

Key Performance Indicators

Department of Commerce, Community, & Economic Development

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Mission

Promote a healthy economy, strong communities, and protect consumers in Alaska. AS 44.33.020

Key Performance Indicators

FY18 Management Plan as of 12/15/17 (in thousands)

	Funding					Positions		
	UGF Funds	DGF Funds	Other Funds	Federal Funds	Total Funds	Full Time	Part Time	Non Perm
Department of Commerce, Community, & Economic Development Totals	\$11,586.6	\$83,060.8	\$58,461.7	\$20,946.3	\$174,055.4	505	0	5
1. Economic Growth	Funding					Positions		
<i>Includes resources for Economic Development, Alaska Industrial Development and Export Authority, Alaska Seafood Marketing Institute.</i>	UGF Funds	DGF Funds	Other Funds	Federal Funds	Total Funds	Full Time	Part Time	Non Perm
	\$2,256.6	\$5,619.7	\$24,748.2	\$4,673.3	\$37,297.8	106	0	0
• Target: Maintain first place ranking of Alaska Seafood among the most popular food brands on U.S. restaurant menus.								
• Target: Issue \$35 million in new loans each year.								
• Target: Review and authorize marijuana licenses for qualified persons and entities.								
2. Sustainable Energy	Funding					Positions		
<i>Includes resources for Alaska Industrial Development Export Authority, Alaska Energy Authority.</i>	UGF Funds	DGF Funds	Other Funds	Federal Funds	Total Funds	Full Time	Part Time	Non Perm
	\$1,206.9	\$41,332.3	\$26,495.2	\$752.0	\$69,786.4	91	0	1
• Target: By 2025, 50 percent of electricity generation is from renewable sources.								
3. Strong Communities	Funding					Positions		
<i>Includes resources for Community & Regional Affairs, Payment in Lieu of Taxes, National Forest Receipts, Fisheries Taxes, Serve Alaska.</i>	UGF Funds	DGF Funds	Other Funds	Federal Funds	Total Funds	Full Time	Part Time	Non Perm
	\$6,878.6	\$90.0	\$5,466.2	\$14,931.0	\$27,365.8	64	0	1
• Target: Reduce the number of communities (public entities) that are noncompliant with management sustainability indicators by five percent each year.								
• Target: Increase the number of users trained on the Utility Management training courses.								
4. Consumer Protection	Funding					Positions		
<i>Includes resources for Banking & Securities, Insurance Operations, Corporations, Business and Professional Licensing, Regulatory Commission of Alaska, Alcoholic Beverage Control Board.</i>	UGF Funds	DGF Funds	Other Funds	Federal Funds	Total Funds	Full Time	Part Time	Non Perm
	\$1,244.5	\$36,018.8	\$1,752.1	\$590.0	\$39,605.4	244	0	3
• Target: 100 percent of tariff matters are reviewed and processed within regulatory timelines.								
• Target: Manage licensure of Alaska businesses and professionals.								
• Target: Charter, license or register entities and persons in regulated financial services industries.								

Performance Detail

1: Economic Growth

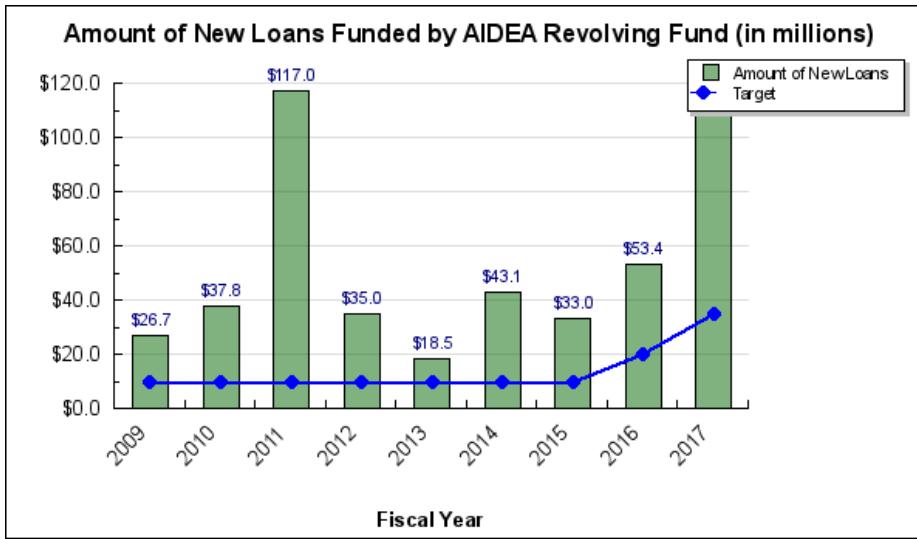
Target #1: Maintain first place ranking of Alaska Seafood among the most popular food brands on U.S. restaurant menus.



Methodology: Dataessentials Research.

Analysis of results and challenges: In 2016 Alaska Seafood, for the first time, obtained the #1 most commonly named protein brand called out on restaurant menus, surpassing Angus Beef. In another study of United States consumers conducted by Dataessentials in January of 2016, 87% of consumers reported being more likely to order a fish/seafood dish if the Alaska Seafood logo is on the menu and 94% of consumers reported being more likely to order a fish/seafood dish when the word "Alaska" is on the menu. This research is conducted every two years and will be updated in calendar year 2018.

Target #2: Issue \$35 million in new loans each year.

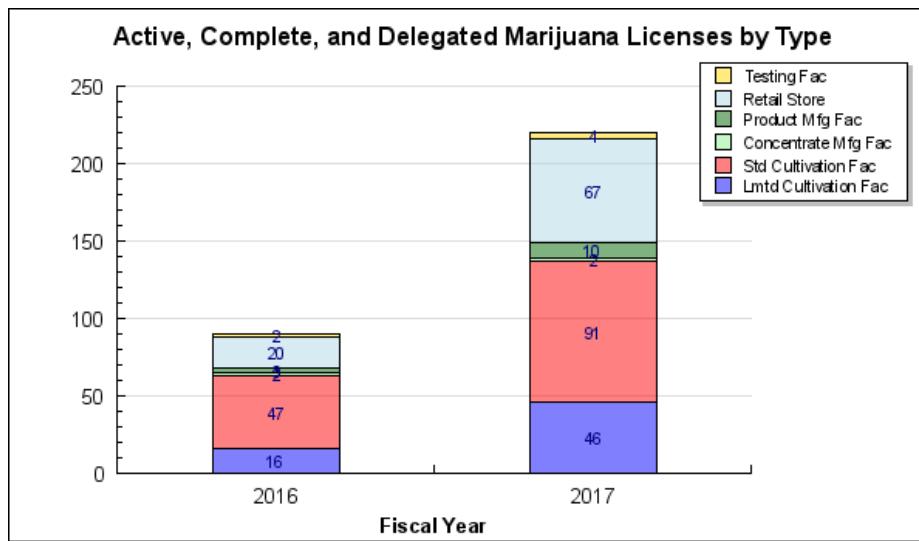


Methodology: Data is compiled from AIDEA's Loan management and reporting system.

Analysis of results and challenges: The past few years have shown steady use of the AIDEA Loan Participation program by the State's commercial lenders. The commercial real estate market has been stable for the last several years. If oil prices remain at current levels, there is the possibility of a slowing economic environment. Decisions on the state budget deficit may also impact the commercial real estate market in the future. Lenders are currently highly liquid and the low interest rate environment is assisting in stabilizing demand.

The significant increase in new loans approved during FY2017 is caused by the low interest rate environment and clients' needs to stabilize their debt service requirements over time.

Target #3: Review and authorize marijuana licenses for qualified persons and entities.



Methodology: Data from the Marijuana Licensing Database, shows applications received by AMCO for the six license types through July 1, 2017. License types are further broken down by status. Applications that have been initiated by applicants but not yet submitted are not included.

Active, Complete, and Delegated Marijuana Licenses by Type

Fiscal Year	Lmtd Cultivation Fac	Std Cultivation Fac	Concentrate Mfg Fac	Product Mfg Fac	Retail Store	Testing Fac
FY 2017	46 +187.5%	91 +93.62%	2 0%	10 +233.33%	67 +235%	4 +100%
FY 2016	16	47	2	3	20	2

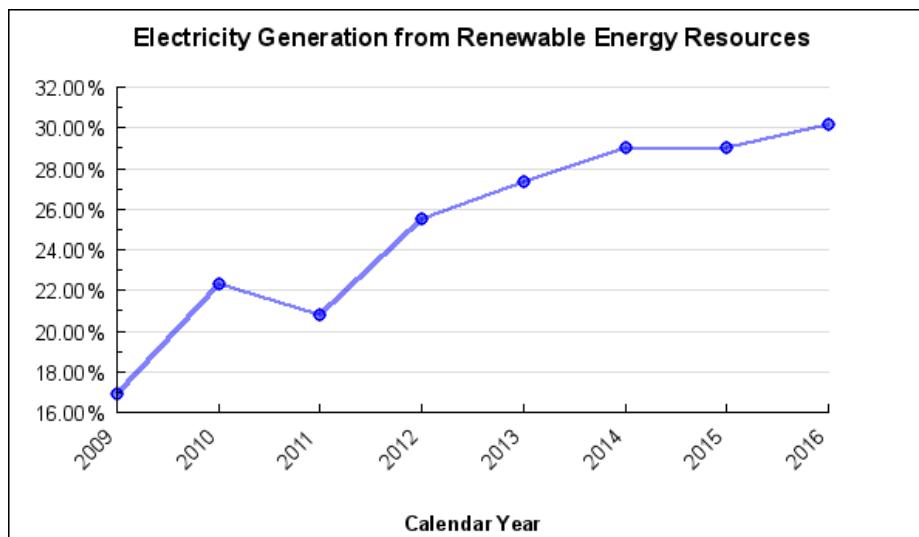
Analysis of results and challenges: Under 3 AAC 306 there are six possible marijuana establishment licenses. The Alcohol and Marijuana Control Office began receiving applications in February of 2016 and began reviewing applications in April 2016 for board review and approval.

The marijuana license application system is an electronic database custom created for AMCO by the DCCED information technology (IT) team. The database allows applicants to progress through statuses including new, initiated, under review, incomplete, complete, delegated, and active, as well as void, rescinded, tabled, and denied. At each stage detailed instructions including training videos are available to applicants on AMCO's website. The website also contains detailed FAQs, board meeting dates, agenda and board packets, forms, and the latest information for both marijuana and liquor license applicants.

A flow chart of marijuana license statuses is available online at
<https://www.commerce.alaska.gov/web/Portals/9/pub/MCB/Marijuana%20Flow%20Chart.pdf>

2: Sustainable Energy

Target #1: By 2025, 50 percent of electricity generation is from renewable sources.



Methodology: U.S. Energy Information Administration "Net Generation by State by Type of Energy Source" (EIA-906, EIA-920 and EIA-923). CY2016 is estimated.

Analysis of results and challenges: Alaska's renewable energy portfolio continues to grow slowly and steadily due in part to the impacts of the Alaska Energy Authority (AEA)'s Renewable Energy Grant Fund (REF)program.

The percentage of electrical need met by renewable generation has increased from 21.5% in 2010 to an estimated 30.2% in 2016 (final net generation figures for 2016 are not available from the Energy Information Administration until early 2018). Of the renewable generation, about 90% is produced by hydropower and 10% by wind power. Because so much renewable generation comes from hydro there are year-to-year fluctuations in overall renewable contribution based on weather. In years with little snow and low precipitation there will be a decrease in total renewable generation with no change in installed capacity.

In addition to the gains in electricity generation from renewable energy depicted in the graph above, the REF grant program has also funded renewable energy systems in rural locations whose utilities are not required to report to the Energy Information Administration. REF projects also provided gains in renewable heat energy, such as biomass and heat recovery. Heat recovery projects typically displace costly heating fuel in schools, water systems and other community facilities located in relatively close proximity to the powerhouse. Biomass projects displace heating fuel in non-residential buildings and bring energy security through local sourcing as well as job creation at the local level.

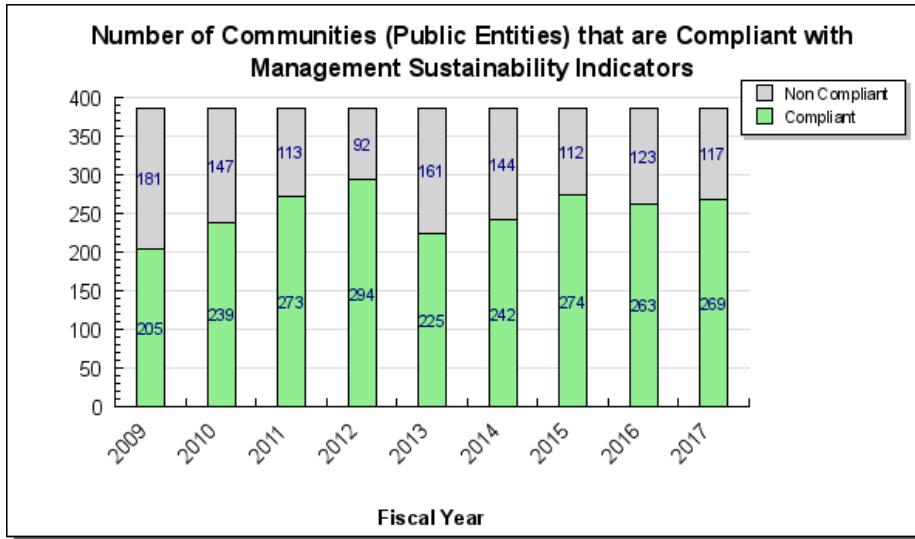
The only large renewable project currently slated for near term construction is expansion of the Bradley Lake hydro facility on the Railbelt. If the expansion had been operational in 2016 it would have added less than 1% to total statewide renewable generation. Assuming the current level of renewable energy projects being brought on line, it would take more than 100 years to reach the 50% goal.

Increasing the percentage of electricity generated from renewable sources has achieved by the following action items under way:

- 1) Local, regional and statewide energy planning efforts, including the Alaska Affordable Energy Strategy, that emphasize the need for data-driven decision making and use of most cost effective, locally available resources;
- 2) Renewable Energy Fund projects;
- 3) Additional state appropriations for renewable energy projects;
- 4) Power Project Loan Fund support of renewable energy projects;
- 5) Recapitalization of the Power Project Loan Fund to support additional projects;
- 6) Private capital in conjunction with Renewable Energy Fund grant money
- 7) Federal funding of renewable energy projects, including Denali Commission, Department of Energy and USDA;
- 8) Energy efficiency and conservation programs such as AEA's Village Energy Efficiency Program (VEEP), Alaska Commercial Building Energy Audit Program, and public education and outreach activities that lower overall energy consumption, thereby increasing the percentage of power that is generated by renewables.

3: Strong Communities

Target #1: Reduce the number of communities (public entities) that are noncompliant with management sustainability indicators by five percent each year.



Methodology: Data from Community and Regional Affairs internal portal of Community Database On-line.

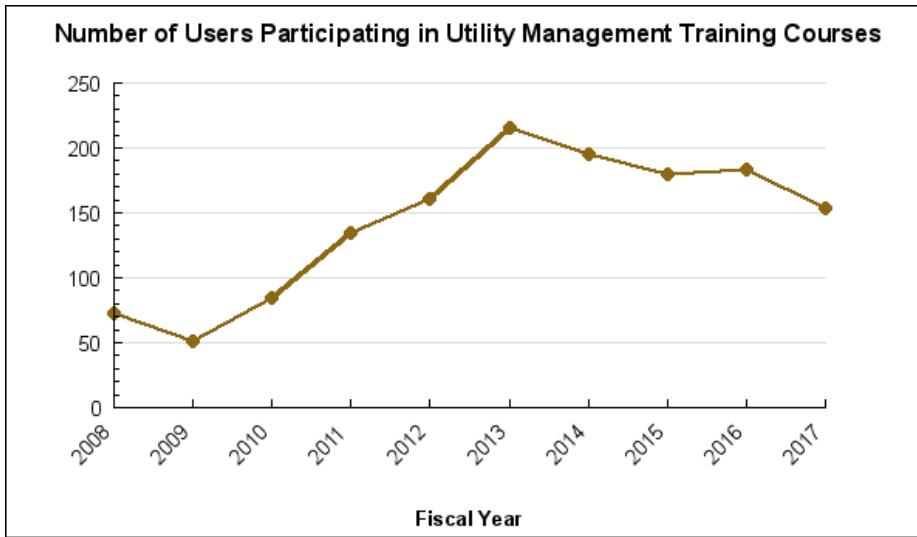
Analysis of results and challenges: Analysis of results and challenges: Public services are critical to the health and long-term viability of communities. A local government's ability to provide adequate and sustainable public services can be accurately predicted by examining essential management indicators. DCRA gathers public entity data used by staff to conduct service assessments necessary to understand the existing level of governance and to provide any assistance necessary to them. In FY2009, the division began measuring compliance of a set number of entities using a standardized set of indicators. These indicators and compliance standards are:

1. Workers' Compensation policy – If an entity has an active policy or not.
2. Municipal elections – If the required election was properly held and certified.

3. Financial Audits – If the required state or federal financial audits have been completed and filed.
4. Liens - If liens or judgments are filed against the entity.
5. PERS Debt - If an entity is current on their PERS payments.
6. Fuel Loans - If an entity borrowed loans for purchase of fuel and is current on its payment; and
7. Financial Documents (budgets, audits/certified financial statements) – if an entity has completed and filed these documents.

The number of non-compliant entities has slightly decreased in FY2017. Reduced resources to work with communities, accuracy of data, timeliness of information reported by agencies, community resources, and commitment to issue resolution continue to be challenges. Most indicators will require the entity to make a change in procedures, policies, and or staffing to rectify issues.

Target #2: Increase the number of users trained on the Utility Management training courses.

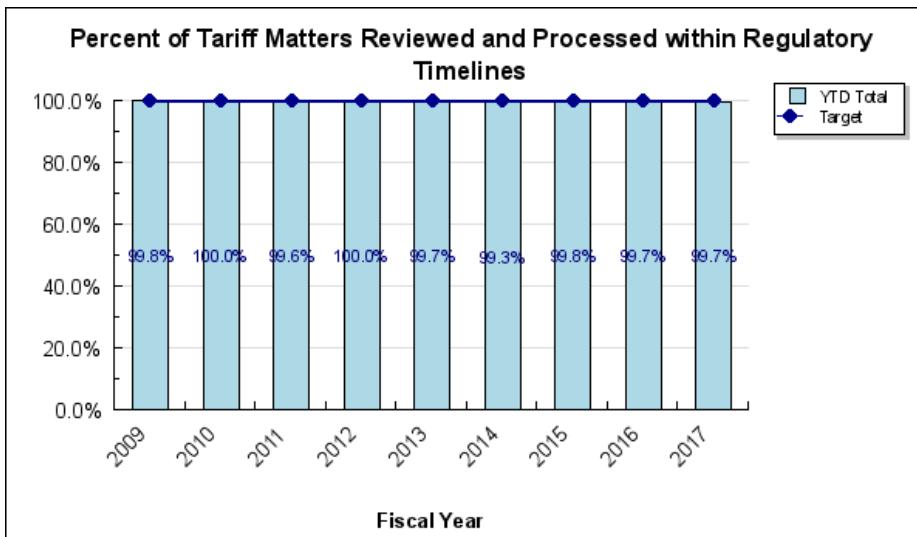


Methodology: Data from Rural Utility Business Advisor (RUBA) Grant Annual Progress Report.

Analysis of results and challenges: Eight 32-hour utility management courses were developed to build local capacity for operations and maintenance of local infrastructure. These courses are approved by the University of Alaska for credit and often are presented in conjunction with regional health corporations and other regional entities. In FY2017, Rural Utility Business Advisor (RUBA) staff presented nine classes in four different regional hubs and trained 153 utility management managers and staff. Challenges to providing more training include difficulty in scheduling more classes when sufficient numbers of participants can attend and reduced available funding for training venues and participant travel.

4: Consumer Protection

Target #1: 100 percent of tariff matters are reviewed and processed within regulatory timelines.



Methodology: STAR database report "Annual Report-Disposition of Tariff Filings (v02).

Analysis of results and challenges: The Regulatory Commission of Alaska (RCA) reviews tariff filings for each regulated utility and

pipeline carrier. A tariff controls the conduct of business by utilities and pipeline carriers. If review of a tariff filing is not completed within the established timeline, the requested change in rules, rates, or procedure automatically goes into effect by force of law. In FY2017, 360 tariff filings that required RCA review were processed. One tariff filing was not processed by the end of the timeline; however, that type of filing takes effect without Commission action. In addition, the Commission elected to allow one tariff filing to become effective at the end of the statutory notice period without Commission action.

Target #2: Manage licensure of Alaska businesses and professionals.

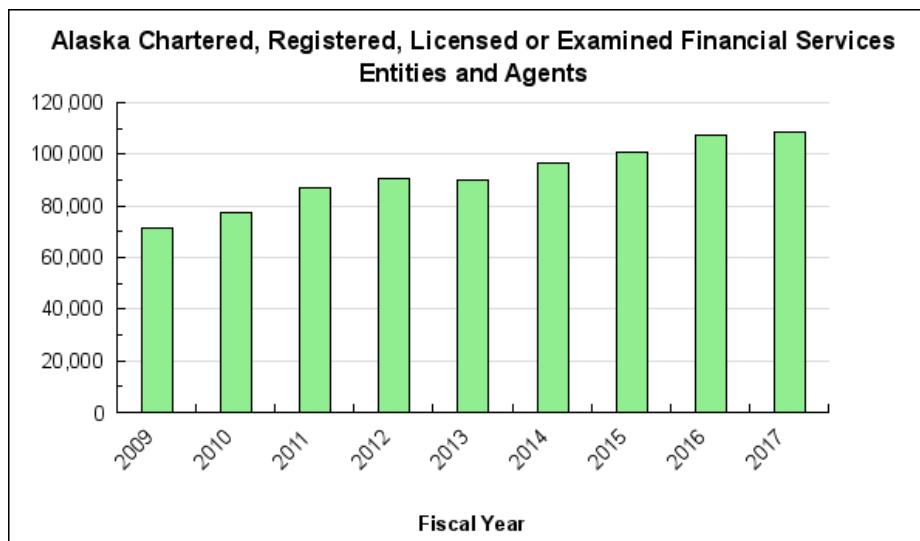


Methodology: DCCED, CBPL, CBP Portal.

Analysis of results and challenges: Alaska benefits by increasing the number of companies and availability of competent, qualified practitioners doing business in the state. A variety of contributing factors can often cause the number of licensees to fluctuate, such as changes in competency requirements, fees, demand for the profession, economic climate, etc.

In an ongoing effort to refine its processes and more accurately represent its functions, the division improved its method of calculating the number of professional licensees. Beginning in FY2012, the new method implemented includes all license activity over the course of a fiscal year and is one of the reasons the number of professional licensees increased from FY2011. In previous years, professional license numbers were calculated as a "snapshot" of one day—usually the last day of the fiscal year. Beginning in FY2017, a few additional existing transaction types totaling 3,386 licenses, exemptions, or practice plans were included in the license count to better reflect the volume of licensing activity occurring within the division.

Target #3: Charter, license or register entities and persons in regulated financial services industries.



Analysis of results and challenges: FY2017 saw some stabilizing in the number of financial services entities with a more modest overall growth of approximately 1.5%. However, Money Services Businesses, Small Loan Companies, and Mortgage Loan Originators, which all require criminal and financial background checks, increased 8%, 40% and 14%, respectively. Alaska's financial laws are not keeping pace with the new methods of offering and selling products (i.e. internet, Facebook and other social media) and with the products themselves (i.e. digital currencies, new methods of packaging or selling mortgage loans and securities) putting additional pressure on the division's resources to respond to inquiries from parties interested in licensure in Alaska.

Current as of December 11, 2017

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