



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Department Overview to the House Finance Committee

Fred Parady, Deputy Commissioner

Catherine Reardon, Administrative Services Director

January 31, 2017



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/>

FY2018 Budget & Statutes

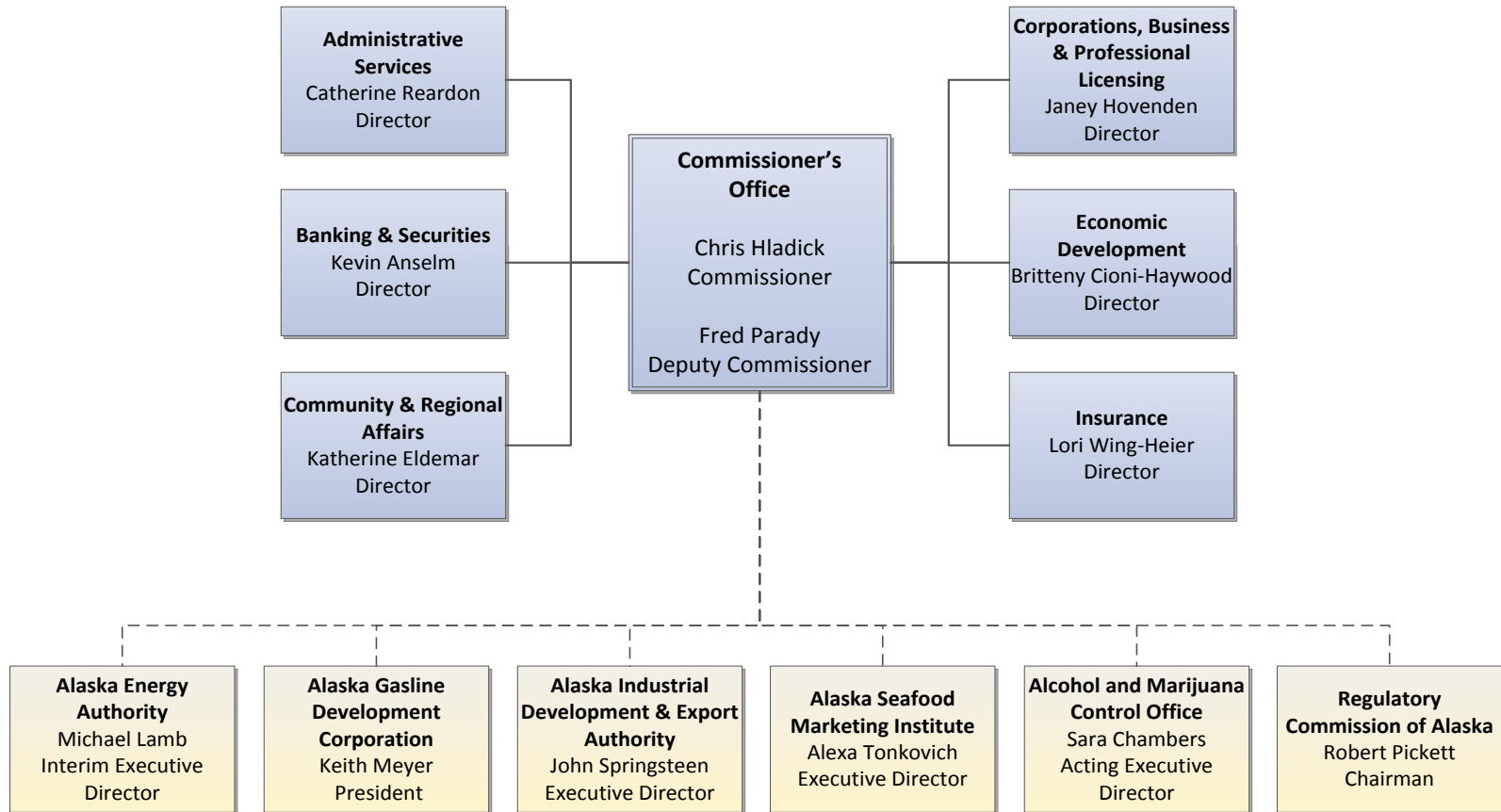
<https://www.omb.alaska.gov/html/budget-report/departments-table.html?dept=DCCED&fy=18&type=Proposed>

FY2018 Performance Measures

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



Department Organization



The department is comprised of 512 permanent full-time and 5 non-permanent budgeted staff in 3 core and 6 remote locations.



Legislative Finance Charts

The department's GF budget grew by \$65.7 million between FY08 and FY18 Governor's request -- an average annual growth rate of 6%.

The total percentage GF growth from FY08 to FY18 Governor's request is 79%.

The department's total FY18 Governor's request GF budget equals \$445 per resident worker.*

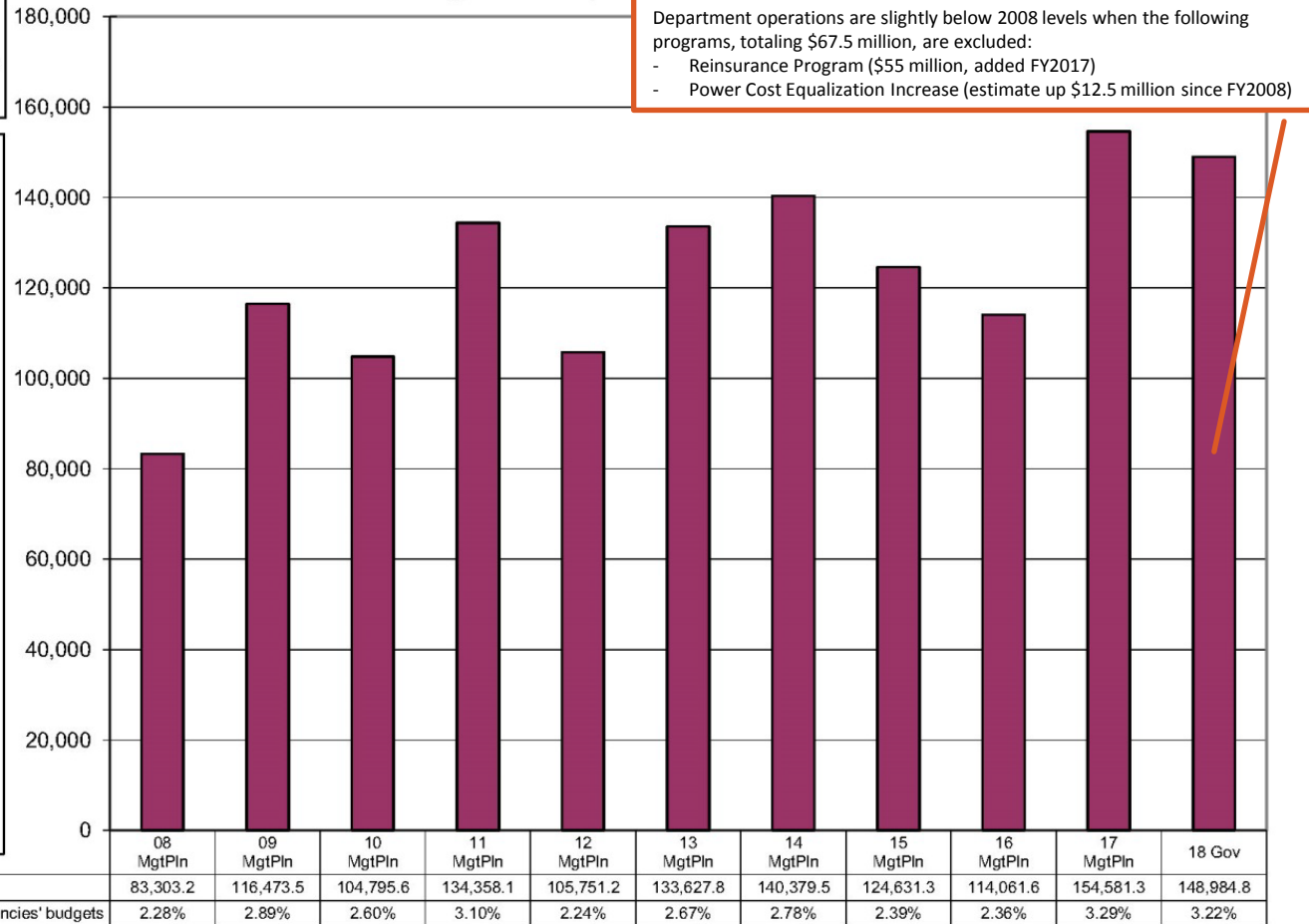
The department's GF budget increased by:
\$33.2 million from FY08 to FY09 -- an increase of 40%. Significant increases include:
 -- \$24.4 million for AEA Power Cost Equalization
 -- \$4 million for QTA Contract increase from \$5 million to \$9 million

\$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

\$40.5 million from FY16 to FY17 -- an increase of 36%. Significant increases include:
 -- \$55 million for Reinsurance Program

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



* According to the Department of Labor, there were 334,628 resident workers in Alaska in 2014.



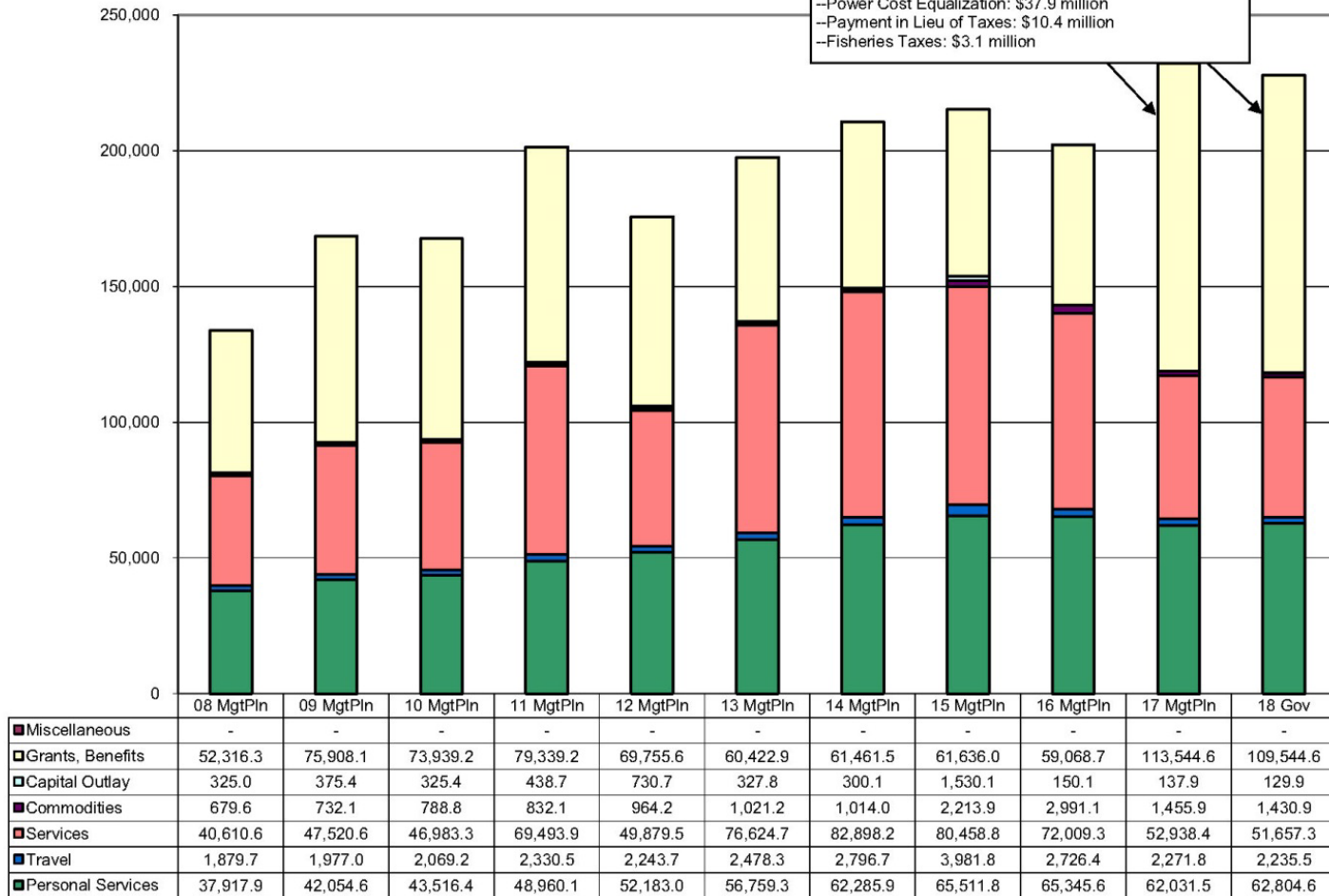
Legislative Finance Charts

The majority of FY18 Governor's request is broken down into the following line items:
 Grants: 48%
 Personal Services: 28%
 Services: 23%

Department of Commerce, Community & Economic Development

Line Items
 (All Funds)
 (\$ Thousands)

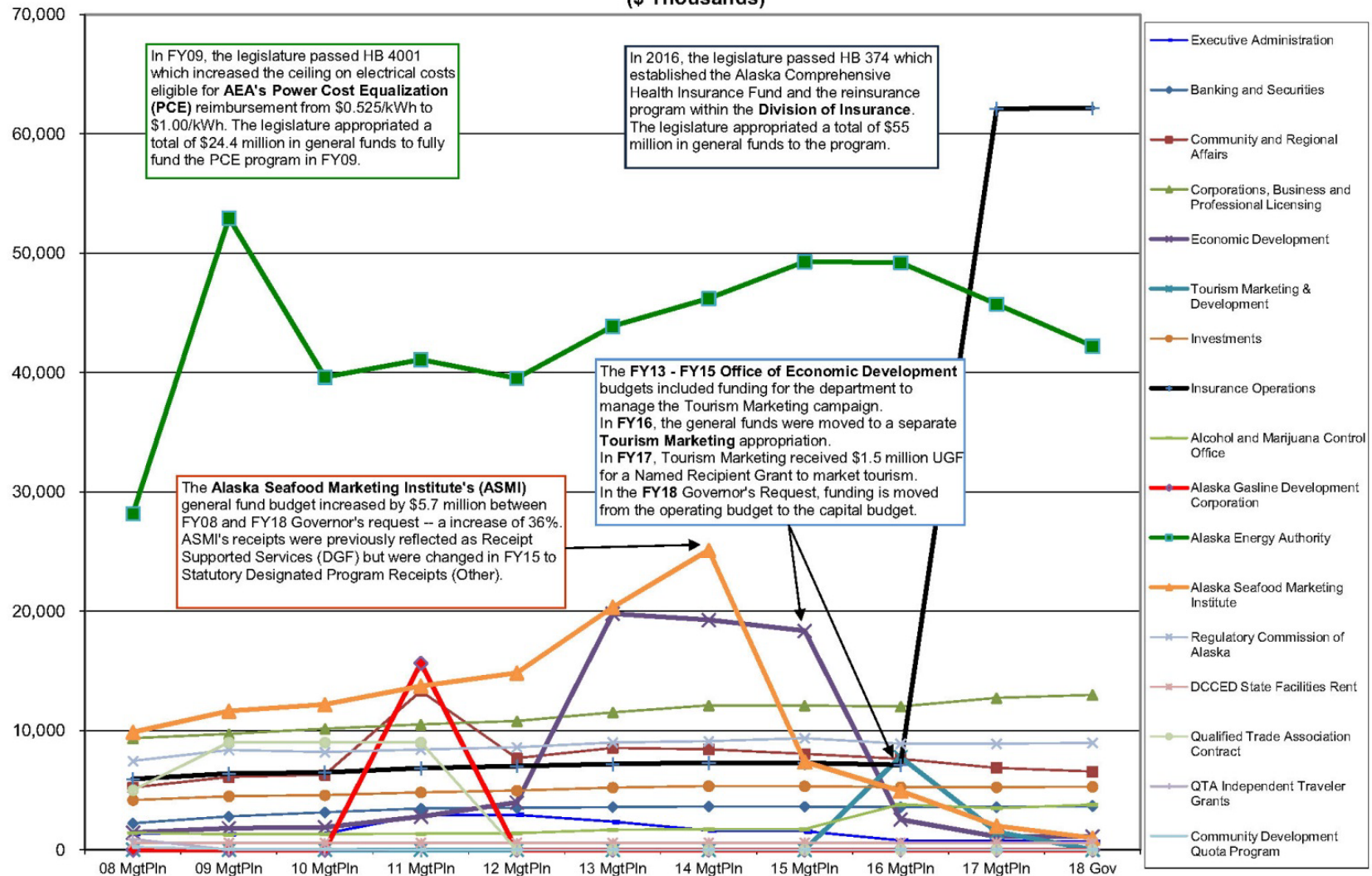
The FY17 & FY18 Grants & Benefits line includes funding for:
 --Reinsurance Program: \$55 million
 --Power Cost Equalization: \$37.9 million
 --Payment in Lieu of Taxes: \$10.4 million
 --Fisheries Taxes: \$3.1 million





Legislative Finance Charts

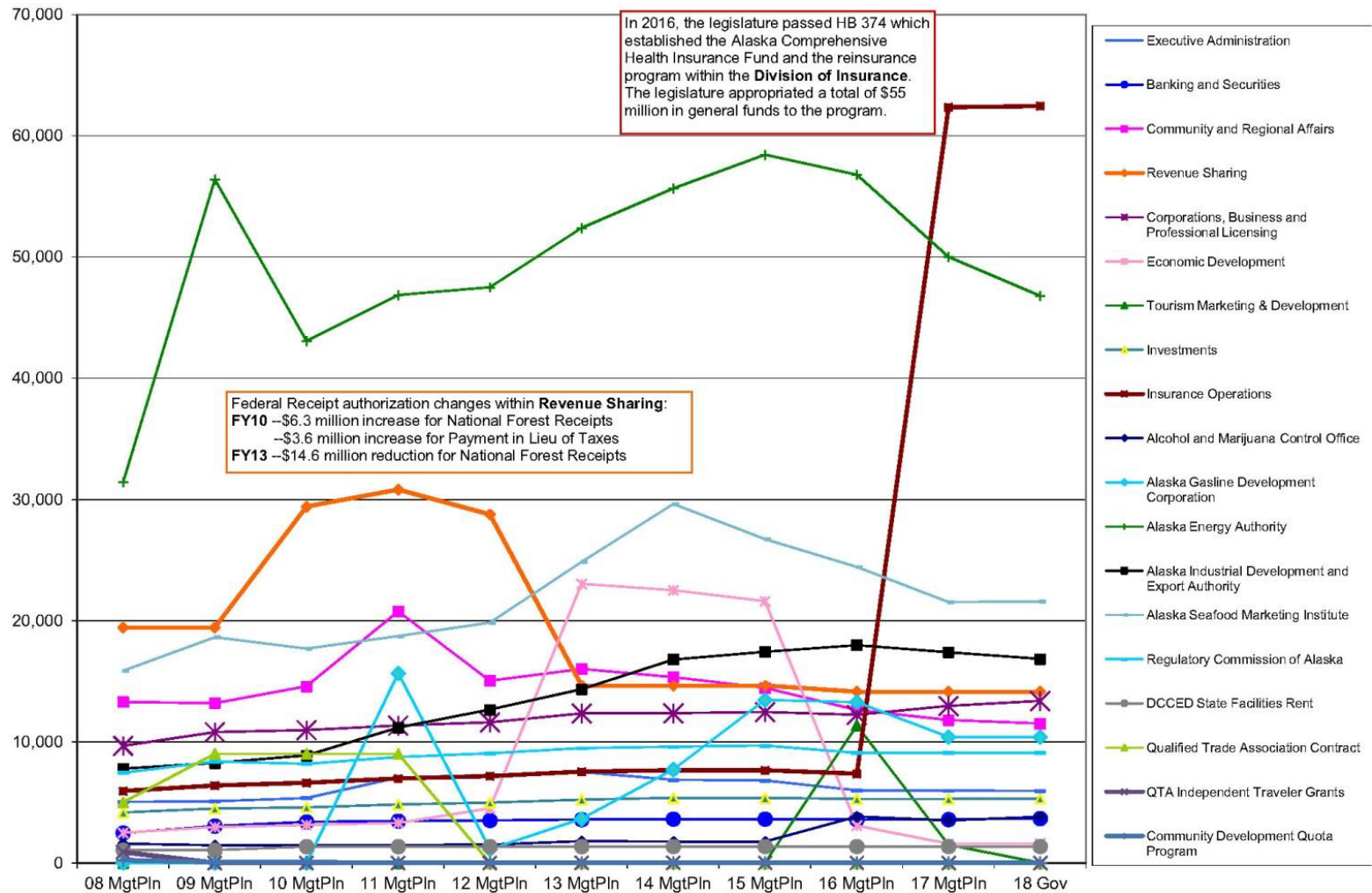
Appropriations within the Department of Commerce, Community & Economic Development (GF Only) (\$ Thousands)





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	Constitutionally Required	Federally Required	Required by Statute
RDU: Executive Administration						\$5,941.8	(\$748.9 UGF / \$5,216.4 Other)		42 PFT
Commissioner's Office	\$1,012.0	5 PFT	All Alaskans	97% division-supported	Critical	Effective	Yes	-	Yes
Administrative Services	\$4,929.8	37 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	Constitutionally Required	Federally Required	Required by Statute
RDU: Banking and Securities							\$3,670.2 (DGF)	24 PFT	
Examinations	\$1,249.2	8 PFT	All Alaskans	100%	Critical	Effective	-	Yes ¹	Yes
Operations & Licensing	\$820.0	6 PFT	All Alaskans	100%	Critical	Effective	-	Yes ¹	Yes
Enforcement & Outreach	\$1,254.5	8 PFT	All Alaskans	100%	Critical	Effective	-	Yes ¹	Yes
Program Support	\$346.5	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	Constitutionally Required	Federally Required	Required by Statute
RDU: Community and Regional Affairs				\$11,500.9 (\$6,547.3 UGF / \$10.0 DGF / \$1,040.8 Other / \$3,902.8 Federal)					55 PFT
Municipal & Community Policy & Research	\$1,726.4	12 PFT	All Alaskans	-	Critical	Effective	Yes	-	Yes
<div>- Alaska Native Language and Preservation and Advisory Council</div> <div>- Community Mapping</div> <div>- Local Boundary Commission</div>					<div>- Municipal Land Trust</div> <div>- Office of the State Assessor</div> <div>- Research & Analysis</div>				
Local Government Assistance / Rural Utility Business Advisor	\$3,668.7	23 PFT	All Alaskans	-	Critical	Effective	Yes	-	Yes
<div>- Bulk Fuel Revolving Loan Program</div> <div>- Floodplain Management Program</div>					- Rural Utility Business Advisor (federally funded)				
Community Aid & Accountability	\$1,576.2	11 PFT	All Alaskans	-	Critical	Effective	Yes	-	Yes
- Grants Administration (operating and capital)					- Community Assistance Program administration				
Operating Grants for Life/Health/Safety	\$1,319.1	-	All Alaskans	\$196.9 Boat Rcpt	Critical	Effective	-	-	Yes
<div>- Alaska Marine Safety Education Association Boat Receipts</div> <div>- Kawerak, Inc. for Essential Air Service to Little Diomedes</div>			<div>\$196.9</div> <div>\$200.0</div>	<div>- Alaska Legal Services Corporation</div> <div>- Rural Utility Business Advisor Program</div>					<div>\$450.0</div> <div>\$472.2</div>
Program Support	\$1,078.3	7 PFT	All Alaskans	-	Important	Effective	-	-	Yes
Serve Alaska	\$2,132.2	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 142 communities & organizations	-	Critical	Effective	-	-	Yes
<div>- Payment in Lieu of Taxes</div> <div>- National Forest Receipts</div> <div>- Fisheries Taxes</div>			<div>\$10,428.2</div> <div>\$600.0</div> <div>\$3,100.0</div>	<div>-</div> <div>Yes</div> <div>Yes</div>					<div>Yes</div> <div>Yes</div> <div>-</div>

* 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	Constitutionally Required	Federally Required	Required by Statute
RDU: Corporations, Business and Professional Licensing						\$13,363.5 (\$12,977.4 DGF / \$386.1 Other)		93 PFT	
Business Licensing & Corporations	\$1,160.4	8 PFT	All Alaskans 70,263 Business Licenses & 64,350 Corporations (FY2016)	100%	Critical	Effective	-	-	Yes
Professional Licensing	\$6,338.9	43 PFT	All Alaskans 74,462 Professional Licenses (FY2016)	100%	Critical	Effective	-	Yes ¹	Yes
Investigations	\$3,458.5	22 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Program Support	\$2,405.7	20 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	Constitutionally Required	Federally Required	Required by Statute
RDU: Economic Development					\$1,603.9 (\$783.5 UGF / \$336.5 DGF / \$310.6 Other / \$173.3 Fed)				5 FPT
Economic Development	\$1,603.9	5	All Alaskans	-	Critical	Effective	-	-	Yes
<ul style="list-style-type: none"> Made in Alaska Comprehensive Economic Development Strategy 					<ul style="list-style-type: none"> Marketing and research for Alaska's unique industries – minerals, forest products, mariculture, unmanned aerial systems, etc. 				
RDU: Investments					\$5,312.8 (\$5,283.2 DGF / \$29.6 Other)				38 PFT
Investments	\$5,312.8	38	~ 4,500 Alaskans	100%	Critical	Effective	-	-	Yes
Lending and collections for 10 loan programs:					<ul style="list-style-type: none"> Fisheries Enhancement Mariculture Alaska Microloan Rural Development Initiative Fund Small Business Economic Development 				
<ul style="list-style-type: none"> Alternative Energy Conservation Alaska Capstone Avionics Commercial Charter Fisheries Commercial Fishing Community Quota Entity (CQE) 									



Insurance Division

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
RDU: Insurance					\$62,447.2 (\$55,000.0 ACHI / \$7,148.0 DGF / \$299.2 Other)				46 PFT
Filings & Market Conduct Reviews - Property / Casualty - Life / Health	\$2,306.8	13 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Financial Examinations	\$1,050.9	6 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Investigations & Consumer Services	\$1,145.0	7 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Licensing	\$686.9	5 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Financial Reports & Audits	\$315.1	2 PFT	All Alaskans	100%	Critical	Effective	-	-	Yes
Program Support	\$1,942.5	13 PFT	All Alaskans	100%	Important	Effective	-	-	Yes
Reinsurance Program	\$55,000.0	-	24,064 Alaskans	100% Insurance Premium Tax	Critical	Effective	-	-	Yes

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



Alcohol and Marijuana Control Office

Program	Funding*	# of Employees	# of Alaskans Served	% Cost through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
RDU: Alcohol and Marijuana Control Office						\$3,808.3	(\$1,052.5 UGF / \$2,732.1 DGF / \$23.7 I/A)		21 PFT
Licensing, Education & Administration	\$2,148.9	13	All Alaskans	Alcohol 100% Marijuana 43%	Critical	Effective	-	Yes	Yes
Enforcement	\$1,659.4	8	All Alaskans	Alcohol 100% Marijuana 43%	Critical	Effective	-	Yes	Yes

	FY2016		FY2017		FY2018	
Expenditure Authority	Alcohol	Marijuana	Alcohol	Marijuana	Alcohol	Marijuana
License Fees	1,747.2		1,917.5	100.0	1,925.5	806.6
Unrestricted General Funds		2,049.1 ^b		1,470.7		1,052.5
Total	1,747.2	2,049.1	1,917.5	1,570.7	1,925.5	1,859.1
Division Total^a	3,796.3		3,488.2		3,784.6	
Positions	17		18		21	
Receipt Revenue (annual, projected)	1,662.9^c	341.5	1,917.5	984.0^d	1,925.5	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 FY2017 revenue estimate is based on net collections from July 1, 2016 through December 31, 2016.

^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	Constitutionally Required	Federally Required	Required by Statute
Alaska Energy Authority (AEA)	\$8,926.2 (\$874.5 UGF / \$3,477.3 DGF / \$3,822.4 Other / \$752.0 Fed)	All positions housed in AIDEA	All Alaskans	52% fund or receipt supported	Critical	Effective	-	-	Yes
Power Cost Equalization Program	\$37,855.0 (PCE Fund: DGF)	All positions housed in AIDEA	82,986 Alaskans 191 Communities	100% earnings from the PCE fund	Critical	Effective	-	-	Yes
Alaska Industrial Development and Export Authority (AIDEA)	\$16,831.0 (AIDEA Receipts: Other)	90 (includes AEA staff)	All Alaskans	52% receipt supported	Critical	Effective	-	-	Yes
Alaska Seafood Marketing Institute	\$21,569.9 (\$1,000.0 UGF / \$16,069.9 Other / \$4,500.0 Fed)	20	All Alaskans	75% Industry Supported	Critical	Effective	-	-	Yes
Alaska Gasline Development Corporation	\$10,386.0 (\$10,386.0 Other)	26 PFT	All Alaskans	-	Critical	Effective	-	-	AS 31.25
Regulatory Commission of Alaska	\$9,098.5 (\$8,958.5 DGF / \$140.0 Other)	57 PFT	All Alaskans	98% RCA Receipts (RCC)	Critical	Effective	-	-	Yes



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