

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
FY20 - Summary of Significant Budget Issues

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
1	Various Appropriations/ Various Allocations	Executive Branch 50% Travel Reductions	Total: (\$807.1) (\$32.7) UGF (\$321.5) DGF (\$366.5) Other (\$86.4) Fed	<p>The Governor requested executive branch-wide, 50 percent across-the-board travel reductions that were based on FY18 actual travel costs. The legislature approved all but one of the reductions within DCCED. The one travel decrement denied by the legislature was for \$209.6 of Statutory Designated Program Receipts to the Alaska Seafood Marketing Institute (ASMI) (see Item # 9).</p> <p>A summary of reductions by appropriation is below:</p> <p>Executive Administration - (\$35.9) Banking and Securities - (\$53.0) Community and Regional Affairs (DCRA) - (\$91.9) Corporations, Business and Professional Licensing - (\$145.9) Investments - (\$12.7) Insurance Operations - (\$81.3) Alcohol and Marijuana Control Office - (\$48.7) Alaska Gasline Development Corporation - (\$250.4) Alaska Energy Authority - (\$27.2) Alaska Industrial Development and Export Authority - (\$38.5) Regulatory Commission of Alaska - (\$21.6)</p>
2	Community and Regional Affairs/ Community and Regional Affairs	Realign Local Government Support and Services	(\$1,000.0) UGF	<p>The Governor proposed reducing the Division of Community and Regional Affairs by \$1 million UGF (16%).</p> <p>Per the agency, the division is "focused on building partnerships with local organizations to increase collaboration in delivering training and services to communities and making use of teleconference and videoconference capabilities to meet their constitutional mandates with fewer resources. Managing vacancies, reducing travel, and realigning services are the primary tools being used to meet their budget reduction."</p>

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Governor's Budget Items Approved as Requested (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
3	Economic Development/ Economic Development	Delete Development Specialist Positions	(\$243.4) UGF (2) PFT Positions	The Governor's FY20 budget proposed a reorganization of the Office of Economic Development (OED). The initial action was deletion of two Development Specialist positions, followed by a transfer of the remaining three positions and funding to the Office of the Governor. The legislature deleted the two positions but modified the transfer of responsibilities to the Office of the Governor. (see Item # 4).

Governor's Budget Items Approved with Modifications

Item #	Approp/Allocation	Description	Amount/Fund Source Requested	Amount/Fund Source Approved	Comment
4	Economic Development/ Economic Development	Transfer Economic Development Responsibilities to the Office of the Governor	Agency Transfer: (\$820.0) Total (\$713.2)UGF (\$106.8) Vehicle Rental Tax (DGF) (3) PFT Positions	Decrement: (\$273.4) Total (\$166.6) UGF (\$106.8) Vehicle Rental Tax (DGF) (1) PFT Position	As mentioned in Item #3, the Governor proposed a reorganization of OED - delete two Development Specialists and transfer the remaining funding and positions to the Governor's Office. The House budget accepted the deletion of the two Development Specialists and funding, but instead of transferring the remaining positions/ funding to the Governor's Office, decremented everything with the intent that the Governor's Office absorb the responsibilities within its existing budget. The operating budget Conference Committee agreed to add back \$546.6 UGF and two PFTs, resulting in a decrease of \$273.4 and 1 PFT.
5	Alaska Energy Authority/ Power Cost Equalization	Power Cost Equalization Program Funding	\$32,355.0 UGF	\$32,355.0 PCE Endowment (DGF)	The Governor proposed a bill to repeal the PCE Endowment Fund and sweep the (nearly \$1 billion) balance to the General Fund. The Governor also proposed a fund source change for the Power Cost Equalization (PCE) Program from the PCE Endowment Fund to UGF. The legislature did not consider the legislation proposed by the Governor, and continued to use the PCE Endowment Fund to pay for the PCE program.

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Legislative Additions and Deletions

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
6	Community and Regional Affairs/ Community and Regional Affairs	Maintain Grant to Alaska Legal Services	Total: \$759.1 \$450.0 UGF \$309.1 Legal Service Fund (DGF)	For the past several years, Alaska Legal Services has received a grant from the Division of Community and Regional Affairs (C&RA) in the amount of \$450.0 UGF to provide legal assistance to low-income Alaskans. In addition, the legislature passed HB 106 in the 2018 session that designated up to 10% of court system filing fees for low-income legal assistance. The Governor's proposed FY20 budget eliminated both the ongoing \$450.0 UGF and the 10% court filing fee (\$309.1) grants to Alaska Legal Services. The legislature restored all grant funding, the Governor vetoed the funding, and the legislature again restored the funding in HB 2001. The Governor agreed to fund the grants with the understanding that legal assistance would be provided primarily for the elderly and veterans.
7	Alaska Gasline Development Corporation (AGDC)/ AGDC	Reduce Executive Director Salary to Current Level	(\$450.0) AGDC-LNG (Other)	After removal and replacement of the highly paid Executive Director overseeing AGDC under the previous administration, the Governor's budget still included the old higher salary for FY20. The legislature decremented AGDC \$450.0 bringing the FY20 budget in line with the new director's salary.

Governor's Vetoes

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
8	Fund Capitalizations/ Community Assistance Fund	FY20 Deposit for Distribution in FY21	\$30 million UGF	The Governor's amended budget proposed elimination of a \$30 million capitalization of the Community Assistance Fund. A deposit would have provided for continuation of a \$30 million annual payout to communities in FY21 (1/3rd the balance of the fund). The legislature included this fund capitalization in both HB 39, where it was vetoed, and in HB 2001, where it was again vetoed. Unless a \$30 million deposit is made before June 30, 2020, the FY21 payout to communities will be reduced to \$20 million (1/3 of the \$60 million balance on July 1, 2020) - a \$10 million reduction from FY20.

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Governor's Vetoes (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
9	Alaska Seafood Marketing Institute/ Alaska Seafood Marketing Institute	Executive Branch 50% Travel Reductions	(\$209.6) Statutory Designated Program Receipts (Other)	As mentioned in Item #1, the legislature approved all but one of the decrements proposed by the Governor for "50% Travel" reductions. The one travel decrement denied by the legislature was for \$209.6 of Statutory Designated Program Receipts to the Alaska Seafood Marketing Institute (ASMI). Those receipts are paid by the seafood industry for ASMI services. The legislature deemed ASMI travel critical to its mission, but the Governor vetoed the travel funding on grounds that all agencies should share in the travel reduction.