

Department of Commerce, Community and Economic Development
FY23 - Summary of Significant Budget Issues
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Community and Regional Affairs / Community and Regional Affairs	Add Grants Administrator 2 (08-#031), Range 17, in Fairbanks to Support Increased Grant Volume	1 PFT Position	This new position will support several new multi-year grant programs from both State agencies and the federal government that have been assigned to the Division in recent years. The new programs cover a variety of purposes, including emergency law enforcement assistance, targeted air shed, and community block grants. In addition, the Division has been tasked with awarding and administering hundreds of grants to communities and grantees for Coronavirus Aid, Relief, and Economic Security Act- and American Rescue Plan Act-related programs. Additional grants are anticipated to be added to the Division's workload in the near future, including approximately \$37.9 million in disaster recovery and mitigation block grants. This position will be funded using existing authority in the Division's budget.
2	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Revenue Replacement for Professional and Business License Fee Freeze for FY2023	\$1,500.0 Gen Fund (UGF) IncOTI	<p>This one-time funding offsets the amount necessary to keep professional and business licensing programs fully operational without adding a fee increase in FY23 to assist with COVID-19 economic recovery. AS 08.01.065 requires the Department to set fees at a level so the total amount of fees collected approximately equals the regulatory costs of the licensure program.</p> <p>This amount is an estimate based on FY22 needs and will be updated in the Governor's amended budget.</p> <p>Fiscal Analyst Comment: SB 241 (Ch. 10, SLA 2020) halted the increase of professional licensing fees for professions licensed by the Division of Corporations, Business and Professional Licensing during the COVID-19 public health emergency declaration. The legislature passed an FY21 supplemental appropriation of \$411.7 UGF and an FY22 appropriation (HB 3003) of \$1,500.0 UGF to offset the licensing program deficits so that licensees weren't burdened with increased fees.</p>
3	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Add Occupational Licensing Examiners for the Board of Nursing and Board of Certified Real Estate Appraisers	\$206.2 Rept Svcs (DGF) 2 PFT Positions	<p>Two Occupational Licensing Examiners (OLEs), range 14, will support the Board of Nursing and Board of Certified Real Estate Appraisers. Both OLEs are located in Anchorage.</p> <p>The Board of Nursing is the largest program within the Division and has experienced a 14% increase in licenses in FY21. An OLE position and additional authority to cover personnel costs will allow the Division to keep up with the increased volume of applicants due to the COVID-19 pandemic.</p> <p>The Board of Real Estate Appraisers and Real Estate Commission are aligning their real estate programs under the Executive Administrator of the Real Estate Commission. An additional OLE position and authority to cover personnel costs will provide additional coverage for the board.</p>

Department of Commerce, Community and Economic Development

FY23 - Summary of Significant Budget Issues

(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	Corporations, Business and Professional Licensing / Corporations, Business and Professional Licensing	Savings through Eliminating Hard Copy Licenses, Renewal Notices, and Planned Computer Refresh No Longer Needed	(\$107.0) Rcpt Svcs (DGF)	The Division of Corporations, Business and Professional Licensing plans on reducing the issuance of paper renewal and certificate mailings as it transitions into electronic communications. This will yield savings in postage, paper, and ink. Additionally, the Division will no longer be doing its scheduled FY23 computer refresh as it was able to use Coronavirus Aid, Relief, and Economic Security Act funds to replace computers in FY20 and FY21. This reduction in authority reflects these savings.
5	Various	Transfer Remaining Economic Development Activity to the Commissioner's Office	n/a	<p>This item transfers one non-permanent position and \$212.1 UGF from the Economic Development allocation to the Commissioner's Office. All positions and funding will be zeroed out of Economic Development, which would effectively eliminate the allocation.</p> <p>In FY21, the Governor established the Alaska Development Team (ADT) which previously resided under the Economic Development allocation. In FY22, all ADT activities, including two Development Manager positions and their associated funding were transferred to the Office of the Governor.</p> <p>Items 5 and 6 are related.</p>
6	Various	Transfer Director (08-124X) from Economic Development to Investments for Better Alignment of Resources	n/a	<p>This Division Director position oversees the Division of Economic Development, which contains both Economic Development and Investment appropriations. The position currently resides under the Economic Development appropriation and is split funded between both appropriations where a majority is funded by the Investments allocation's loan funds. With some economic development activities being prioritized within the Office of the Governor (Alaska Development Team) and some in the Commissioner's Office, transferring the Division Director to Investments best serves their needs by overseeing its loan programs.</p> <p>Items 5 and 6 are related.</p>
7	Insurance Operations / Insurance Operations	Delete Secretary (08-4021) Vacant for Over One Year No Longer Needed	(\$88.5) Rcpt Svcs (DGF) (1) PFT Position	Delete a vacant Secretary (08-4021), range 11, located in Anchorage. This position provided administrative support for the Director. However, this position has been vacant over 12 months and the work has been absorbed by other staff.

Department of Commerce, Community and Economic Development
FY23 - Summary of Significant Budget Issues
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
8	Insurance Operations / Insurance Operations	Increase Authority for Insurance Actuarial Support (FY22-FY23) Supplemental	\$1,000.0 Rcpt Svcs (DGF)	<p>The Division of Insurance is requesting a \$1 million UGF supplemental in receipt authority to contract out actuarial services for its insurance filings for FY22 and FY23. The Division has been actively recruiting for a life and health actuary since FY20, and has had difficulty filling the position despite using a variety of recruiting platforms in addition to Workplace Alaska.</p> <p>In FY21, the Division collected approximately \$6.9 million from license, permits, and service fees in excess of expenditures and carryforward. The remainder lapsed to the general fund.</p>
9	Alaska Energy Authority / Alaska Energy Authority Power Cost Equalization	FY2023 Alaska Energy Authority Power Cost Equalization and Allocation	\$32,355.0 PCE Endow (DGF)	<p>The Alaska Energy Authority (AEA) is requesting \$32.4 million for the Power Cost Equalization (PCE) program in FY23. This is the same amount of funding appropriated in FY22, so there is no change in the requested amount. The projected program costs are less than the five percent payout from the PCE endowment allowable under the statutory formula (AS 42.45.070-085). As of June 30, 2021, the PCE endowment fund balance was \$1.1 billion.</p> <p>The PCE program provides economic assistance to communities and residents in rural areas, where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. The program was created to equalize power cost per kilowatt-hour (kWh) statewide at a cost close to or equal to the mean of the cost per kWh in Anchorage, Fairbanks, and Juneau.</p> <p>Program costs are impacted by the "PCE floor" calculated by the Regulatory Commission of Alaska (RCA). Per AS 42.45.100-170, the RCA determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. AEA determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.</p>