



THE STATE  
*of* **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY AND  
ECONOMIC DEVELOPMENT

# SENATE FINANCE SUBCOMMITTEE FY2023 BUDGET OVERVIEW

Micaela Fowler, Administrative Services Director

February 22, 2022



## Mission & References

The Department of Commerce, Community, and Economic Development's mission is to promote a healthy economy, strong communities, and protect consumers in Alaska.

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

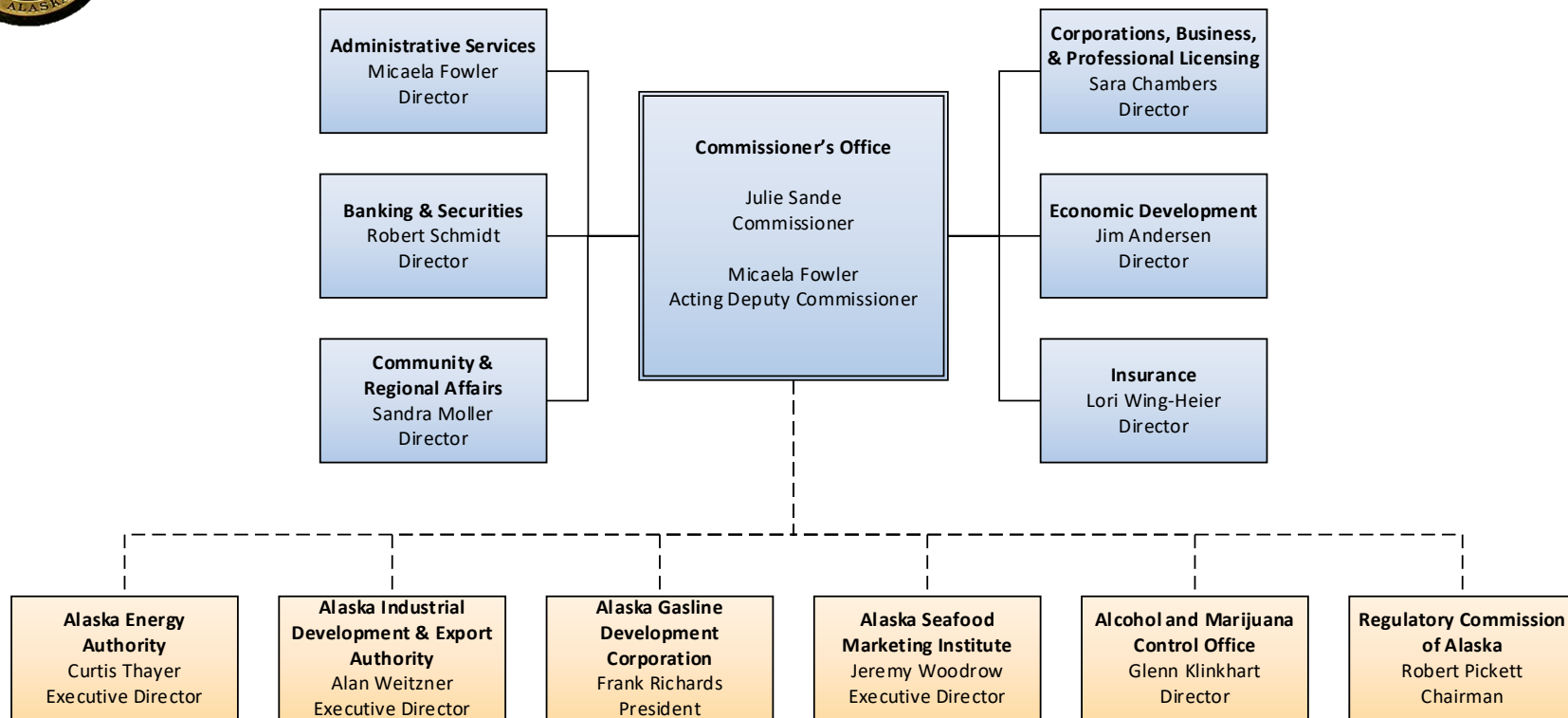
<https://ltgov.alaska.gov/services/alaskas-constitution/>

FY2021 Performance Measures

<https://omb.alaska.gov/html/performance/program-indicators.html?p=10&r=1>



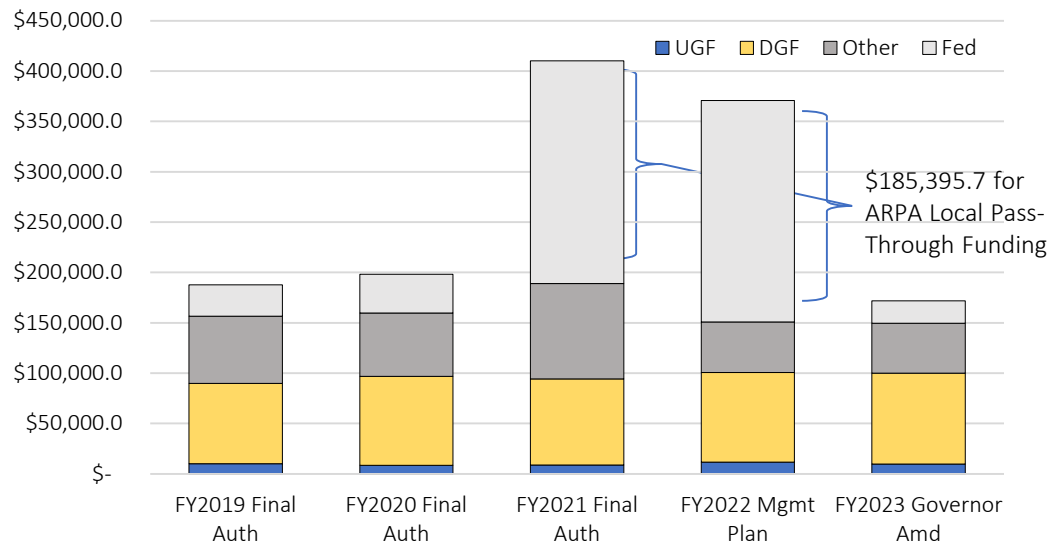
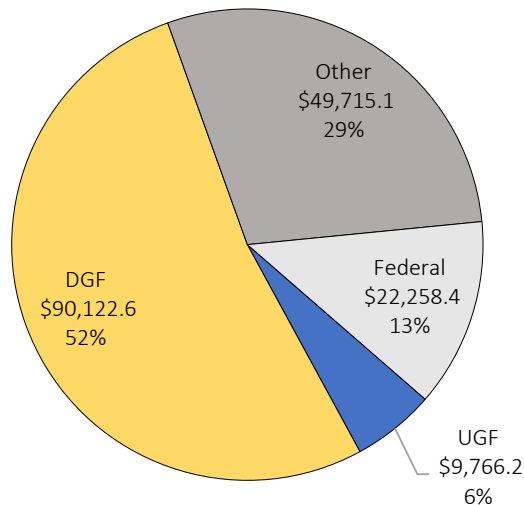
# Department Structure



The Alaska Railroad Corporation is housed within DCCED but exempt from the Executive Budget Act.



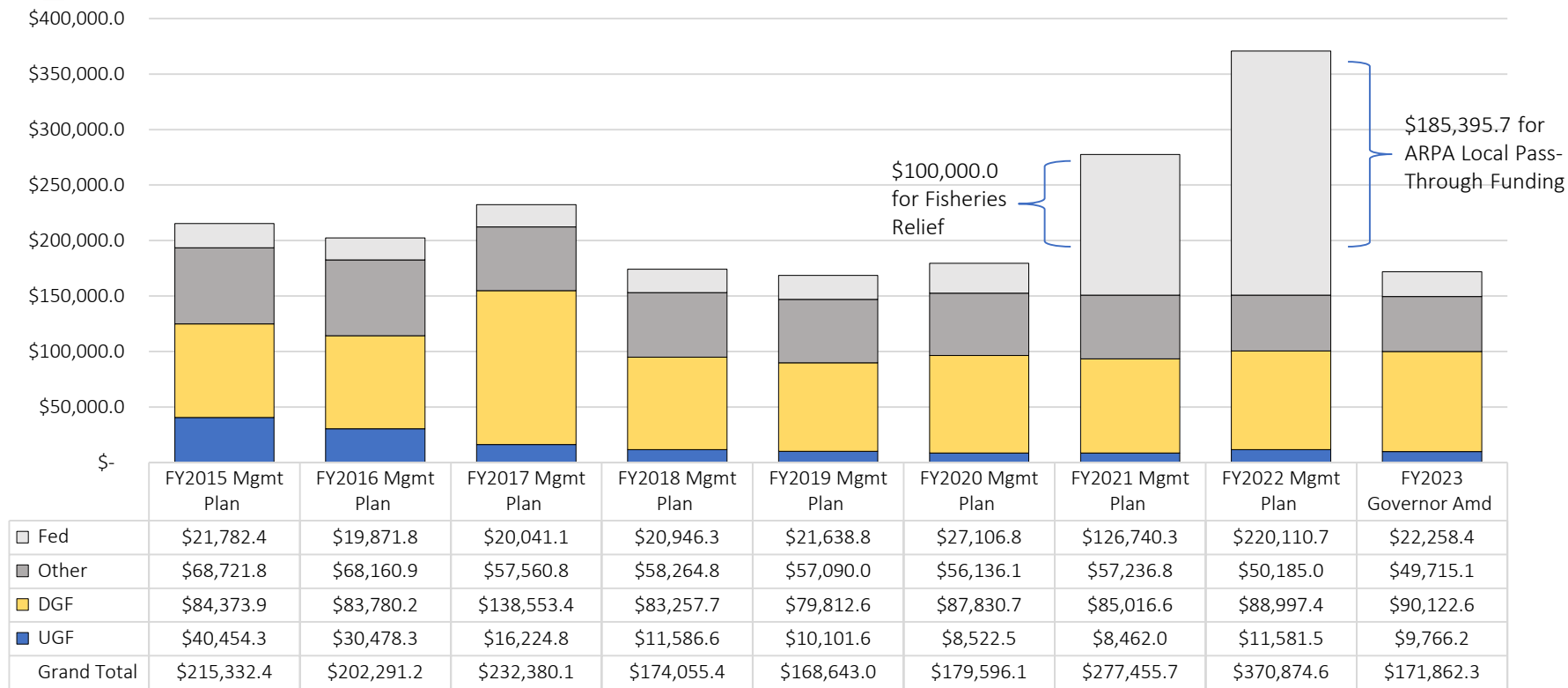
# FY2023 Governor Amended Budget



	FY2019 Final Auth	FY2020 Final Auth	FY2021 Final Auth	FY2022 Mgmt Plan	FY2023 Governor Amd	\$ Difference FY2019 to FY2023	% Difference FY2019 to FY2023
Federal	\$ 31,292.2	\$ 38,488.9	\$ 221,155.5	\$ 220,110.7	\$ 22,258.4	\$ -9,033.8	-28.9%
Other	\$ 66,773.7	\$ 62,961.2	\$ 94,586.6	\$ 50,185.0	\$ 49,715.1	\$ -17,058.6	-25.5%
DGF	\$ 79,658.9	\$ 88,192.9	\$ 85,429.3	\$ 88,997.4	\$ 90,122.6	\$ 10,463.7	13.1%
UGF	\$ 10,101.6	\$ 8,522.5	\$ 8,873.7	\$ 11,581.5	\$ 9,766.2	\$ -335.4	-3.3%
<b>Total</b>	<b>\$ 187,826.4</b>	<b>\$ 198,165.5</b>	<b>\$ 410,045.1</b>	<b>\$ 370,874.6</b>	<b>\$ 171,862.3</b>	<b>\$ -15,964.1</b>	<b>-8.5%</b>



# Department Budget Lookback



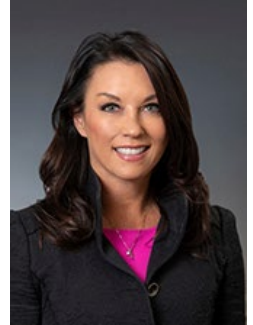


# Commissioner's Office

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

## FY2023 Governor Amended Budget

**\$1,492.4:** \$373.1 UGF, \$1,119.3 OTH (5 PFT, 2 NP FT)



Commissioner  
Julie Sande

FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Prioritize Economic Development in the Commissioner's Office	+212.1 +1 PFT	1004 UGF	Transfer the remaining position and authority from economic development to the Commissioner's Office to prioritize economic development activity in the Commissioner's Office.
Prioritize Economic Development in the Commissioner's Office	-212.1 -1 PFT	1004 UGF	Transfer from the Economic Development component to the Commissioner's Office.
<b>Total FY2023 Operating Budget Changes</b>	<b>Net Zero</b>		



## Divisions With No Significant FY2023 Changes

### Administrative Services

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

**\$4,492.3:** \$654.2 UGF, \$3,838.1 OTH (29 PFT)

### State Facilities Rent

### Unallocated Rates Adjustment

**\$1,359.4:** \$599.2 UGF, \$760.2 OTH

**\$326.4:** \$46.4 UGF, \$132.0 DGF, \$84.3 OTH, \$63.7 FED



Director  
Micaela  
Fowler

### Banking and Securities

*Protecting consumers of financial services and promoting safe and sound financial systems.*

**\$4,249.6** DGF (26 PFT)



Director  
Robert H.  
Schmidt

### Investments

*Promoting economic development in Alaska.*

**\$5,449.0** DGF (37 PFT)



Director  
Jim  
Andersen



## Corp. Entities With No Significant FY2023 Changes

### Alaska Oil and Gas Conservation Commission

*Protecting the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh ground waters and the rights of all owners to recover their share of the resource.*

**\$8,203.6:** \$7,883.6  
DGF, \$150.0 OTH,  
\$170.0 FED  
(32 PFT)



Commissioner  
Jeremy Price

### Alcohol and Marijuana Control Office

*Enforcing alcohol and marijuana commerce laws and providing clear, consistent standards for licensure to protect the public from harm.*

**\$3,942.0:** \$38.1  
UGF, \$3,903.9 DGF  
(22 PFT)



Director  
Glen  
Klinkhart





## Corp. Entities With No Significant FY2023 Changes

### Alaska Gasline Development Corporation

*Maximizing the benefit of Alaska's vast North Slope natural gas resource through the development of infrastructure necessary to move the gas into local and international markets.*

**\$3,082.1** OTH (12 PFT)



President  
Frank  
Richards

### Alaska Industrial Development Authority

*Promoting, developing, and advancing economic growth and diversification in Alaska by providing various means of financing and investment.*

**\$15,538.7** OTH (82 PFT)

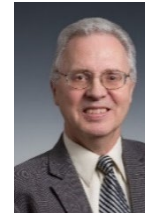


Executive  
Director  
Alan  
Weitzner

### Regulatory Commission of Alaska

*Assuring safe, efficient, and reliable utility and pipeline service is provided at just and reasonable rates to consumers in Alaska.*

**\$9,735.9:** \$9,596.0 DGF,  
\$139.9 OTH  
(58 PFT, 3 NPFT)



Commissioner  
Bob Pickett



# 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.

## FY2023 Governor Amended Budget

### Community and Regional Affairs

**\$9,353.4:** \$5,788.2 UGF, \$568.5 DGF, \$977.1 OTH,  
\$2,019.6 FED (43 PFT)

### Serve Alaska

**\$2,135.1:** \$221.4 UGF, \$20.0 OTH,  
\$1,893.7 FED (2 PFT)

### Revenue Sharing

**\$14,128.2:** \$3,100.0 OTH, \$11,028.2 FED



Director Sandra Moller

FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Grants Administrator 2 for Increased Grant Support	+1 PFT -		Several new multi-year grant programs from both State agencies and the federal government have been assigned to the division.
Reverse FY2022 Grant to Alaska Legal Services from the Civil Legal Services Fund	-311.6	1221 Civil Legal Services Fund (DGF)	
Grant to Alaska Legal Services Corporation from the Civil Legal Services Fund	+281.6	1221 Civil Legal Services Fund (DGF)	Funds the grant to the Alaska Legal Services Corporation from the Civil Legal Services Fund.
LFD Adjust: Match Governor's Bill for Grant to Tanana Chiefs Conference Sobering Center	+165.0	1004 UGF	Technical Adjustment
<b>Total FY2023 Operating Budget Changes</b>	<b>+135.0, +1 PFT</b>		



## Community and Regional Affairs *(continued)*

### Grants in the FY2023 Operating Budget:

Grantee	Amount	Funding Source
Alaska Legal Services Corporation	+450.0	1004 UGF
Alaska Legal Services Corporation	+281.6	1221 Civil Legal Services Fund (DGF)
Alaska Marine Safety Education Association	+196.9	1216 Boat Receipts (DGF)
Life Alaska Donor Services	+80.0	1202 Anatomical Gift Awareness Fund (DGF)
Napaimute for the Kuskokwim Ice Road	+185.0	1004 UGF
Tanana Chiefs Sobering Center**	+165.0	1004 UGF

\*\* This grant is present due to the LFD correction.



# 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.

## FY2023 Governor Amended Budget

**\$17,043.4:**

\$1,198.3 UGF, \$14,789.1 DGF,  
\$1,056.0 OTH (102 PFT)



Director  
Sara Chambers

### Professional Licensing

- 43 programs, including 21 boards
- 98,068 professional licenses
- 9.67% increase in FY2021

### Business Licensing

- 91,114 business licenses
- 1,497 nicotine endorsements
- 16.4% increase in FY2021

### Corporations

- 81,187 registered corporations



# Corporations, Business, and Professional Licensing

FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Revenue Replacement for Professional Licensing Fee Freeze for FY2023 (one-time item)	+1,500.0 -400.0	1004 UGF	Amount necessary to keep professional licensing programs fully operational without a fee increase in FY2023 to assist with COVID-19 economic recovery. Net \$1,100.0: +\$1,500.0 in Governor, -\$400.0 in Governor Amended
Occupational Licensing Examiner for the Board of Nursing	+103.1 +1 PFT	1156 RSS (DGF)	The Board of Nursing experienced a 14% increase in licenses in FY2021. Licensing staff are processing an increased volume of applicants due to the COVID-19 pandemic and emergency courtesy licensing requirements.
Occupational Licensing Examiner for the Board of Certified Real Estate Appraisers	+103.1 +1 PFT	1156 RSS (DGF)	The division is aligning the real estate licensing programs, adding supervisory duties for the Board of Certified Real Estate Appraisers under the Executive Administrator for the Real Estate Commission. The real estate appraiser program has federal requirements that will be better managed under executive-level staff with real estate knowledge.
Eliminate Hard Copy License Certificates and Renewal Notices for Professional Licensing	-67.0	1156 RSS (DGF)	Reducing renewal and certificate mailings modernizes operations and yields savings in postage, paper, and ink. The division is working with licensees to encourage participation in the online notification process. Licensees may print a copy of their license certificate at home or may pay a small fee to the division for a printed copy.
Eliminate FY2023 Computer Refresh (one-time item)	-40.0	1156 RSS (DGF)	One-time CARES laptop purchase has offset the need for one annual computer refresh.
<b>Total FY2023 Operating Budget Changes</b>	<b>+1,599.2 +2 PFT</b>		



# General Funds to Offset Fee Increases in CBPL

Profession	Renewal Year	Projected # Licenses	UGF in FY2021	UGF in FY2022	Proposed UGF in FY2023
Acupuncture	FY23	127	\$ -	\$ -	\$ 5,027.42
Athletic Trainers	FY22	49	\$ -	\$ -	\$ 1,005.48
Board of Chiropractic Examiners	FY23	356	\$ -	\$ -	\$ 169,926.87
Board of Social Worker Examiners	FY23	1,181	\$ -	\$ 37,564.07	\$ 191,042.05
Concert Promoters	FY23	19	\$ -	\$ 1,594.68	\$ -
Dispensing Opticians	FY24	117	\$ 9,065	\$ 22,781.11	\$ -
Board of Dental Examiners	FY23	2,658	\$ 227,625	\$ 264,166.75	\$ 55,301.65
Euthanasia Permits	FY23	11	\$ 6,200	\$ 6,140.99	\$ 15,082.27
Geologists	Perpetual	820	\$ -	\$ -	\$ 121,663.62
Guardians/Conservators	FY23	16	\$ 9,166	\$ 9,078.77	\$ -
Massage Therapists	FY22	1,246	\$ 33,655	\$ 215,187.37	\$ 25,137.11
Medical Board	FY23	9,801	\$ -	\$ 215,314.15	\$ 160,877.51
Board of Marital & Family Therapy	FY23	131	\$ 20,151	\$ 52,049.88	\$ -
Naturopaths	FY22	49	\$ -	\$ -	\$ -
Nursing	Multiple	27,695	\$ -	\$ 518,393.76	\$ -
Nursing Home Administrators	FY23	61	\$ 7,411	\$ 13,767.71	\$ 8,043.88
Board of Examiners in Optometry	FY23	328	\$ 98,400	\$ 97,463.52	\$ 10,054.84
Psychology	FY23	405	\$ -	\$ 36,489.39	\$ -
Underground Storage Tank Workers	FY22	57	\$ -	\$ -	\$ 10,054.84
Board of Veterinary Examiners	FY23	1,145	\$ -	\$ 10,007.84	\$ 251,371.12
Real Estate Recovery Fund	FY22	600	\$ -	\$ -	\$ 75,411.33
<b>Total Appropriation</b>			<b>\$ 411,672</b>	<b>\$ 1,500,000.00</b>	<b>\$ 1,100,000.00</b>



# Insurance Operations

*Regulating the insurance industry to protect Alaskan consumers.*

DOI is responsible for the licensing and compliance of insurers and insurance products in Alaska.

## FY2023 Governor Amended Budget

**\$8,940.5:** \$8,368.6 DGF, \$294.2 OTH,  
\$277.7 FED (45 PFT)



Director Lori Wing-Heier

FY2022 Supplemental Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Actuarial Support for FY2022-FY2023	+1,000.0	1156 RSS (DGF)	Support for contract actuarial work while positions are vacant.
<b>Total FY2022 Supplemental Budget Changes</b>	<b>+1,000.0</b>		

FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Delete Secretary (08-4021) Vacant for Over One Year	-88.5, -1 PFT	1156 RSS (DGF)	This position has been vacant and is no longer needed.
Federal receipts for the Reinsurance program.	-	1002 Federal (Fed)	Language allowing receipt of federal receipts collected for the Reinsurance Program.
<b>Total FY2023 Operating Budget Changes</b>	<b>-88.5, -1 PFT</b>		



# Alaska Energy Authority

*Reducing the cost of energy in Alaska.*

AEA is increasing access to affordable, renewable energy throughout the state through technical assistance and training, rural powerhouse, tank farm, and renewable energy programs, the Power Cost Equalization program, the Power Project loan fund, and AEA-owned energy infrastructure.

## FY2023 Governor Amended Budget

**\$40,854.0:** \$847.3 UGF,  
\$35,182.3 DGF, \$3,622.4 OTH, \$1,202.0  
FED



Executive Director  
Curtis Thayer

FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Reverse Power Cost Equalization Funding in FY2022	-32,355.0	1169 PCE Endowment (DGF)	Technical reversal of prior year language.
Power Cost Equalization Funding for FY2023	+32,355.0	1169 PCE Endowment (DGF)	Language for FY2023 PCE payments.
<b>Total FY2023 Operating Budget Changes</b>	<b>Net Zero</b>		





# Power Cost Equalization Program

The PCE program was established in 1985 as one of the components of a statewide energy plan.

AEA is migrating to mandated electronic fund transfer of funds for lowered costs and enhanced security of payments to utility companies.

The cost of electricity for Alaska's rural residents is notably higher than for urban residents. PCE lowers the cost of electric service paid by rural residents. Ultimately ensuring the viability of rural utilities and the availability of reliable, centralized power.



192

RURAL COMMUNITIES



91

ELECTRIC UTILITIES



81,700

ALASKANS





# PCE Endowment Earnings Calculation

## Fiscal Year 2023 Appropriations (SLA2022)

### Calculation of Excess PCE Earnings Available for Appropriation

Fiscal Year 2021 Earnings (AS 42.45.080(c)(2))	\$150,299,205
Fiscal Year 2022 PCE Appropriations	
AEA — Rural Energy Assistance (AS 42.45.085(a)(3))	\$381,800
AEA — PCE (AS 42.45.085(a)(1) and (a)(3))	32,355,000
Revenue — Treasury (AS 42.45.085(a)(2))	1,029,800
Less: Total Fiscal Year 2022 PCE Appropriations	33,766,600
Unobligated Fiscal Year 2021 Earnings	116,532,605
70% of Unobligated Fiscal Year 2021 Earnings per AS 42.45.085(d) (max \$55 million per AS 42.45.085(d)(2))	55,000,000
Fiscal Year 2023 Appropriations per AS 42.45.085 (d)(2)	
Community Assistance Program (AS 42.45.085(d)(2)(A))	30,000,000
Renewable Energy Grant Fund (AS 42.45.085(d)(2)(B))	15,000,000
Rural Power Systems Upgrades (AS 42.45.085(d)(2)(B))	10,000,000
Less: Fiscal Year 2023 Appropriations	55,000,000
	\$55,000,000



# PCE Endowment Fund (AS 42.45.085)

Sec. 42.45.085. Use of the power cost equalization endowment fund.

(a) Five percent of the amount determined by the commissioner of revenue on July 1 of each year under AS 42.45.080(c)(1) may be appropriated for the following purposes:

- (1) funding the power cost equalization and rural electric capitalization fund (AS 42.45.100);
- (2) reimbursement to the Department of Revenue for the costs of establishing and managing the fund; and
- (3) reimbursement of other costs of administration of the fund.

(b) Nothing in this section creates a dedicated fund.

(c) If the amount appropriated under (a) of this section is insufficient to achieve the purposes of (a)(1) - (3) of this section, the amount shall be prorated among the purposes listed in (a)(1) and (2) of this section.

(d) If the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), and the appropriation made under (a) of this section for the current fiscal year as follows:

- (1) if the amount calculated under this subsection is less than \$30,000,000, that amount to a community revenue sharing or community assistance fund; or
- (2) if the amount calculated under this subsection is \$30,000,000 or more,
  - (A) \$30,000,000 to a community revenue sharing or community assistance fund; and
- (B) the remaining amount, not to exceed \$25,000,000, to the renewable energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or for rural power system upgrades or to a combination of the funds or purposes listed in this subparagraph.



# Alaska Seafood Marketing Institute

*Increasing the economic value of Alaska's seafood resources.*

ASMI promotes Alaska's seafood both in the U.S. and internationally to increase and sustain Alaska's market share and brand recognition.

## FY2023 Governor Amended Budget

**\$21,536.3:** \$15,932.8 OTH, \$5,603.5 FED  
(20 PFT)



Executive Director  
Jeremy Woodrow

FY2022 Supplemental Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Extend FY2022 Trade Promotion Funding Through FY2024	-	1269 CSLFRF (Fed)	Convert FY2022 appropriation to multi-year to align with federal funding timelines.
<b>Total FY2022 Supplemental Budget Changes</b>	<b>-</b>		
FY2023 Operating Budget Changes	Requested Amount (\$)	Funding Source	Impacts
Reverse Trade Promotion Funding	-7,000.0	1269 CSLFRF (Fed)	Technical - Language – Reverse prior year OTI
LFD Adjust: Add Trade Promotion Funding to Match Governor Bill	7,000.0	1269 CSLFRF (Fed)	Technical - Numbers – Add to match Governor's budget bill
Reverse Trade Promotion Funding	-7,000.0	1269 CSLFRF (Fed)	Technical - Numbers – Reverse prior year OTI
Correct Trade Promotion Funding Reversal	7,000.0	1269 CSLFRF (Fed)	Technical - Language – Add to correct number/language amounts
<b>Total FY2023 Operating Budget Changes</b>	<b>Net Zero</b>		



# ASMI Funding

## FY22 Budget Authority

- **Seafood Marketing Assessment**
  - \$15,995,300 (0.5% of ex-vessel value)
- **Federal Funds**
  - \$10,130,800
    - Market Access Program (MAP)
    - Agricultural Trade Promotion Program (ATP)
    - Saltonstall-Kennedy Grant (SK)
    - Cochran Fellowship
    - Emerging Markets Program (EMP)
    - Quality Samples Program (QSP)
- **Other Federal**
  - \$7,000,000 (American Rescue Plan Act)
- **\$0 General Fund**

**FY22 Spend Plan: \$19,000,000**

## FY23 Governor's Budget

- **Seafood Marketing Assessment**
  - \$15,932,800 (0.5% of ex-vessel value)
- **Federal Funds**
  - \$5,603,500
    - Market Access Program (MAP)
    - Agricultural Trade Promotion Program (ATP)
    - Saltonstall-Kennedy Grant (SK)
    - Cochran Fellowship
    - Emerging Markets Program (EMP)
    - Quality Samples Program (QSP)
- **\$0 General Fund**

**FY23 Spend Plan: Set by ASMI Board in May**



# Shifts in Seafood



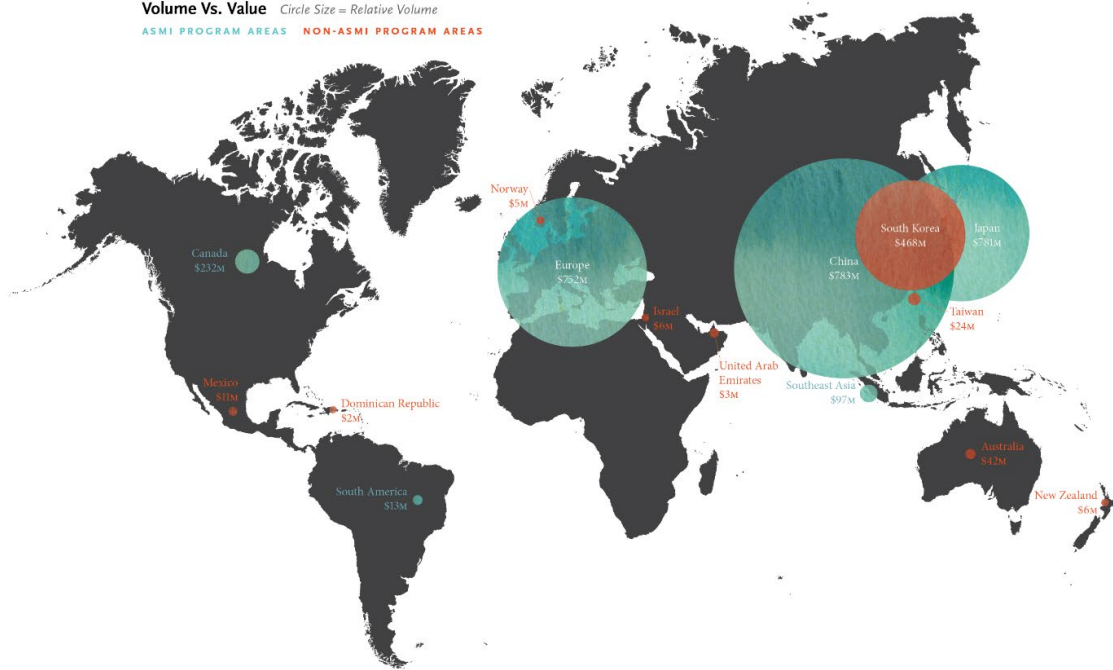
- Increase In Retail Sales, Especially In Ecommerce, Direct To Consumer Sales
  - U.S.: 122% yoy increase in seafood ecommerce sales
  - More people cooking at home more often; unprecedented opportunity for education
- Frozen Seafood Experienced Banner Growth
  - U.S. : 35% yoy sales growth in frozen seafood; 24% in fresh
  - *Retail sales growth did not make up for sales losses at foodservice*
- Consumers Looking For Immune-boosting, Sustainable Foods from Trusted Sources





# Export Markets

Volume Vs. Value Circle Size = Relative Volume  
ASMI PROGRAM AREAS NON-ASMI PROGRAM AREAS



About 75% of Alaska seafood production exported annually to 100 countries

U.S. is largest market: 25-30%

China/South Korea largest trading partners; primarily reprocessing

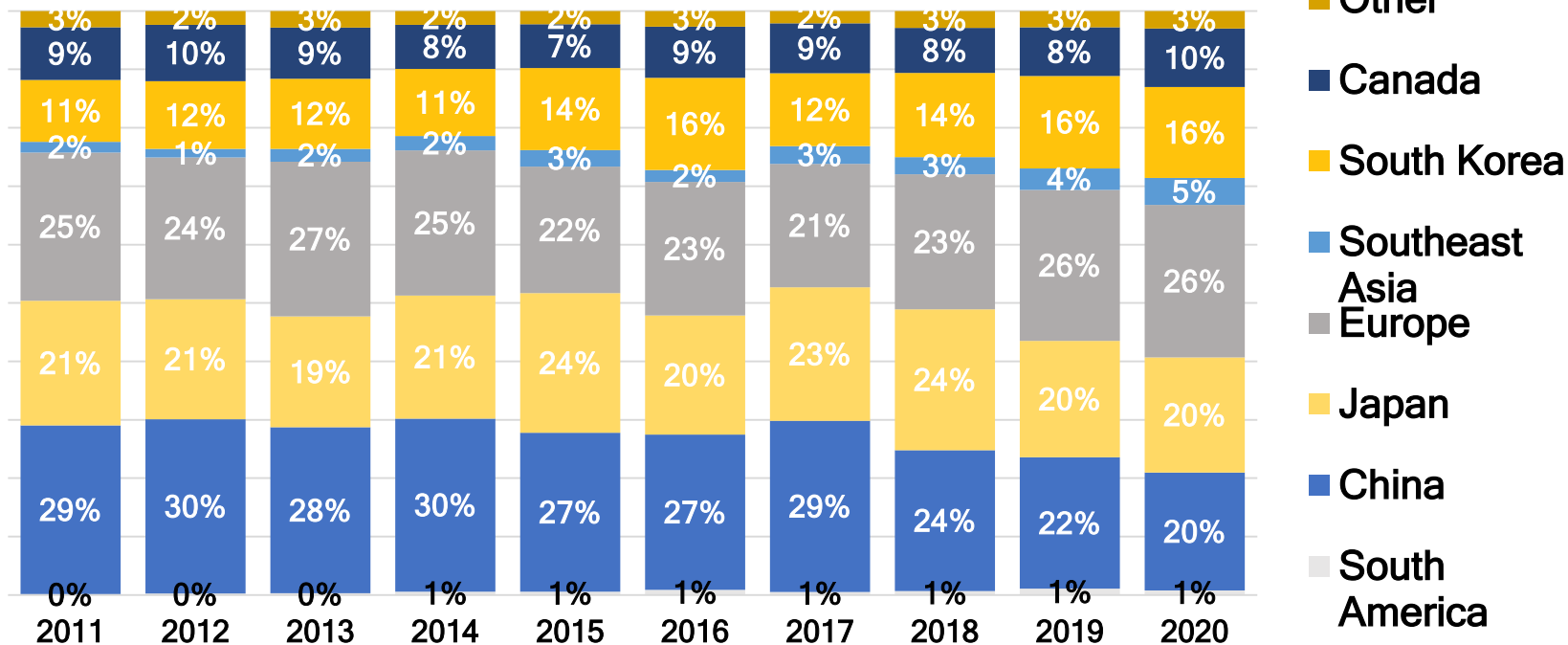
Japan/Europe largest direct foreign markets

90% of pollock, pink/keta salmon, and A80 species exported



# Alaska Seafood Export Value by Region

Source: NOAA, compiled by McKinley Research.



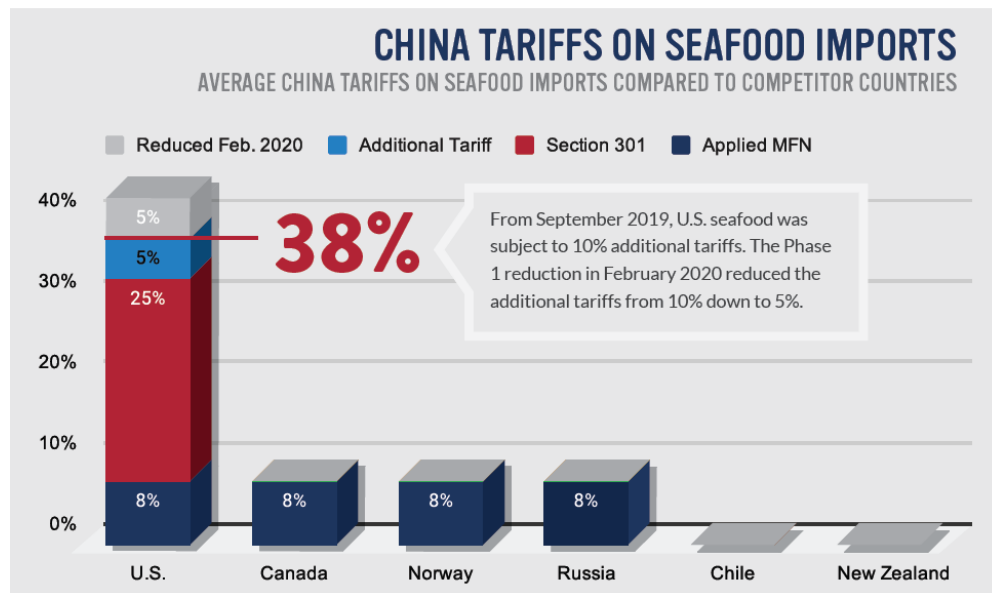




# Market Development

- Exports to China down \$450M since 2018
  - Was #1 Export Market Prior to 2018
  - A 20-year investment by Alaska Seafood Industry & ASMI
- Growing Southeast Asia
- Expanding South America
- Eastern Europe?

*Alaska Seafood Needs Global Market Diversification Now More Than Ever*





# Global Competition

- Opportunities & Challenges not unique to Alaska Seafood
- Norwegian Seafood Council global budget 3x larger than ASMI
- Russia investing \$7 Billion into its fisheries
  - Processing, New Vessels, Cold Storage & Promotion
  - “New Alaska”





# Covid Challenges Still Exist

- Foodservice Still Hasn't Fully Recovered
  - Responsible for 70% of seafood purchases prior to pandemic
- Supply Chain & Global Logistics a Mess
- Inflation
- Cost to Execute Fisheries
- Uncertainty





Micaela Fowler  
Administrative Services Director  
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