



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY, AND
ECONOMIC DEVELOPMENT

FY2021 BUDGET AND CORE DIVISION OVERVIEW

Presented to the Senate Finance Subcommittee

Julie Anderson, Commissioner
Micaela Fowler, Administrative Services Director
February 20, 2020



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

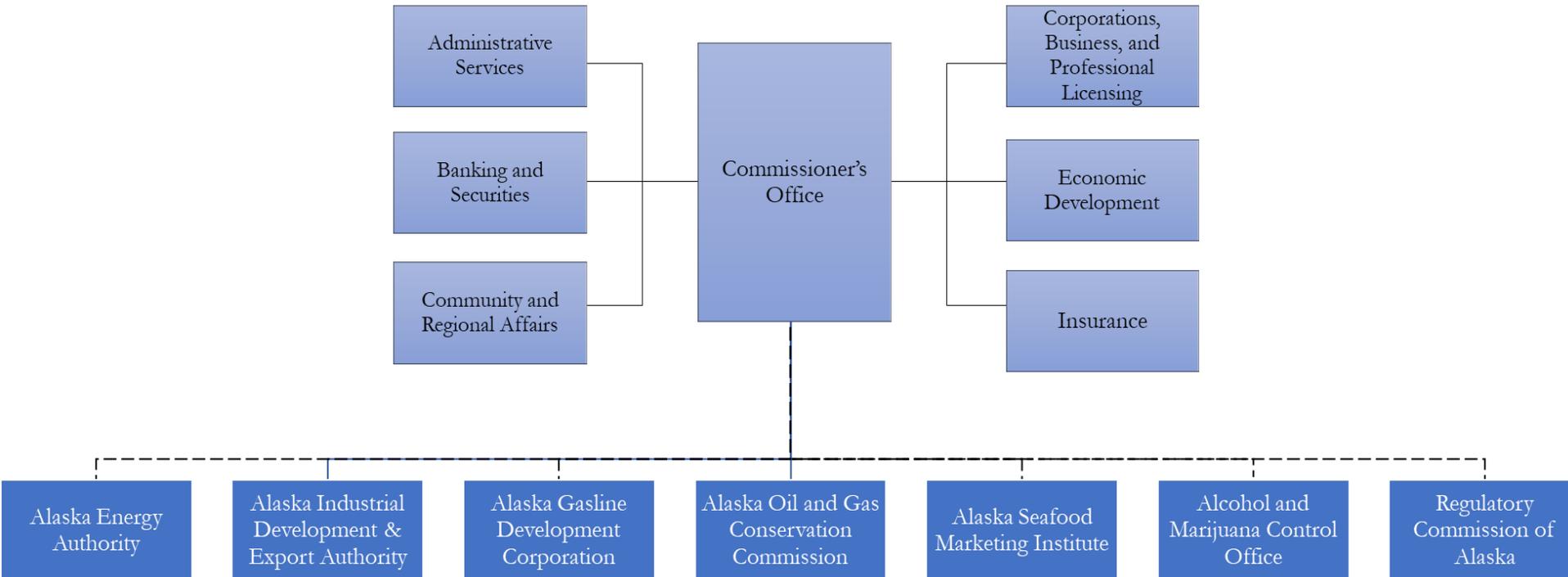
<https://ltgov.alaska.gov/services/alaskas-constitution/>

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.



Where We Have Been

- **FY2020 Budget proposals and amendments**
- **FY2020 Vetoes**
- **CY2019 Passed Legislation (SB 44)**



Noteworthy FY2020 Operating Budget Items

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.

Alaska Legal Services (\$450.0 UGF, \$309.1 DGF)

- Grants for legal assistance and representation in non-criminal matters to Indigent Alaskans that are victims of domestic violence.

Travel Reductions (\$807.1 all funds)

- FY2020 50% travel executive branch decrement – AOGCC excluded.



Noteworthy FY2020 Operating Budget Items

Community Assistance Program

- The veto of FY2020 Community Assistance Fund capitalization had no impact on the FY2020 distribution of funds for the Community Assistance Program (CAP).
- One third of the June 30 balance of the Community Assistance Fund is distributed at the start of each fiscal year without additional appropriation.
- In FY2020, the distribution was \$30,000.0. With no additional fund capitalization, the FY2021 distribution will be \$20,000.0
- CAP payments consist of base payments and per-capita payments. Per-capita payments are calculated by dividing the amount of funding available after the base payments have been made by the population of Alaska. In FY2021, the per-capita calculation will drop from approximately \$14.00 (real dollars) to \$0.56 (real dollars).



Noteworthy FY2020 Operating Budget Items

Community Assistance Program (continued)

- FY20 to FY21 Total Community Assistance payments (top 15 decreases)

Municipality or Community	FY21 DRAFT Payment Amount to Community	FY20 Payment Amount to Community	FY21 DRAFT to FY20 Payment Amount
Anchorage	\$ 540,179.59	\$ 4,557,776.79	\$ (4,017,597.20)
Matanuska-Susitna Borough	\$ 633,761.19	\$ 1,839,169.56	\$ (1,205,408.37)
Fairbanks North Star Borough	\$ 509,107.90	\$ 1,370,830.91	\$ (861,723.01)
Kenai Peninsula Borough	\$ 747,770.50	\$ 1,269,915.99	\$ (522,145.49)
Juneau	\$ 393,033.77	\$ 831,662.10	\$ (438,628.33)
Fairbanks	\$ 92,709.98	\$ 523,462.66	\$ (430,752.68)
Wasilla	\$ 79,921.86	\$ 199,634.33	\$ (119,712.47)
Sitka	\$ 379,838.53	\$ 497,524.28	\$ (117,685.75)
Ketchikan	\$ 79,561.71	\$ 190,514.40	\$ (110,952.69)
Kenai	\$ 78,914.11	\$ 174,115.52	\$ (95,201.41)
Kodiak Island Borough	\$ 319,431.32	\$ 408,022.08	\$ (88,590.76)
Palmer	\$ 78,480.14	\$ 163,126.28	\$ (84,646.14)
Bethel	\$ 78,430.93	\$ 161,880.08	\$ (83,449.15)
Kodiak	\$ 78,323.00	\$ 159,146.94	\$ (80,823.94)
Homer	\$ 78,043.94	\$ 152,080.41	\$ (74,036.47)



FY2020 Legislation

SB 44: Telehealth: Physician Assistants; Drugs

- "An Act relating to the prescription of drugs by a physician assistant without physical examination; relating to prescription drugs under the medical assistance program; and providing for an effective date."



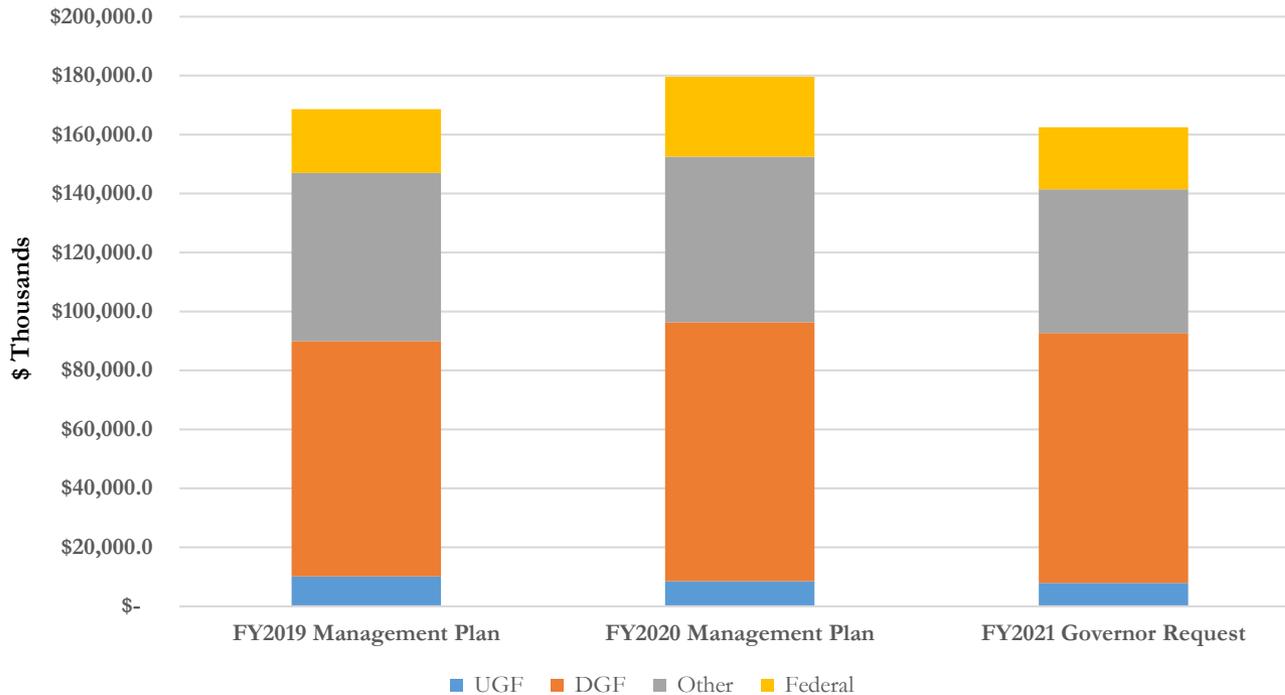


Where We Are Now

- **FY21 Governor's Budget**
- **Position changes**



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%
Total	\$ 168,643.0	\$ 179,596.1	\$ 162,464.1	\$ (6,178.9)	-3.7%



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	

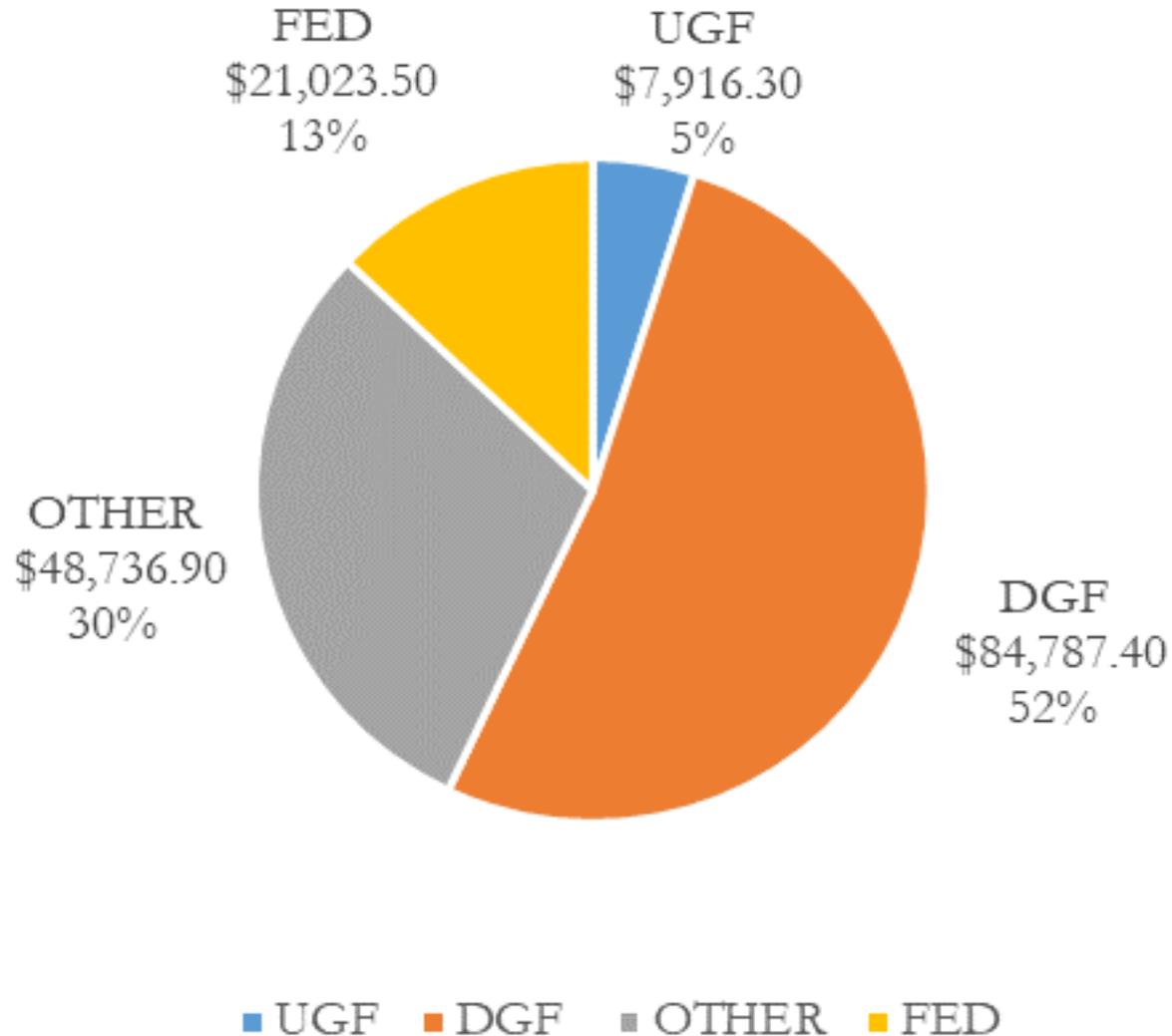
UGF			
	1004 General Fund	\$	6,896.0
	1003 General Fund Match	\$	1,020.3
	1005 General Fund Program Receipts	\$	9,536.4
	1036 Commercial Fishing Loan Fund	\$	4,451.0
	1040 Surety Fund	\$	296.6
	1062 Power Project Fund	\$	995.5
	1070 Fisheries Enhancement R/L Fund	\$	629.9
	1074 Bulk Fuel R/L Fund	\$	57.1
	1141 RCA Receipts	\$	9,187.3
	1156 Receipt Supported Services	\$	19,701.4
	1162 AOGCC Receipts	\$	7,492.3
DGF	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

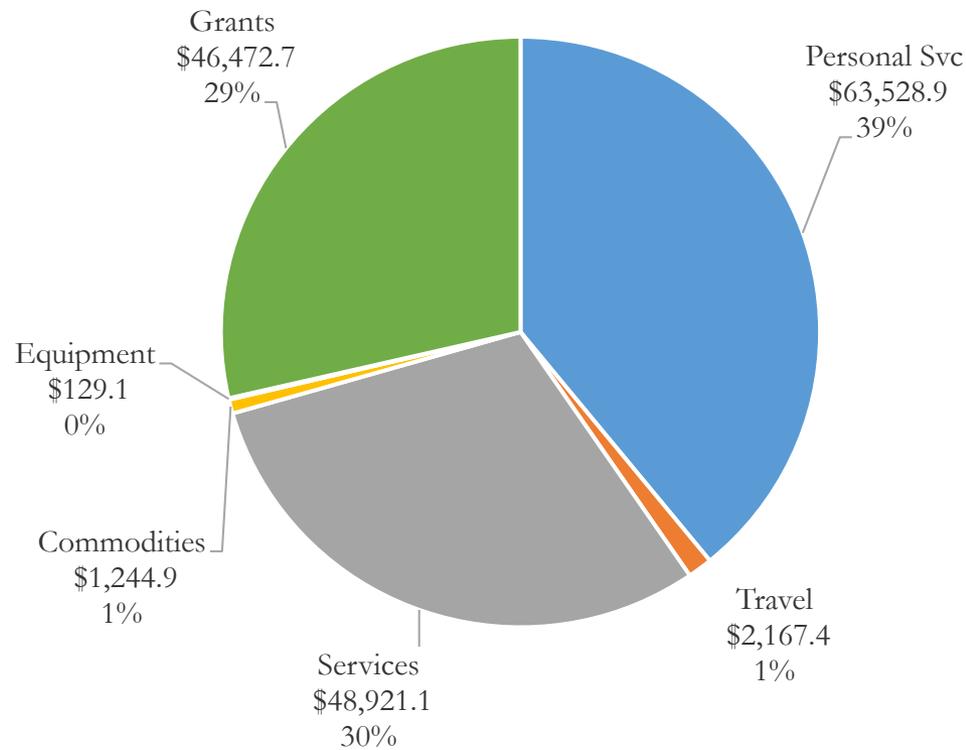


FY2021 Budget by Fund Source





FY2021 Budget by Line Item



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



Noteworthy 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 FY2019 and \$29.7 million in FY2020. (\$2,500.0) PCE Endow (DGF)



FY2021 Position Changes

	FY2020 Mgmt. Plan	FY2021 Governor Proposed	FY20/FY21 Change	Percent Change
PFT	535	518	(17)	(14.8%)
NP	10	8	(2)	(11.1%)
TOTAL	545	526	(19)	(11.8%)

- Alaska Gasline Development Corporation (-10 PFT, -1 NP)
- Division of Insurance (-1 PFT)
- Community and Regional Affairs (-6 PFT)
- Commissioner's Office (-1 NP)



Division Overviews

- **Division of Banking and Securities**
- **Division of Insurance**
- **Division of Corporations, Business, and Professional Licensing**
- **Division of Community and Regional Affairs**
- **Division of Economic Development**
 - **Investments**
 - **Alaska Development Team**
- **Commissioner's Office/Administrative Services Division**



Banking and Securities

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 Alaska Native Claims Settlement Act (ANCSA) filings.



Director Patrice Walsh

- FY2021 Operating Budget: \$4,052.8 (DGF), 25 PFT, 1 NP
- Collected \$18,231.5 in fees in FY2019 contributing \$14,688.5 to the General Fund
- Reallocated budget resources to manage current agency needs including reclassification of a Regulations Specialist to a Financial Examiner



Division of Insurance

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.



Director Lori Wing-Heier

- 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
- FY2020 \$277.0 (FED) and RPL \$199.7 (FED) for Centers for Medicare & Medicaid Services Flexibility Grant
- Replace Funding Source -\$20.1 CIP Rcpts/+\$20.1 SDPR: National Association of Insurance Commissioners annual grant for staff training and NAIC conference attendance
- Delete Office Assistant -\$70.7: Multi-year scanning project is no longer a full time job, paper records are being scanned into electronic database for retention



Community and Regional Affairs

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.



Director Sandra Moller

- 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 Alaska Regional Development Organizations (ARDOR) 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)
- -\$200.0 UGF: Essential Air Service Grant (FAA Reauthorization Act 2018, sunsets 2023)
- DCRA has reorganized local government staff, reduced total PCN count by six, and established a central resource desk to improve responsiveness to local governments



Community and Regional Affairs

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



Corporations, Business, and Professional Licensing

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.



Director Sara Chambers

- FY2021 Operating Budget: \$14,652.3: \$14,280.3 (DGF)/\$372.0 (OTH), 97 PFT
- CBPL deposited \$8,340.4 to the General Fund in FY2019
- 43 Professional Licensing Programs
 - 21 programs administered by a board with departmental support
 - 22 programs administered solely by the division



Division of Economic Development

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 Capstone Avionics Revolving Loan Fund was created in 2008 as part of a joint industry effort to improve aviation safety and economic efficiency in Alaska by financing the installation of a new generation of avionics. It was intended to make the avionics more accessible to the Alaskan aviation community through the use of long term, low interest loans.
- There are currently six (6) outstanding loans totaling \$128.0. One loan application is currently in process, one was approved in November, 2020.



Deputy Director Jim Andersen



Division of Economic Development (cont.)

Alaska Development Team Vision Statement: *Enabling a flourishing private sector economy that brings job opportunities to the state and increases prosperity and self-sufficiency for Alaskan families*

The Alaska Development Team (AKDT) 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.



Deputy Commissioner John Springsteen

- 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) which equates to approximately \$947.0 per year, \$625.0 in personal services.
- Significant changes: FY2021 decrease of \$546.6 (UGF)



FY2020 Division of Economic Development

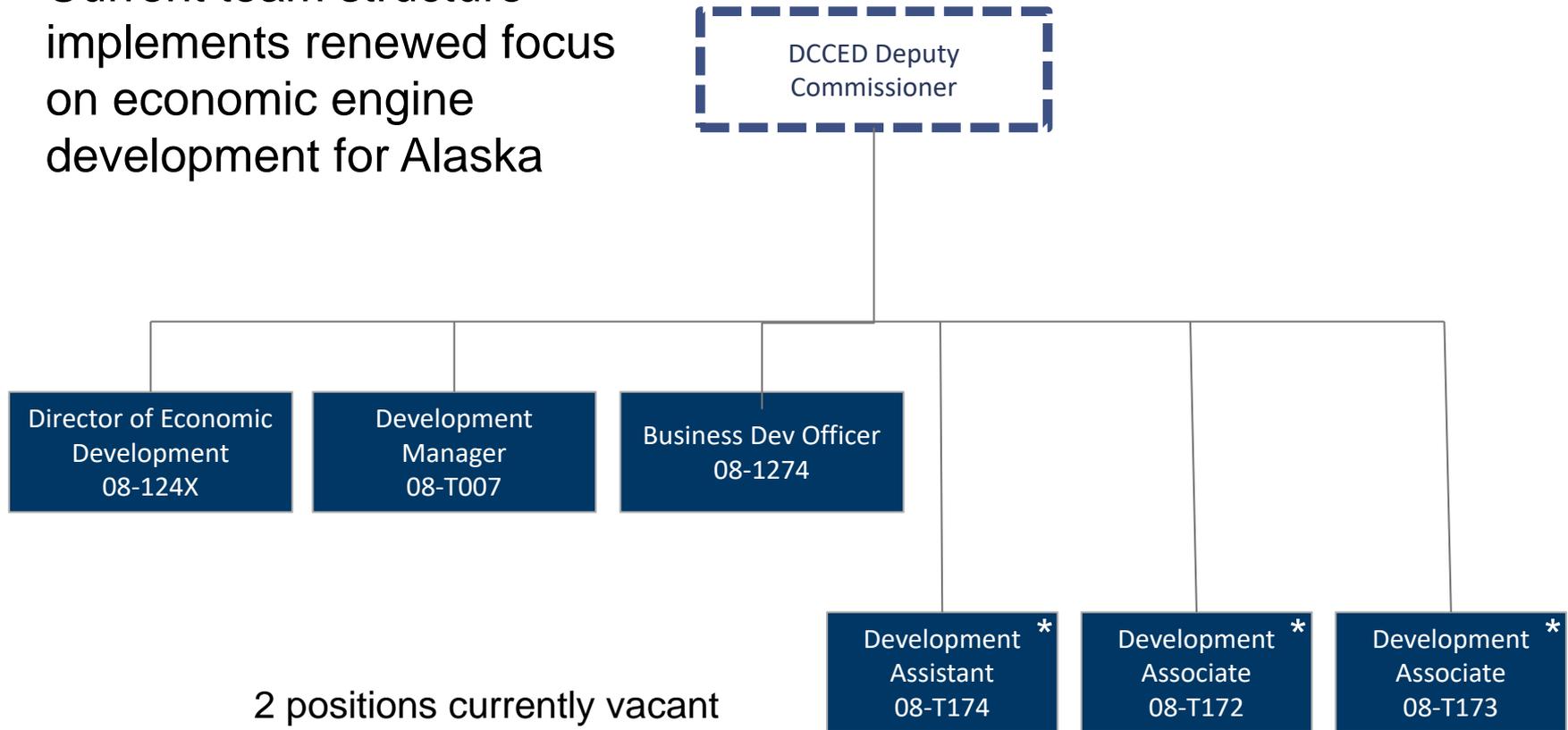
FY2020 budgeted
positions for economic
development \$547.6





Current Alaska Development Team

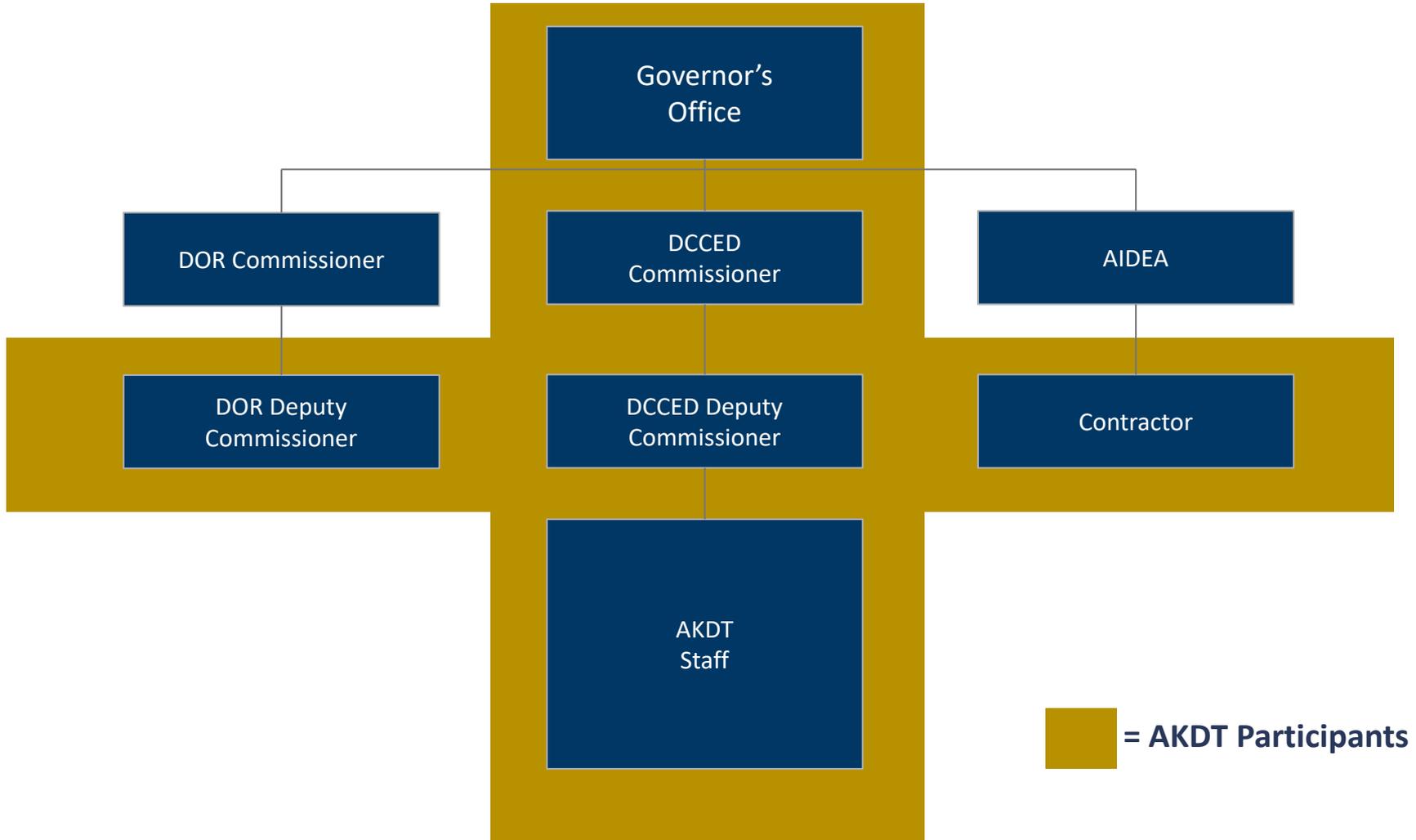
Current team structure implements renewed focus on economic engine development for Alaska



*temporary position:
added in FY20
management plan



AKDT Governance and Participation





Highlights of Recent AKDT Activities

AKDT and Mining

- Making it easier to do business
- Alaska mining, U.S. Critical Minerals, and eligibility for “high priority infrastructure project” designation to streamline permitting

AKDT and Mariculture

- Interacting with industry to promote business growth
- Alaska Mariculture Task Force, Alaskan grown shellfish & seaweed, overcoming statutory and regulatory hurdles, and consultation with the seafood industry

AKDT and Broadband

- Identifying barriers and resolving impediments
- Alaska broadband, sensible standards for satellite performance, and OneWeb collaboration with Pacific Dataport to improve rural connectivity



Commissioner's Office & Administrative Services

Commissioner's Office

DCCED's mission is to promote a healthy economy, strong communities, and protect consumers in Alaska.

- FY2021 Operating Budget: \$1,253.6: \$160.3 (UGF)/\$1,093.3 (OTHER)
- 5 PFT & 1 NP
- +\$125.0 UGF: Partial funding of Office of International Trade position transferred from the Governor's Office in FY2020 Management Plan
- +148.0 I/A Rcpts (Duplicated Funds): Align with Personal Service costs to support transparent budgeting



Commissioner Julie Anderson

Administrative Services Division

Provide management information and support services for the Department's programs

- FY2021 Operating Budget: \$4,409.6: \$668.0 (UGF)/\$3,741.6 (OTHER)
- 30 PFT
- -\$700.0 I/A Rcpts (Duplicated Funds): Align with anticipated expenditures



Director Micaela Fowler



DCCED Contacts

Julie Anderson, Commissioner

(907) 269-8100 or (907) 465-2500

DCCED.Commissioner@Alaska.Gov

Micaela Fowler, Administrative Services Director

(907) 465-2506

Micaela.fowler@Alaska.gov

Glenn Hoskinson, Legislative Liaison

(907) 465-6466

Glenn.Hoskinson@Alaska.gov