, industrial, and infrastructure projects that create jobs and grow Alaska's economy.

- FY2021 Operating Budget: \$15,194.0 (OTHER), 82 PFT
- AIDEA's FY2021 dividend to the State is \$14.5 million, an increase of over \$4 million from FY2020

**Alaska Seafood Marketing Institute:** *Increasing the economic value of Alaska's seafood resources*

ASMI promotes Alaska's seafood both in the U.S. and internationally to increase and sustain Alaska's market share and brand recognition.

- FY2021 Operating Budget: \$20,360.3: \$15,860.3 (OTHER)/\$4,500.0 (FED), 20 PFT
- Significant Changes: Multi-year USDA Foreign Agricultural Service grant backed out for year two





# Strong Communities

- **Division of Community and Regional Affairs**
  - **Serve Alaska**
  - **Revenue Sharing**



## Strong Communities

**Division of Community and Regional Affairs:** *Promoting strong communities and healthy economies*

DCRA provides training and technical assistance to local governments, assists communities with land management and planning, houses the State Assessor's Office and the Alaska Native Language Preservation and Advisory Council, administers grants, and distributes funding.

- FY2021 Operating Budget: \$9,051.3: \$5,425.2 (UGF)/\$647.2 (DGF)/\$972.4 (OTHER), \$2,006.5 (Fed), 47 PFT
- Significant changes: Made in Alaska, Alaska Forest Products, and ARDORs programs transferred from the Division of Economic Development in FY2020
- Taken over department reporting requirements previously assigned to the Division of Economic Development (Alaska Minerals Commission, Cruise Ship Head Tax)
- DCRA has reorganized local government staff, reduced total PCN count by six, and established a central resource desk to improve responsiveness to local governments





## Strong Communities

### Serve Alaska

Serve Alaska fosters, supports, and promotes the ethic of service and volunteerism for Alaskans.

- FY2021 Operating Budget: \$2,125.4: \$216.3 (UGF)/\$20.0 (OTH)/\$1,889.1 (Fed), 2 PFT

### Revenue Sharing

DCRA administers several revenue sharing programs, including:

- Fisheries Taxes – \$3,100.0 (Other)
- National Forest Receipts – \$600.0 (Fed)
- Payment in Lieu of Taxes – \$10,428.2 (Fed)

The Community Assistance Program (CAP) provides funding to the municipalities, unincorporated communities, and Native village councils.

- The FY2021 distribution is calculated at \$20 million
- Distribution is one third of the Community Assistance Fund balance from the prior fiscal year and does not require an additional appropriation
- The FY2021 fund capitalization is \$28.7 million



# Affordable Energy

- **Alaska Energy Authority**
- **Alaska Gasline Development Corporation**



## Affordable Energy

**Alaska Energy Authority:** *Reducing the cost of energy in Alaska.*

AEA is increasing access to affordable, renewable energy throughout the state through technical assistance, rural powerhouse, tank farm, and renewable energy programs, the Power Cost Equalization program, and AEA-owned energy infrastructure.

- FY2021 Operating Budget: \$847.3 (UGF)/\$32,682.3 (DGF)/\$3,622.4 (OTH) \$1,202.0 (FED), 0 PFT (positions housed in AIDEA)
- Power Cost Equalization allocation is reduced by \$2.5 million based on historical averages and fuel cost trends.

**Alaska Gasline Development Corporation:** *Developing opportunities to ensure that Alaska's vast North Slope natural gas resources are available for the maximum benefit and use of Alaskans.*

AGDC is maximizing the benefit of Alaska's vast North Slope natural gas resource through the development of infrastructure necessary to move the gas into local and international markets.

- FY2021 Operating Budget: \$3,431.6 (DGF), 9 PFT, 6 PPT
- Significant changes: AGDC's operating budget is reduced by \$6,254.0 (OTH) in FY2021 and ten permanent and one non permanent positions are deleted.





## Consumer Protection

- **Corporations, Business, and Professional Licensing**
- **Division of Insurance**
- **Division of Banking and Securities**
- **Alcohol and Marijuana Control Office**
- **Alaska Oil and Gas Conservation Commission**
- **Regulatory Commission of Alaska**



## Consumer Protection

**Corporations, Business, and Professional Licensing:** *Inspiring public confidence through balanced regulation of competent professional and business services*

CBPL administers 43 professional licensing programs, licenses businesses and registers corporations to do business in Alaska, issues tobacco endorsements, and protects consumers through investigative functions.

- FY2021 Operating Budget: \$14,280.3 (DGF)/\$372.0 (OTH), 97 PFT
- CBPL deposited \$8,340.4 to the General Fund in FY2019

**Division of Insurance:** *Regulating the insurance industry to protect Alaskan consumers*

DOI is responsible for the licensing and compliance of insurers and insurance products in Alaska.

- FY2021 Operating Budget: \$7,832.9: \$7,276.0 (DGF)/\$279.2 (OTH)/\$277.7 (FED), 46 PFT
- DOI collected \$77,261.0 in Insurance Premium Taxes in FY2019, \$71,862.1 of which was deposited into the General Fund.



## Consumer Protection

**Division of Banking and Securities:** *Protecting consumers of financial services and promoting safe and sound financial systems.*

DBS charters, licenses, and registers financial institutions and products, investigates and enforces consumer complaints, conducts examinations and accepts ANCSA filings.

- FY2021 Operating Budget: \$4,052.8 (DGF), 25 PFT, 1 NP

**Alcohol and Marijuana Control Office:** *Enforcing alcohol and marijuana commerce laws and providing clear, consistent standards for licensure to protect the public from harm.*

AMCO serves the Alcohol and Marijuana Control Boards, issues licenses and permits, and investigates violations of Alaska's alcohol and commercial marijuana statutes.

- FY2021 Operating Budget: \$3,865.3 (DGF), 22 PFT
- All UGF funding of AMCO is removed in the FY2021 operating budget.



## Consumer Protection

**Alaska Oil and Gas Conservation Commission:** *protecting the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh ground waters and the rights of all owners to recover their share of the resource.*

AOGCC ensures the safety of well drilling, adjudicates permit applications, and ensures compliance while protecting underground fresh water.

- FY2021 Operating Budget: \$7,762.3: \$7,492.3 (DGF)/\$150.0 (OTH)/\$120.0(Fed), 33 PFT
- Significant changes: AOGCC transferred from the Department of Administration in FY2020.

**Regulatory Commission of Alaska:** *Assuring viable utility and pipeline service is provided with just and reasonable rates to consumers in Alaska.*

RCA regulates public utilities and pipeline carriers, reviews tariffs, and calculates Power Cost Equalization amount for eligible PCE recipients.

- FY2021 Operating Budget: \$9,327.2: \$9,187.3 (DGF)/\$139.9 (OTH), 54 PFT, 3 NP





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