



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT

DEPARTMENT OVERVIEW

HOUSE FINANCE COMMITTEE

Mike Navarre, Commissioner

January 31, 2018



Mission & Core Services

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

- **Consumer Protection**
- **Economic Growth**
- **Strong Communities**
- **Affordable Energy**

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/>

FY2019 Budget & Statutes

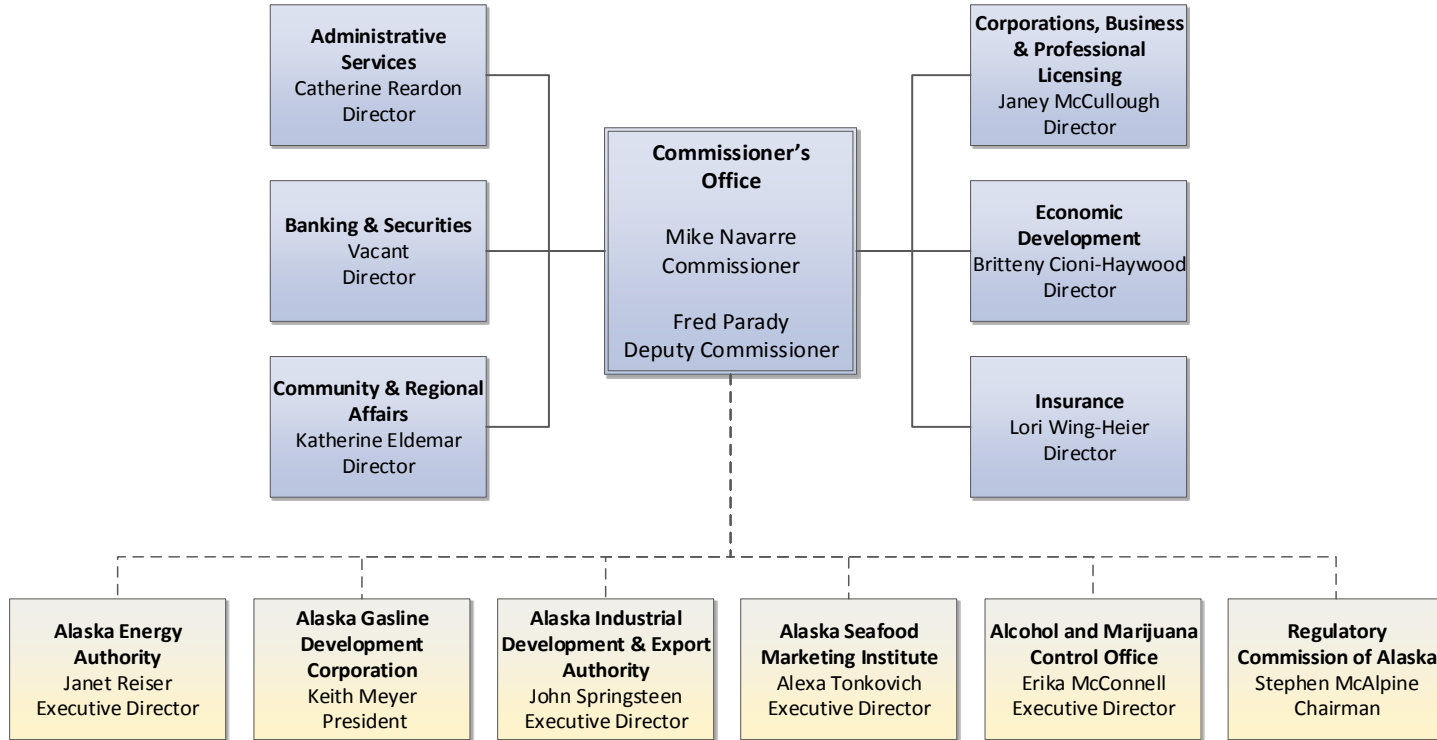
<https://www.omb.alaska.gov/html/budget-report/departments-table.html?dept=DCCED&fy=19&type=Proposed>

FY2019 Performance Measures

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



Department Organization

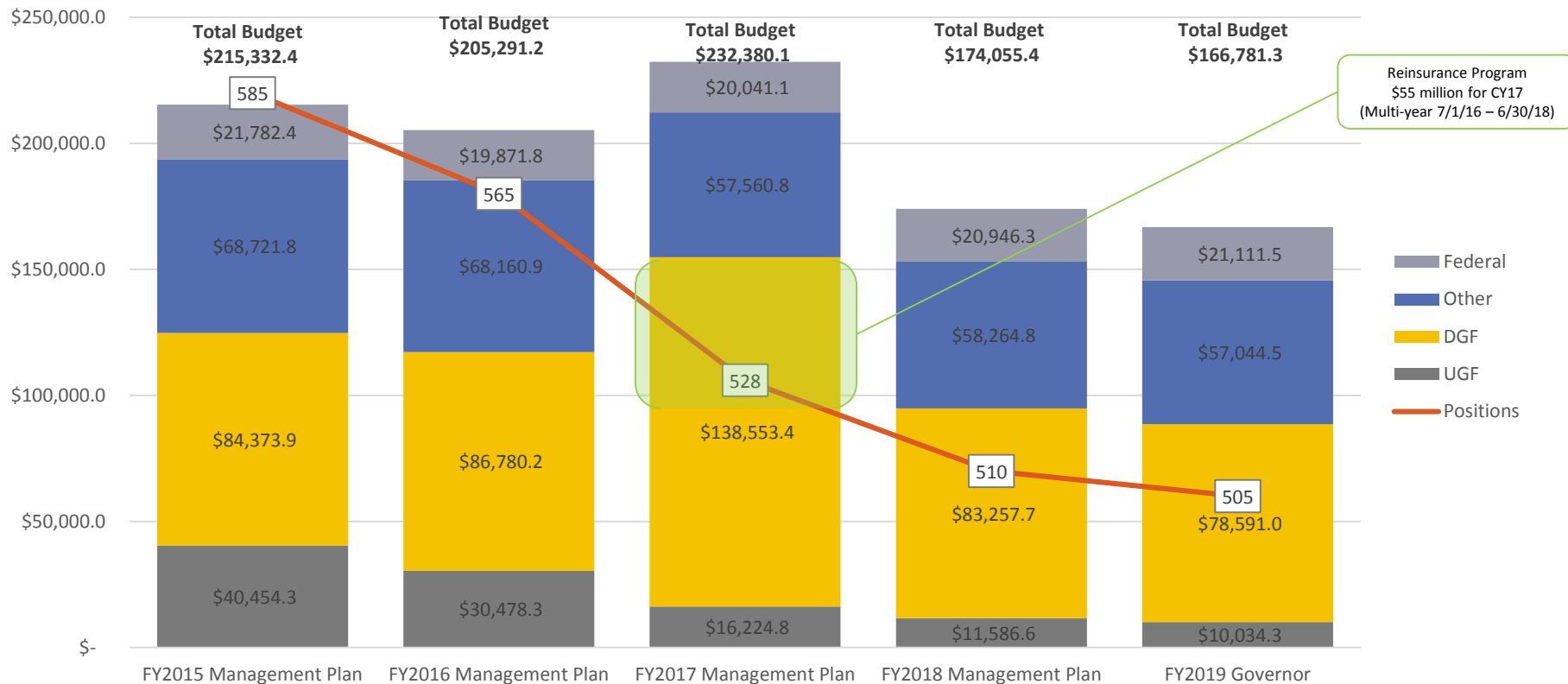


In FY2019 the department will be comprised of 500 permanent full-time and 5 non-permanent budgeted staff in 3 core and 5 remote locations.



FY2019 Budget: \$166,781.3

UGF: \$10,034.3 DGF: \$78,591.0 Other: \$57,044.5 Federal: \$21,111.5





Since FY2015...

Deleted
96
positions



Added
16
positions

Reductions in UGF / fund supported programs

- 14 Administrative Services
- 3 transferred to OIT
- 2 transferred to Shared Services
- 12 Community and Regional Affairs
- 12 Economic Development
- 2 Tourism Marketing
- 1 Investments
- 8 Insurance
- 12 Alaska Gasline Development Corporation
- 24 AIDEA & AEA
- 6 Regulatory Commission of Alaska

Growth in licensing programs in response to increased demand

- +1 Banking and Securities (ANCSA)
- +7 Corporations, Business and Professional Licensing
- +8 Alcohol and Marijuana Control Office



Legislative Finance Charts

The department's GF budget decreased by \$27.8 million between FY09 and FY19 Governor's request -- an average annual decline rate of 2.7%.

The department's total FY19 Governor's request GF budget equals \$266 per resident worker.*

The department's GF budget increased by:

\$29.6 million from FY10 to FY11 -- an increase of 28%. Significant increases include:
 --\$15.6 million for the establishment of the Alaska Gasline Development Corporation (one-time)
 --\$5 million for Named Recipient Tourism Grant (one-time)
 --\$2 million for Renewable Energy Grants Management (one-time)

\$27.9 million from FY12 to FY13 -- an increase of 28%. Significant increases include:
 --\$16 million for Tourism Marketing
 --\$5.5 million for Seafood Marketing
 --\$3.9 million for AEA Power Cost Equalization

Significant changes from FY16 to FY18 include:
 --(\$7.8) million for Tourism Marketing moving from Operating to Capital
 --\$55 million for Reinsurance Program FY17-FY18 (Multi-year)
 --\$55 million for Reinsurance Program FY18-FY23 (Multi-year)

The decrease from FY18 to FY19 Governor's request is primarily related to reversing the two appropriations for the Reinsurance Program.

Department of Commerce, Community & Economic Development
 Share of Total Agency Operations
 (GF Only)
 (\$ Thousands)



Reinsurance Program
 \$35 million carried forward from FY17 for CY17
 (Multi-year 7/1/16 -- 6/30/18)

Reinsurance Program
 \$55 million for CY18-22
 (Multi-year 7/1/17 -- 6/30/23)

* According to the Department of Labor, there were 332,583 resident workers in Alaska in 2015.



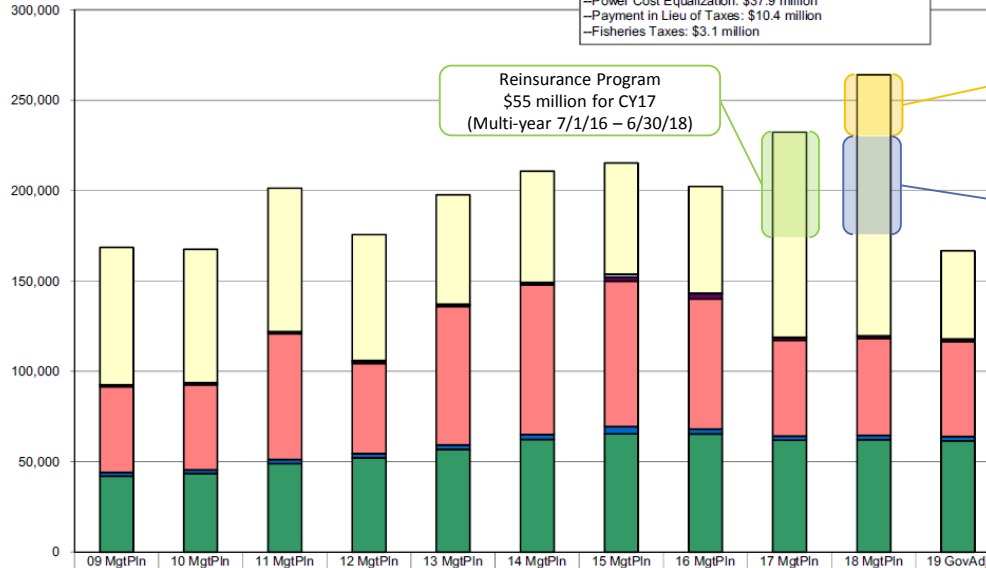
Legislative Finance Charts

The majority of FY19 Governor's request is broken down into the following line items:
 Personal Services: 37%
 Services: 32%
 Grants: 29%

Department of Commerce, Community & Economic Development

Line Items
 (All Funds)
 (\$ Thousands)

The FY18 Grants & Benefits line includes funding for:
 -Reinsurance Program (FY17-FY18): \$55 million
 -Reinsurance Program (FY18-FY23): \$55 million
 -Power Cost Equalization: \$37.9 million
 -Payment in Lieu of Taxes: \$10.4 million
 -Fisheries Taxes: \$3.1 million

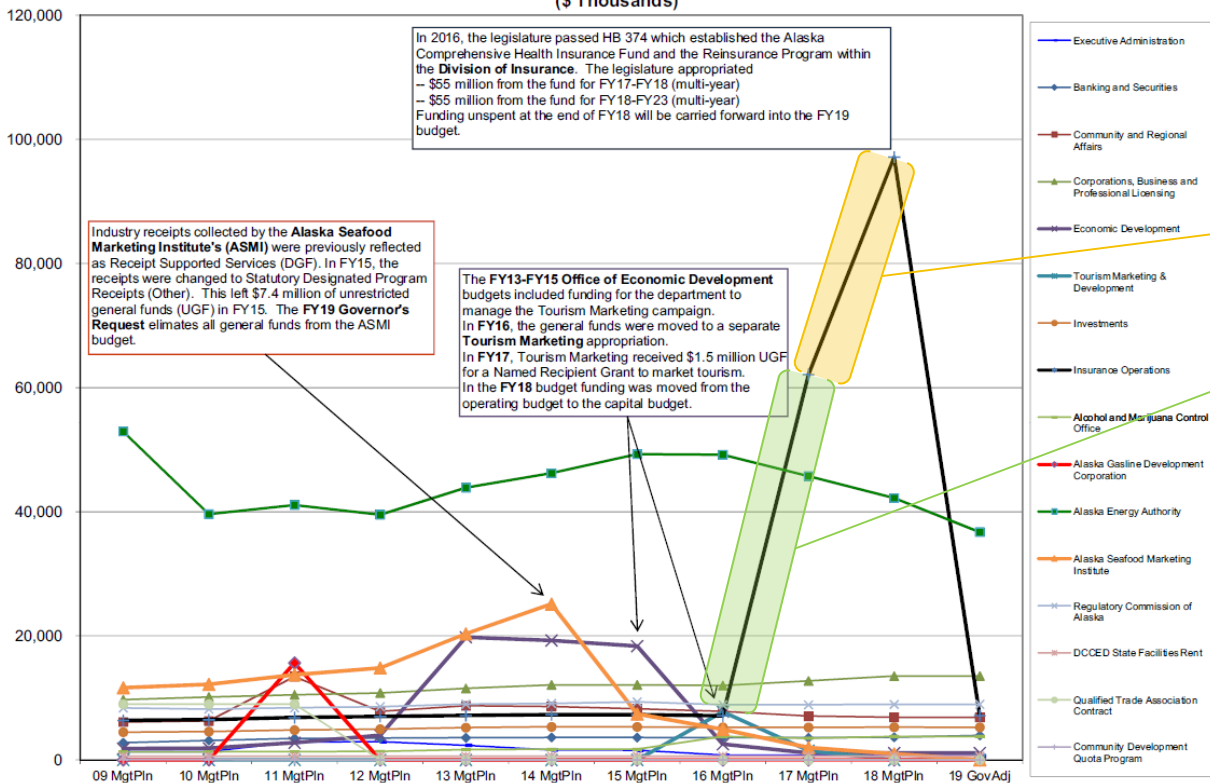


	09 MgtPin	10 MgtPin	11 MgtPin	12 MgtPin	13 MgtPin	14 MgtPin	15 MgtPin	16 MgtPin	17 MgtPin	18 MgtPin	19 GovAdj
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Grants, Benefits	75,908.1	73,939.2	79,339.2	69,755.6	60,422.9	61,461.5	61,636.0	59,068.7	113,544.6	144,302.4	48,752.4
Capital Outlay	375.4	325.4	438.7	730.7	327.8	300.1	1,530.1	150.1	137.9	149.9	149.8
Commodities	732.1	788.8	832.1	964.2	1,021.2	1,014.0	2,213.9	2,991.1	1,455.9	1,354.9	1,354.5
Services	47,520.6	46,983.3	69,493.9	49,879.5	76,624.7	82,898.2	80,458.8	72,009.3	52,938.4	53,636.3	52,605.1
Travel	1,977.0	2,069.2	2,330.5	2,243.7	2,478.3	2,796.7	3,981.8	2,726.4	2,271.8	2,412.5	2,382.6
Personal Services	42,054.6	43,516.4	48,960.1	52,183.0	56,759.3	62,285.9	65,511.8	65,345.6	62,031.5	62,199.4	61,536.9



Legislative Finance Charts

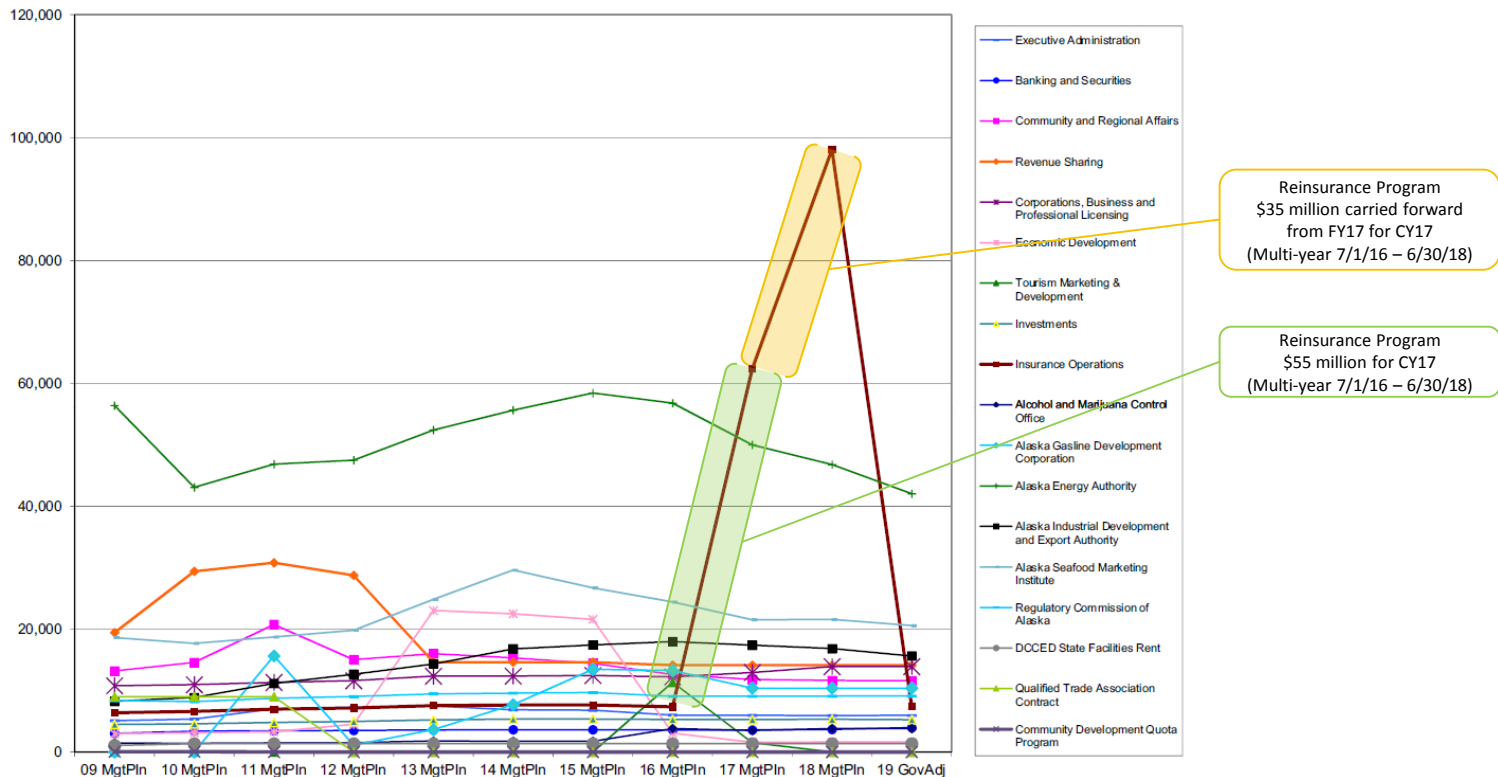
Appropriations within the Department of Commerce, Community & Economic Development (GF Only) (\$ Thousands)





Legislative Finance Charts

Appropriations within the Department of Commerce, Community & Economic Development
(All Funds)
(\$ Thousands)





Commissioner's Office & Administrative Services

Program	Funding	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Executive Administration						\$5,954.6 (\$681.3 UGF / \$5,273.3 Other)	40 PFT / 38 Filled	
Commissioner's Office	\$1,012.0	5 PFT	All Alaskans	97% division-supported	Critical	Effective	C	Yes
Administrative Services	\$4,942.6	35 PFT	All Alaskans	86% division-supported	Important	Effective	-	Yes
RDU: State Facilities Rent						\$1,359.4 (\$599.2 UGF / \$760.2 Other)	-	
State Facility Rent	\$1,359.4	-	All Alaskans	56% division-supported	Important	Effective	-	-



Banking and Securities Division

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Banking and Securities						\$3,964.0 (DGF)	25 PFT / 22 Filled	
Examinations	\$1,459.1	9 PFT	All Alaskans	100%	Critical	Effective	F ¹	Yes
Operations & Licensing	\$997.8	7 PFT	All Alaskans	100%	Critical	Effective	F ¹	Yes
Enforcement & Outreach	\$1,150.0	7 PFT	All Alaskans	100%	Critical	Effective	F ¹	Yes
Program Support	\$356.9	2 PFT	All Alaskans	100%	Important	Effective	-	Yes

¹ All banking and some securities activities are federally required.

* Funding for programs within this Division is estimated if the program is not a separate allocation in the budget.



Community and Regional Affairs Division

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Community and Regional Affairs	\$11,601.6 (\$6,561.9 UGF / \$286.9 DGF / \$845.1 Other / \$3,907.7 Federal)						53 PFT / 49 Filled	
Municipal & Community Policy & Research	\$2,044.5	13 PFT	All Alaskans	-	Critical	Effective	C	Yes
<ul style="list-style-type: none"> Alaska Native Language and Preservation and Advisory Council Community Mapping 		<ul style="list-style-type: none"> Local Boundary Commission Municipal Land Trust 		<ul style="list-style-type: none"> Office of the State Assessor Research & Analysis 				
Local Government Assistance / Rural Utility Business Advisor	\$3,779.7	22 PFT	All Alaskans	-	Critical	Effective	C	Yes
<ul style="list-style-type: none"> Bulk Fuel Revolving Loan Program 		<ul style="list-style-type: none"> Floodplain Management Program 		<ul style="list-style-type: none"> Rural Utility Business Advisor (federally funded) 				
Community Aid & Accountability	\$1,445.1	9 PFT	All Alaskans	-	Critical	Effective	C	Yes
<ul style="list-style-type: none"> Grants Administration (operating and capital) 		<ul style="list-style-type: none"> Community Assistance Program administration 						
Operating Grants for Life/Health/Safety	\$1,026.9	-	All Alaskans	\$196.9 Boat Rcpt	Critical	Effective	-	Yes
<ul style="list-style-type: none"> Alaska Marine Safety Education Association (Boat Receipts) Kawerak, Inc. for Essential Air Service to Little Diomede Alaska Donor Services (Anatomical Gift Funds) 		<ul style="list-style-type: none"> \$196.9 \$200.0 \$80.0 		<ul style="list-style-type: none"> Alaska Legal Services Corporation Rural Utility Business Advisor Program 				
Program Support	\$1,172.6	7 PFT	All Alaskans	-	Important	Effective	-	Yes
Serve Alaska	\$2,132.7	2 PFT	All Alaskans	-	Important	Effective	-	Yes
RDU: Revenue Sharing	\$14,128.2 (\$3,100 Other / \$11,028.2 Fed)						-	
Revenue Sharing	\$14,128.2	-	All Alaskans	-	Critical	Effective	-	Yes
142 communities & organizations								
<ul style="list-style-type: none"> Payment in Lieu of Taxes National Forest Receipts Fisheries Taxes 		<ul style="list-style-type: none"> \$10,428.2 \$600.0 \$3,100.0 		<ul style="list-style-type: none"> F C & F C 				

* Funding for programs within this Division is estimated if the program is not a separate allocation in the budget.



Corporations, Business, & Professional Licensing Division

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Corporations, Business and Professional Licensing					\$13,899.9 (\$13,513.3 DGF / \$386.6 Other)		93 PFT / 78 Filled	
Business Licensing & Corporations	\$1,122.7	7 PFT	All Alaskans 73,085 Business Licenses & 68,764 Corporations (FY2017)	100%	Critical	Effective	-	Yes
Professional Licensing	\$6,793.2	45 PFT	All Alaskans 88,440 Professional Licenses (FY2017)	100%	Critical	Effective	Yes ¹	Yes
Investigations	\$3,560.8	22 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Program Support	\$2,423.2	19 PFT	All Alaskans		Important	Effective	-	-

43 Professional Licensing programs:	Acupuncturists Architects, Engineers, and Land Surveyors Athletic Trainers Audiologists & Speech-Language Pathologists Barbers & Hairdressers Behavior Analysts Big Game Commercial Services Board Chiropractic Examiners Collection Agencies	Concert Promoters Construction Contractors Dental Examiners Dietitians & Nutritionists Dispensing Opticians Electrical Administrators Euthanize Domestic Animals Geologists Guardians & Conservators	Hearing Aid Dealers Home Inspectors Marine Pilots Marital & Family Therapy Massage Therapists Mechanical Administrators Medical Board Midwives Morticians	Naturopathy Nursing /Nurse Aide Nursing Home Administrators Optometry Pawnbrokers Pharmacy Physical Therapy & Occupational Therapy	Professional Counselors Psychology Public Accountancy Real Estate Appraisers Real Estate Commission Social Work Examiners Underground Storage Tank Worker Veterinary Examiners
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¹ Three Professionally Licensing programs are federally required: Nursing Home Administrators, Nurse Aides, and Real Estate Appraisers.

* Funding for programs within this Division is estimated if the program is not a separate allocation in the budget.



Economic Development Division

Program	Funding	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Economic Development				\$1,605.1	(\$784.6 UGF / \$336.5 DGF / \$310.6 Other / \$173.3 Fed)			5 PFT / 4 Filled
Economic Development	\$1,605.1	5	All Alaskans	-	Critical	Effective	-	Yes
<ul style="list-style-type: none">Made in AlaskaComprehensive Economic Development StrategyMarketing and research for Alaska's unique industries – minerals, forest products, mariculture, unmanned aerial systems, etc.								
RDU: Investments						\$5,259.1 (DGF)	38 PFT / 35 Filled	
Investments	\$5,259.1	38	~ 4,500 Alaskans	100%	Critical	Effective	-	Yes
<p>Lending and collections for 9 loan programs:</p> <ul style="list-style-type: none">Alternative Energy ConservationAlaska Capstone AvionicsCommercial Charter FisheriesCommercial FishingFisheries EnhancementMaricultureAlaska MicroloanRural Development Initiative FundSmall Business Economic Development								



Insurance Division

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Insurance					\$7,462.5 (\$7,163.0 DGF / \$299.2 Other)		46 PFT / 42 Filled	
Filings & Market Conduct Reviews - Property / Casualty - Life / Health	\$2,296.2	13 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Financial Examinations	\$1,057.3	6 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Investigations & Consumer Services	\$1,487.6	10 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Licensing	\$705.0	5 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Financial Reports & Audits	\$475.4	3 PFT	All Alaskans	100%	Critical	Effective	-	Yes
Program Support	\$1,441.0	9 PFT	All Alaskans	100%	Important	Effective	-	Yes
Reinsurance Program	\$55,000.0 for CY18-22	-	19,000 Alaskans	100% Insurance Premium Tax	Critical	Effective	-	Yes



Alcohol and Marijuana Control Office

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
RDU: Alcohol and Marijuana Control Office					\$3,817.1 (\$532.8 UGF / \$3,260.3 DGF / \$23.7 I/A)		21 PFT / 18 Filled	
Licensing, Education & Administration	\$1,961.4	12	All Alaskans	Alcohol 100% Marijuana 70%	Critical	Effective	F	Yes
Enforcement	\$1,855.7	9	All Alaskans	Alcohol 100% Marijuana 70%	Critical	Effective	F	Yes

	FY2016		FY2017		FY2018		FY2019	
Expenditure Authority	Alcohol	Marijuana	Alcohol	Marijuana	Alcohol	Marijuana	Alcohol	Marijuana
License Fees	1,747.2		1,917.5	100.0	1,925.5	806.6	1,978.0	1,282.6
Unrestricted General Funds		2,049.1 ^b		1,470.7		1,052.5		532.8
Total	1,747.2	2,049.1	1,917.5	1,570.7	1,925.5	1,859.1	1,978.0	1,815.4
Division Total ^a	3,796.3		3,488.2		3,784.6		3,817.1	
Positions	17		18		21		21	
Receipt Revenue (annual, projected)	1,662.9 ^c	341.5	1,917.5	1,346.0	1,925.5	1,346.0 ^d	1,978.0	Unknown ^e

^a Division Total excludes \$23.7 inter-agency receipts that have not been used in recent years.

^b FY2016 Unrestricted General Fund appropriation was a two-year appropriation for FY2015 and FY2016.

^c Actual license fee expenditures in FY2016 were \$1,651.3, less than collected revenue.

^d FY2018 revenue estimate is projected to at FY2017 levels.

^e Unknown factors related to revenue prevent accurate projections at this time. Multiple aspects of the marijuana industry are still unknown, including the universe of businesses, whether license applications swing seasonally, and how many businesses the market can support.

Marijuana regulation is anticipated to be fully self-supported by license fees by FY2020.

* Funding for programs within this Division is estimated if the program is not a separate allocation in the budget.



Allied Corporations

Program	Funding	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Federal / Constitutional Requirement	Required by Statute
Alaska Energy Authority (AEA)	\$9,676.2 (\$874.5 UGF / \$3,477.3 DGF / \$3,822.4 Other / \$1,502.0 Fed)	All positions housed in AIDEA	All Alaskans	45% receipt supported	Critical	Effective	-	Yes
Power Cost Equalization Program	\$32,355.0 (PCE Fund: DGF)	All positions housed in AIDEA	83,850 Alaskans 194 Communities	100% earnings from the PCE fund	Critical	Effective	-	Yes
Alaska Industrial Development and Export Authority (AIDEA)	\$15,627.5 (AIDEA Receipts: Other)	82 PFT (includes AEA staff) / 69 Filled	All Alaskans	45% receipt supported	Critical	Effective	-	Yes
Alaska Seafood Marketing Institute	\$20,569.9 (\$16,069.9 Other / \$4,500.0 Fed)	20 PFT / 18 Filled	All Alaskans	78% Industry Supported	Critical	Effective	-	Yes
Alaska Gasline Development Corporation	\$10,386.0 (\$10,386.0 Other)	25 PFT, 1 NP	All Alaskans	-	Critical	Effective	-	AS 31.25
Regulatory Commission of Alaska	\$9,115.2 (\$8,975.2 DGF / \$140.0 Other)	53 PFT, 3 NP / 47 Filled	All Alaskans	98% RCA Receipts (RCC)	Critical	Effective	-	Yes



Five-Year Health Care Trends

			FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Commerce	Employer Health Contribution	UGF	1,224.9	1,257.6	1,154.1	950.7	993.0	897.5
		All Other Funds	7,733.7	8,222.9	7,970.8	7,533.7	8,332.5	8,244.0
	Workers Comp		227.6	250.6	245.9	254.5	285.2	277.0
Budgeted Health Care Total Costs			9,186.2	9,731.1	9,370.7	8,738.9	9,610.6	9,418.5
Budget		UGF	47,105.4	40,454.3	30,478.3	16,243.4	11,586.6	10,034.3
		All Other Funds	163,682.5	174,878.1	171,812.9	165,413.1	162,468.8	156,747.0
Commerce Total			210,787.9	215,332.4	202,291.2	181,656.5	174,055.4	166,781.3
Percent Health Care			4.4%	4.5%	4.6%	4.8%	5.5%	5.6%



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