

Agency

Overviews:

Revenue;

DCED; Labor;

CRA

HFIN

FILE

HOUSE FINANCE COMMITTEE
JANUARY 22, 1997
1:45 P.M.

TAPE HFC 97 - 5, Side 1, #000 - end.
TAPE HFC 97 - 5, Side 2, #000 - end.
TAPE HFC 97 - 6, Side 1, #000 - #529.

CALL TO ORDER

Co-Chair Mark Hanley called the House Finance Committee meeting to order at 1:45.

PRESENT

Co-Chair Hanley	Representative Grussendorf
Co-Chair Therriault	Representative Kohring
Representative Davies	Representative Martin
Representative Davis	Representative Mulder
Representative Foster	

Representatives Moses and Kelly were not present for the meeting.

ALSO PRESENT

Wilson Conson, Commissioner, Department of Revenue; Laurie Perkins, Director, Division of Administrative Services, Department of Revenue; Willie Hensley, Commissioner, Department of Commerce and Economic Development; Guy Bell, Director of Administrative Services, Department of Commerce and Economic Development; Remond Henderson, Director, Division of Administrative Service, Department of Community and Regional Affairs; Lamar Cotten, Deputy Director, Department of Community and Regional Affairs; Percy Frisby, Director, Division of Energy, Department of Community and Regional Affairs; Tom Cashen, Commissioner, Department of Labor; Dwight Perkins, Deputy Commissioner, Department of Labor; Arbe Williams, Director, Division of Administrative Services, Department of Labor; Director, Division of Employment Security, Department of Labor; Rebecca Nance, Director, Employment Services, Department of Labor.

SUMMARY

AGENCY OVERVIEWS:

Department of Revenue
Department of Commerce and Economic Development
Department of Labor
Department of Community and Regional Affairs

(Copies of log notes, meeting tapes and handouts will be on file with the House Finance Committee Secretaries until after the 20th Legislative Session. Contact #465-6814 or #465-2378. After the 20th Legislative Session, log notes, meeting tapes and handouts will be located at the Legislative Library, #465-3808.)

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 463-4885

October 14, 1996

TO: Chair and Vice-Chair
Legislative Budget & Audit Committee

Co-Chairs, House and Senate Finance Committees

FROM: Mike Greany, Legislative Fiscal Analyst

RE: ~~Discontinuation of Executive RP Review Process~~

This is to advise you that Ms. McConnell, Office of Management and Budget has discontinued prior OMB review of agency revised programs and delegated to agency commissioners:

- transfers of funding between allocations (within an appropriation)
- transfers between line items (except the grants line)
- position establishments and reclassifications.

I have some misgivings about this move in that I believe that OMB has served a necessary internal executive branch "check and balance" by reviewing/approving these type of budget transfers and new positions.

In the past, this office has also received information copies which have assisted us in our legislative oversight function. For example, it was through this process a couple of years ago that we became aware that the Department of Law was converting part of its oil and gas litigation effort from contractual to in-house with ten new positions-- an issue of legislative interest.

We will work with the agencies, and OMB as necessary, to ensure that we are able to provide continued legislative oversight.

A copy of the OMB delegation memorandum is attached for your information.

ATT 3

House Finance Committee

Departmental Operating Budget Overviews

TOPICS TO BE ADDRESSED

- 1) Managing the FY97 budget
 - # of filled positions deleted (if any)
 - Potential lapse balances
 - Potential supplementals
 - Efficiencies introduced
 - Cost savings produced
 - RIP update

- 2) The Governor's Proposed FY98 Operating Budget.
 - Major dollar changes from FY97 (Increments/Decrements)
 - Programmatic effect of these changes
 - Known underfunding/supplementals
 - Top Departmental Priorities
 - Any known legislation and fiscal note amounts

- 3) Questions from members.

MEMORANDUM

STATE OF ALASKA DEPARTMENT OF REVENUE

TO: Annalee McConnell, Director
Office of Management and Budget

DATE: January 20, 1997

FROM: Wilson L. Condon, *WLC* Commissioner
Department of Revenue

RE: FY 97 Supplemental
Request

The Department of Revenue, Treasury Division (Treasury) requests a supplemental increment to its FY 97 General Fund budget in the amount of \$31,000. This increase would pay investment management fees on equity investments for the Constitutional Budget Reserve Fund (CBRF) for the period February 1, 1997, to June 30, 1997. This amount is very small in comparison to Treasury's overall General Fund budget, and your normal practice would require us to find a way to absorb this amount somewhere in that budget. Treasury believes a supplemental appropriation is necessary to make certain the Legislature specifically approves investing a portion of the CBRF in the equity market.

Last session, the Legislature's final actions with respect to the investment and management of the CBRF were inconclusive. On the one hand, the Legislature amended the statutes pertinent to the CBRF in a manner that clearly indicated they wanted a portion of the CBRF invested in equities. On the other hand, they did not provide funding for the management fees for such investments.

The Legislature added a new section, AS 37.10.430, to the statutes relating to the CBRF in the FY 96 session (previously AS 37.10.410-420). In this new section, the Commissioner of Revenue is:

- given discretion to transfer the management of the CBRF to the Permanent Fund Corporation, and
- required to annually prepare a report comparing the earnings of the CBRF to the Permanent Fund and General Fund.

The proponents of this amendment clearly wanted Treasury to reevaluate the CBRF asset allocation and to invest the CBRF longer term in both fixed income and equity securities. They believed this reallocation would come about either by transferring some or all of the CBRF to the care and custody of the Permanent Fund or by reinvesting the CBRF directly in these longer term securities. Either of these investment options require an appropriation for manager fees. If I had decided to move the entire CBRF to the Permanent Fund Corporation, an appropriation of approximately \$3,000,000 would have been required to pay management fees.

If the State is going to continue to use a portion of the CBRF each year to balance the State budget, then it would be inappropriate under existing institutional arrangements for the Permanent Fund Corporation to take over the management of the CBRF. I have attached six sections from our Treasury Division's Policies and Procedures Manual that

reflect the reasoning process that leads us to this conclusion. The first four, which are all still in *preliminary draft* form, are important to review. The fifth and sixth are useful if you want to look in depth at the ins and outs of developing an asset allocation for an investment program. The six sections of the Treasury Division's Policies and Procedures Manual are:

1. Draft Section X(B) from the Treasury Division's Policies and Procedures Manual, Investment Policy Statement: Constitutional Budget Reserve Fund;
2. Draft Appendix L from the Treasury Division's Policies and Procedures Manual, Recommended Reserves Policy;
3. Draft Appendix M from the Treasury Division's Policies and Procedures Manual, Commissioner's Proposed Decision and Justification for Managing the Constitutional Budget Reserve Fund in the Treasury Division of the Department of Revenue;
4. Draft Appendix N from the Treasury Division's Policies and Procedures Manual, Proposed Decision and Justification for Asset Allocation for the Constitutional Budget Reserve Fund;

5. Draft Section VII from the Treasury Division's Policies and Procedures Manual, Building Blocks for Treasury's Investment Policies; and
6. Draft Appendix H from the Treasury Division's Policies and Procedures Manual, Capital Market Assumptions and Projections: Treasury 1996.

Treasury believes the investment policies of the CBRF must address the following three needs:

- 1) Provide money to cover anticipated and unanticipated shortfalls over a two year time horizon;
- 2) Provide money to cover projected budget shortfalls until the time the State's recurring revenue is sufficient to meet its yearly expenses; and
- 3) Provide a long-term budget reserve.

Each of these purposes has a different time horizon, risk tolerance, and income objective.

I reviewed these three unique sets of objectives in Attachments 4 and 5. The overall investment policy - the combination of the investment policies designed to meet the three individual objectives - follows:

Treasury's short-term fixed income investment pool	1%
Treasury's intermediate-term fixed income investment pool	43%
Treasury's long-term fixed income investment pool	30%
S&P 500 equity investment pool	<u>26%</u>
	<u>100%</u>

Treasury has already made the appropriate reallocations within the various fixed income investment pools without incurring any additional cost. Treasury has not implemented the equity portion of the asset allocation. To invest in equities, Treasury must hire an external manager. The associated fees for this external manager will be 1 basis point, or .01% of the invested balance, annually. As stated earlier, Treasury's budget does not include any amount for these fees. While Treasury could begin implementation of this new asset allocation policy in the Spring of 1997, using funds already available for FY 97, Treasury would not be able to continue to pay the fees in FY 98 if the Legislature did not expressly appropriate money for that purpose.

Because of the possibility of incurring unnecessary transaction costs, Treasury cannot prudently begin to purchase equity securities without reasonable assurance that funding will be made available on an annual basis. *In addition, we believe it is important that the Legislature review the asset allocation for the CBRF and, at a minimum, indicate their understanding and acceptance by approving the funds to implement it.*

Treasury currently funds all costs of managing the CBRF with General Fund money.

The calculation of expected fees for external management follows:

CBRF balance, 1/1/97	\$2,800,000,000	
Equity allocation	<u>26%</u>	
Equity investment if invested at 1/1/97	<u>728,000,000</u>	
Projected equity investment at 6/30/97, (assuming 10% annual growth rate)	<u>764,400,000</u>	
Average equity investment		746,200,000
Annual fee, 1 basis point		<u>.01%</u>
Total annual fee		\$ <u>74,620</u>
Fee for 5 months, approximate		\$ <u>31,000</u>

The fee calculation assumes Treasury will invest the equity allocation by February 1.

At the recommendation of OMB, Treasury did not include any amount for CBRF management fees in its FY 98 budget, pending the outcome of this supplemental request with the Legislature. Treasury intends to modify its FY 98 request if the Legislature approves this budget request for FY 97. Treasury projects the additional request for FY 98 will approximate \$100,000 because of appreciation on the equity assets. Treasury will provide additional information if and when it makes a request to amend its proposed FY 98 budget.

Treasury wishes to bring this issue before the Legislature as a supplemental request early in the session so Treasury can confirm that our investment strategy meets legislative approval before we commit CBRF funds to long-term equity investment.

Thank you for your consideration. If you have any questions, please contact Ross Kinney at 465-3669, or Betty Martin at 465-2352.



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B. Investment Policy Statement: Constitutional Budget Reserve Fund

1. Description and History

In the 1990 general election, the voters of Alaska adopted an amendment to the Alaska State Constitution creating the Constitutional Budget Reserve Fund (CBRF). All money received by the State after July 1, 1990 as a consequence of the resolution of disputes about the amount of mineral lease bonuses, royalties or taxes, must be deposited in the CBRF. The amounts that have been credited to the CBRF through the end of the 1996 fiscal year (rounded to the nearest million) are:

<u>Fiscal Year</u>	<u>Amount</u>
1991	314,000,000
1992	437,000,000
1993	868,000,000
1994	350,000,000
1995	1,500,000,000
1996	552,000,000
<u>Total</u>	<u>4,021,000,000</u>

The Legislature may appropriate funds from the CBRF to fund the operations of State government only under certain conditions. If, at any time, the amount of funds from other sources available to the Alaska Legislature for appropriation is less than the amount appropriated to fund State government for the previous fiscal year, then the Legislature may appropriate from the CBRF on a simple majority vote. When the amount of funds from other sources exceeds the amount appropriated for the previous fiscal year, the

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Legislature may appropriate from the Fund for any public purpose with a three-fourths vote of the members of each house.

The following table reflects the appropriations made from the CBRF:

Chapter 14, SLA 1994, section 7	\$ 1,006,038,474
Chapter 14, SLA 1994, section 8	49,608,135
Chapter 14, SLA 1994, section 9	368,581,990
Chapter 3, FSSLA 1994, section 39(c)	22,417,986
Chapter 3, FSSLA 1994, section 40	68,738,958
Chapter 3, FSSLA 1994, section 22(a)	11,250,000
Chapter 6, FSSLA 1994, section 1	130,300,000
Article IX, section 17(d) Alaska Constitution (FY 95)	(95,506,853)
Chapter 94, SLA 1995, section 43(a)	95,506,853
Chapter 94, SLA 1995, miscellaneous operating appropriations	8,356,516
Chapter 94, SLA 1995, section 43(b)	284,873,567
Article IX, section 17(d) Alaska Constitution (FY 96)	(74,352,026)
Total	<u>\$ 1,875,813,600</u>

The amounts appropriated in chapter 14 SLA 1994, sections 7 and 8 are equal to the amounts appropriated from the General Fund to the CBRF to comply with court orders. In FY 91 through FY 94, the State deposited revenue into the General Fund that several parties contended should have been deposited into the CBRF. The Supreme Court agreed that these monies should have been deposited in the CBRF and the State was ordered to restore the CBRF, including interest earnings, retroactive to July 1, 1990. Chapter 14, SLA

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1994, was enacted to comply with the courts' orders and sections 2, 3, and 4 of the law appropriated \$1,006,038,474, plus \$49,608,135 in interest which would have been earned on the money after June 30, 1990, from the General Fund to the CBRF effective April 15, 1994.

Chapter 14, SLA 1994, section 9, and chapter 3, FSSLA 1994, section 39(c), appropriated additional amounts from the CBRF to the General Fund to fund the shortfalls between State revenue and General Fund appropriations for fiscal years 1994 and 1995, respectively.

Chapter 3, FSSLA 1994, section 40, appropriated an amount to cover the share of the State's actual expenditures for oil and gas litigation from July 1, 1990, through February 15, 1994, that is attributable to the CBRF. The appropriation in section 22(a) of chapter 3 was to cover costs relating to legal proceedings and audit activity involving oil and gas revenue due or paid to the State or State title to oil and gas land, for the fiscal year ending June 30, 1995.

Chapter 6, FSSLA 1994, section 1, was passed by the Alaska Legislature to resolve the long-standing issue of reconstitution of the Alaska Mental Health Trust (AMHT). CBRF funds were appropriated to capitalize the AMHT.

This schedule also shows the effect of article IX, section 17(d), of the Alaska Constitution which provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the Budget Reserve Fund until the amount appropriated is repaid. As of June 30, 1995, amounts in various subfunds and accounts of the General Fund that were identified as available for appropriation were used to repay a

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General Fund that were identified as available for appropriation were used to repay a part of the General Fund liability to the CBRF during FY 96. Chapter 94, SLA 1995, section 43(a) appropriated that same amount back to the funds from which they had been transferred.

Amounts in the various subfunds and accounts of the General Fund that were identified as available for appropriation as of June, 30, 1996, were used to repay a part of the General Fund liability in accordance with article IX, section 17(d).

Chapter 94, SLA 1995, appropriated amounts from the CBRF to fund miscellaneous operating appropriations.

Chapter 94, SLA 1995, section 439(b), appropriated additional amounts needed to fund the shortfalls between State revenue and General Fund appropriations for fiscal year 1996.

As mentioned above, the Alaska State constitutional provision governing the operation of the CBRF requires the State's General Fund to repay the monies that have been appropriated from the CBRF if and when there is a surplus in the General Fund at the end of any fiscal year. The General Fund currently "owes" the CBRF \$1,875,813,600. The General Fund does not pay interest on the money it has "borrowed" from the CBRF.

The amounts earned by the investment of the money in the CBRF are credited to the Fund; through the end of FY 96, the Fund had earned about \$386,000,000.

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As of January 1, 1997, the balance in the CBRF was about \$2,800,000,000. At the present time, our best estimate is that the following additional contributions will be made to the CBRF over the next five fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>
Last half of 1997	0
1998	250,000,000
1999	230,000,000
2000	230,000,000
2001	25,000,000

Until July 1, 1996, the Treasury Division of the Department of Revenue was solely responsible for managing the investment of the CBRF. Beginning July 1, 1996, the Commissioner of Revenue was given the discretion to transfer the management of all or a portion of the CBRF to the Alaska Permanent Fund Corporation (see AS 37.10.430 in Appendix M). Appendix M also contains the constitutional and the other statutory provisions applicable to the CBRF.

The Commissioner of Revenue has decided to retain the responsibility for managing the entire CBRF. The justification for that decision is set forth in Appendix M.

Prior to November 1996, most of the money in the CBRF was invested in the Intermediate-term Fixed Income Investment Pool (see Section VII(B)). Effective November 1996, the Commissioner adopted a preliminary investment policy that treated the CBRF as if it were three separate funds. Treasury implemented the fixed income portion of that policy. The equity

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portion of that policy was not implemented pending legislative affirmation and an appropriation to cover the related expenditures. The three separate funds are:

<u>Fund</u>	<u>Amount</u>
1. Fund to implement the State's Reserve Policy to cover anticipated and unanticipated shortfalls in the next two fiscal years' budgets.	\$800 million
2. Fund to provide a transition to a long-term fiscal plan.	\$1,200 million
3. Fund to act as a long-term reserve account to cover unanticipated budget shortfalls well into the future.	\$800 million

A detailed justification for the asset allocation and investment policies pertinent to the CBRF is set forth in Appendix N.

2. Investment Policy - Two Year Shortfall Fund

Treasury invests the portion of the CBRF that may be required to cover shortfalls that might arise during the next two fiscal years with the following in mind:

- Risk Tolerance
 - Low to moderate. Funds may be needed on relatively short notice.

- Investment Objectives
 - Very low exposure of principal to loss.
 - Modest current income requirement.
 - Little inflation protection needed.
 - Relatively high liquidity requirement.

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Treasury's investment policy for this portion of the CBRF is:

- 37% Intermediate-term Fixed Income Investment Pool
- 48% Long-term Fixed Income Investment Pool
- 15% Equity Investment Pool

Treasury's performance benchmark for this portion of the CBRF is:

- 37% Lehman Brothers 1-3 year Government Index
- 48% Lehman Brothers Government/Corporate Index
- 15% Standard and Poor's 500 Index

4. Investment Policy - Long-term Reserve Fund

Treasury invests the portion of the CBRF intended to constitute a long-term reserve account with the following in mind:

- Risk Tolerance
 - High.
- Investment Objectives
 - Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long term.
 - Income objective of high real total return over time.
 - Inflation protection important.
- Time Horizon
 - Moderately long to long.

Treasury's investment policy for this portion of the CBRF is:

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33%	Long-term Fixed Income Investment Pool
67%	Equity Investment Pool

Treasury's performance benchmark for this portion of the CBRF is:

33%	Lehman Brothers Government/Corporate Index
67%	Standard & Poor's 500 Index

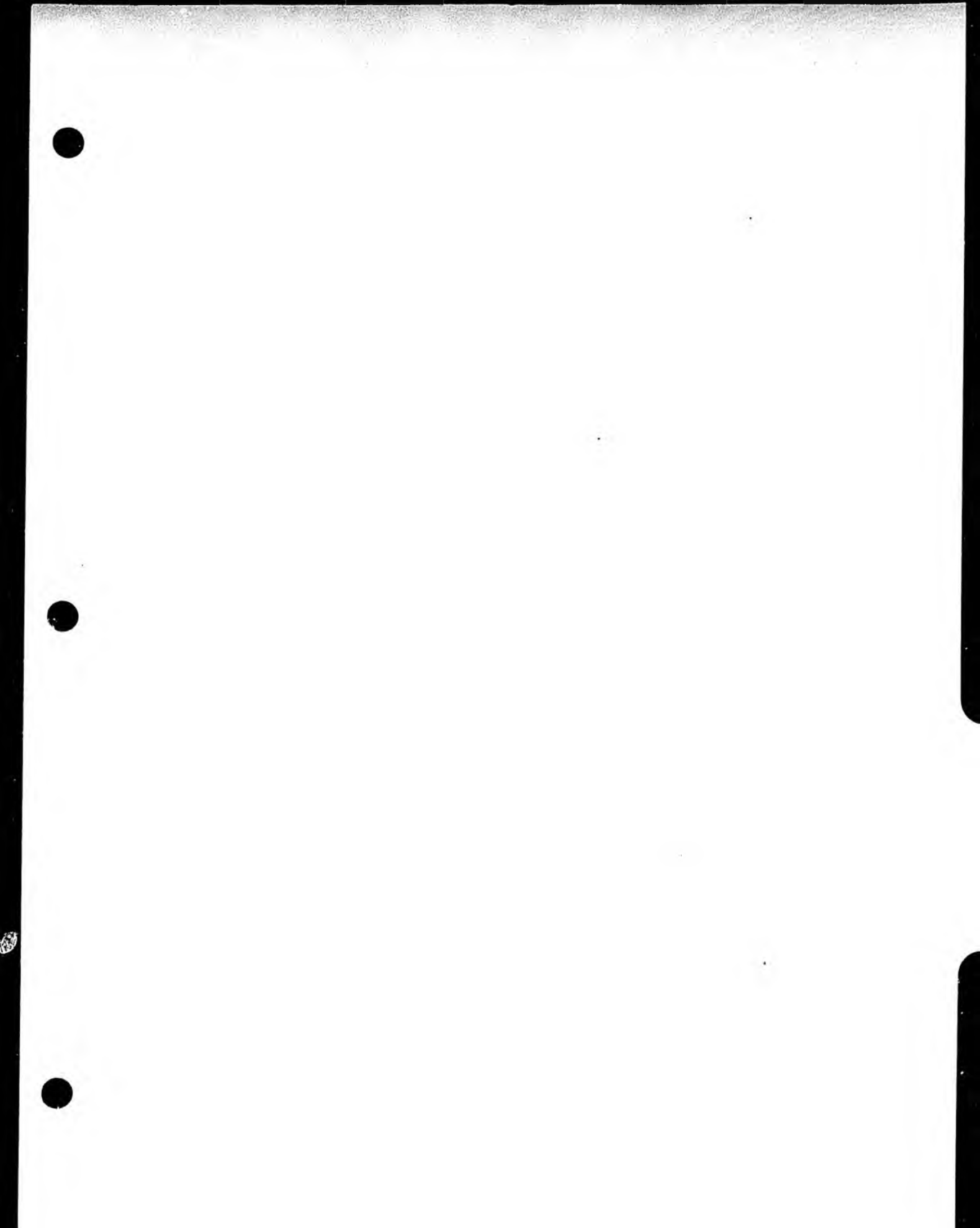
5. Combination of the Three Policies

With \$2,800,000,000 in the Fund, the following table reflects the asset allocation applicable to the Fund when these three policies are combined:

Short-term Fixed Income Investment Pool	1%
Intermediate-term Fixed Income Investment Pool	43%
Long-term Fixed Income Investment Pool	30%
Equity Investment Pool	26%

6. Reporting Requirements Pertinent to the CBRF

On or before March 15 each year, AS 37.10.430 requires Treasury to prepare a report to the Legislature comparing beginning and ending balances in the CBRF for the immediately preceding calendar year together with comparative nominal, real and realized returns for the CBRF, the Permanent Fund and the General Fund. The Comptroller in the Treasury Division is responsible for compiling this information and preparing and distributing the required report.



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APPENDIX L

MEMORANDUM

**STATE OF ALASKA
Department of Revenue**

To: File

Date: January 20, 1997

From: Wilson L. Condon
Commissioner
Department of Revenue

Telephone: 465-2301

Subject: Reserves Policy

Recommended Reserves Policy

A. Defining Reserves Policy

The Commissioner of Revenue is responsible for managing the assets held by the State Treasury to (1) meet the daily cash flow needs of the State and (2) meet the longer term reserve needs of the State. (See AS 37.10.070 in Appendix A of the Treasury Division's Policies and Procedures Manual). To fulfill these responsibilities, the Treasury Division has consulted with and worked jointly with other State agencies (principally the Office of Management and Budget in the Governor's Office and the Division of Finance in the Department of Administration) to develop two separate policies: a Cash Deficiency Contingency Plan and a Reserves Policy. The Cash Deficiency Contingency Plan is designed to insure that the State will be able to meet its very short-term daily cash needs. That Plan is discussed in further detail in Section XIII of the Treasury Division's Policies and

Approved:
Revised:

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Procedures Manual. The Reserves Policy, on the other hand, reflects longer term financial planning. That policy determines the manner in which Treasury must invest money in various State funds - most particularly the General Fund and the Constitutional Budget Reserve Fund (CBRF) to:

1. Cover the expenditures authorized by the Legislature over the course of the current fiscal year;
2. Cover unexpected declines in the State's recurring revenue stream; and
3. Cover future expenditure authorizations by the Legislature.

Before 1997, the State had no separately articulated reserves policy.

B. Evolution of the Need for a Reserves Policy

Prior to fiscal year 1991, the State's recurring revenues and recurring expenditures were essentially equal. State operating budgets were balanced solely with recurring General Fund revenues. Beginning in fiscal year 1991, and in each subsequent year, the Legislature has balanced the State budget by appropriating sufficient money from the CBRF to cover the shortfall between recurring revenues and expenditures.

In 1996, the Long Range Financial Planning Commission, the Governor, the Legislative Majority and the Legislative Minority proposed long range financial plans for State budgets. Each plan was intended to lead to a balanced State budget where sustainable annual recurring revenues are sufficient to meet annual budgets.

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possibility of a material decline in oil prices estimated using market measures of price volatility for oil. Treasury concluded that an allocation sufficient to cover any statistically significant decline (99% case) would result in too conservative an investment policy for the entire CBRF by allocating \$1,300,000,000 to the near-term reserve portion of the Fund.

E. Derivation of the \$1.2 Billion Transition

Because of the uncertainty surrounding the eventual outcome of the long-term fiscal process, Treasury used an average of the four proposed long-term fiscal plan's draws for fiscal years 1999 through 2002. Further, Treasury made allowance for the following additional factors:

1. Spending the \$800 million near-term reserve some time during the transition period to assist in balancing the annual budget;
2. Spending the projected earnings of the CBRF during the transition period to balance the current budgets; and
3. Accounting for the unexpectedly high oil prices experienced in FY 1996 and 1997 and anticipated for FY 1998 in calculating the annual deficits that must be covered by the CBRF.

Treasury concluded that \$1,200,000,000 was the appropriate additional amount required from the principal of the CBRF for the transition at this time. Treasury will review this amount at least annually as the State's long-term fiscal plan evolves.

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F. What Funds are Available to Fulfill the Reserves Policy?

The General Fund

The General Fund is the primary source of money to meet the State's daily cash flow needs. It does not contribute to the Reserves Policy, as Treasury expects that all of the money in the General Fund will be spent in the fiscal year in which it is appropriated.

The Constitutional Budget Reserve Fund

Treasury believes that the Constitutional Budget Reserve Fund (CBRF) is the only resource practically available to form the backbone of the Reserves Policy. It has historically been the Fund the Legislature has used to make up shortfalls between recurring revenues and recurring expenditures. It will be managed by Treasury (see Appendix M for the Commissioner's Decision and Justification for Managing the CBRF in Treasury rather than the Permanent Fund Corporation). Because of Treasury's broad investment responsibilities, the CBRF can be invested easily in one or more of the multiple investment pools that Treasury maintains to accommodate the three parts of the Reserves Policy.





APPENDIX M

MEMORANDUM

STATE OF ALASKA
Department of Revenue

To: File Date: January 20, 1997
From: Wilson L. Condon Telephone: 465-2301
Commissioner
Department of Revenue Subject: Constitutional Budget
Reserve Fund

Commissioner's Proposed Decision and Justification for Managing the Constitutional
Budget Reserve Fund in the Treasury Division of the Department of Revenue

AS 37.10.430(a) enacted by the Alaska Legislature in 1996 provides:

The Department of Revenue may transfer management responsibility over all or a portion of the Budget Reserve Fund (Article IX, Section 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

I have decided that the Department of Revenue should retain the management of all of the Constitutional Budget Reserve Fund (CBRF). I intend to review this decision at least annually.

My decision is based on a review of the State's Reserves Policy and an analysis of the mission of the Permanent Fund Corporation in light of that Reserves Policy. The policy is based on four points as follows:

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1. Single Purpose Permanent Fund Asset Allocation Not Designed to Accomplish Purposes of State Reserves Policy.

The State currently plans to use the CBRF to implement its Reserves Policy. That Reserves Policy has three parts, each of which will require a separate investment and asset allocation policy. Those three parts are:

- a) Provide money to cover anticipated and unanticipated shortfalls over a two year time horizon;
- b) Provide money to cover projected budget shortfalls until the time the State's recurring revenue is sufficient to meet its yearly expenses; and
- c) Provide a long-term budget reserve.

The Treasury Division has the flexibility to develop and use a range of policies for the Funds it manages.

The Permanent Fund, on the other hand, has a single asset allocation designed to achieve the particular purposes that have developed for that Fund, namely: *Provide dividends and provide a legacy for future generations of Alaskans.*

Requesting that the CBRF be managed by the Permanent Fund Corporation (PFC) and be used to fulfill the State's Reserves Policy would create irreconcilable missions for the PFC. On the other hand, Treasury has developed and intends to implement three separate specific investment and asset allocation policies for the CBRF to meet the three goals of the Reserves Policy (see Appendix L of the Treasury Division's Policies and Procedures Manual).

The key element of this Reserves Policy is that the CBRF has a much more discreet, well-defined and diversified set of objectives than the Permanent Fund.

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3. Treasury Currently Has the Tools in Place to Meet the Objectives of the Reserves Policy and the CBRF.

First, the Treasury Division has created a series of pooled Funds that are ideally suited to accommodate the proposed CBRF asset allocation. (See Sections VII and VIII and Appendix L of the Treasury Division's Policies and Procedures Manual.) Because Treasury has been required to accommodate a wide variety of investment mandates over the years, it has developed investment vehicles that can accommodate those differing mandates. The asset allocation analysis and decision set forth in Appendix N of the Treasury Division's Policies and Procedures Manual justifies leaving the CBRF investment responsibility with the Treasury Division. The Permanent Fund Corporation cannot, at this time, provide the necessary asset allocation opportunities.

Second, Treasury has staff members responsible for managing daily cash flows, and it invests some portion of its funds with daily cash flow requirements in mind. Without increasing the size of their staff, the Permanent Fund Corporation cannot easily provide the necessary arrangements for managing daily cash flows.

Third, Treasury can provide these services at a relatively low cost because the institutional arrangements for implementing the pertinent investment policies are already in place with respect to other Funds managed by Treasury. Using these arrangements will give the CBRF the obvious benefit of the economies of scale attendant to large institutional arrangements.

Approved:
Revised:



APPENDIX N

Decision and Justification for Asset Allocation for the
Constitutional Budget Reserve Fund

The Constitutional Budget Reserve Fund (CBRF or Fund) is a very important financial asset of the State. By adopting a constitutional amendment (Article IX, Section 17 of the Alaska State Constitution) the voters of Alaska established the Fund in 1990. The State must deposit all money received as a result of administrative proceedings or litigation on (1) mineral lease payments or (2) taxes on mineral income into the Fund. The legislature can appropriate money from the Fund with a three quarters vote of both houses or, under some restricted circumstances, with a simple majority. On January 1, 1997, the CBRF balance was approximately \$2,800,000,000.

The State currently plans to use money from the CBRF for three purposes to fulfill the State's Reserves Policy. Each of these purposes has a different time horizon, risk tolerance, and income objective. While the CBRF is one fund, Treasury treats it as three funds designated to fill different objectives. The investment policy for the CBRF is the combination of the investment policies designed to meet the three separate individual objectives. Taking this approach to the construction of CBRF's investment policy allows Treasury the maximum flexibility to invest for higher long-term returns while maintaining the safety of principal and liquidity needed to meet the Fund's more immediate objectives.

Based on the current State budget, current State revenue projections and the proposals presently being discussed to address the State of Alaska's longer term fiscal needs. Treasury believes the investment policies of the CBRF must be designed to address three needs:

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1. Provide money to cover anticipated and unanticipated shortfalls in the current and next fiscal years' budgets;
2. Provide money to smooth the State's transition to a balanced long-term fiscal plan; and
3. Provide a long-term budget reserve.

The exact amount of money the State will need to meet each of these objectives cannot be precisely known. Treasury has made its best estimate of the amounts required in order to construct the CBRF's investment policy. Based on current spending and revenue projections, Treasury estimated that \$800,000,000 in the CBRF should be allocated to cover the current and upcoming fiscal years' anticipated and unanticipated budget shortfalls. Treasury used an average estimated or implied standard deviation of oil prices, \$3.82/ barrel, over the relevant period to estimate the amount of money needed to cover a 90th percentile oil price decline. This results in a 10% probability that the reserve will not be sufficient to meet anticipated expenditures.

Treasury adds the amount set aside to cover unanticipated declines to the Department of Revenue's most recent estimate of the surpluses or deficits for the current and upcoming fiscal years' budgets. Treasury's estimate of money required for this portion of the CBRF reflects both the State's current fiscal position and the possibility of a material decline in oil prices estimated using market measures of price volatility for oil. Treasury concluded that an allocation sufficient to cover any statistically significant decline (99% case) would result in too conservative an investment policy for the entire CBRF by allocating \$1,300,000,000 to the near term reserve portion of the Fund.

Treasury estimated that \$1,200,000,000 will be needed to cover the transition period when the State's recurring revenues and expenditures are balanced. Finally, Treasury proposes to treat the

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meet any of the three objectives or changed expectation about the financial markets almost certainly require Treasury to alter the investment policy.

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Revised:



VII. Building Blocks for Treasury's Investment Policies

A. Introduction

The Commissioner of Revenue, acting through the Treasury Division, must develop an investment policy for each of the funds entrusted to the Department. Treasury has developed the policies pertinent to each of these funds using the following key investment concepts:

- Asset Allocation
- Expected Return
- Risk
- Time and Time Horizon
- Risk Tolerance
- Liquidity

B. Asset Allocation

With a few minor exceptions, Treasury invests the funds entrusted to the Commissioner in some combination of five investment pools - three of which are fixed income investment pools and two of which are equity investment pools. (See Sections VIII and IX for detailed descriptions of these investment pools.) How does Treasury go about deciding on an investment policy for any particular fund? How does it decide what proportion of any particular Fund to invest in each of the available investment pools?

The following paragraphs are copied verbatim from Yale University's 1995 description of The Yale Endowment.

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Research by Yale School of Management Professor Roger Ibbotson and Brinson Partners' Gary Brinson indicates that more than 90 percent of the variability of institutional fund returns is attributable to asset allocation decisions and less than 10 percent is attributable to market timing and security selection. Significantly, the overwhelming portion of positive contribution to returns stems from asset allocation. Market timing and security selection make marginal, and generally negative, contributions to portfolio returns.

Yale Investment Committee member Charles Ellis argues that market timing is a loser's game, essentially impossible to do on a consistent basis. Ironically, by failing to rebalance to long-term policy targets, many institutional investors engage in market timing, allowing portfolio risk and return characteristics to drift with the markets. An example comes from experience during the October 1987 crash in world equity markets. In the first nine months of 1987 most institutional investors simply watched their U.S. equity exposure increase as U.S. equity prices rose and bond prices fell. Of course, by October 1987, equity allocations peaked, just in time to experience a traumatic, more than 20 percent decline. After the crash, not only did institutional investors fail to buy equities, which were now cheaper on a relative basis, but they were net sellers in November and December. By failing to rebalance portfolios to long-term targets, most institutional investors ended up buying high and selling low.

Treasury employs a modeling process based on a statistical technique called mean variance analyzing, an approach developed by UCLA Professor Harry Markowitz while he was working with the Cowles Foundation at Yale University. Using this

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statistical technique to combine, with respect to different investment classes, expected returns, variances of returns and covariances of returns, one can estimate the expected return profiles and standard deviation of various asset allocation alternatives. Treasury employs an independent consulting firm to develop the capital market projections used as input in this modeling process.

The capital market projections consist of (1) the expected return of the pertinent asset classes; (2) the expected future volatility of the returns for each asset class measured in terms of a statistical benchmark, standard deviation; and (3) the correlations of the returns among the various asset classes. Appendix H contains a description of the most recent derivation of these capital market projections.

Finally, to make the required asset allocation policy decisions, the Commissioner uses the output of this modeling process - namely a series of alternative asset allocations each of which is the allocation that is projected to achieve the highest return for each of the various levels of projected portfolio volatility (risk) reflected in the series. To make the final allocation judgment, the Commissioner considers (1) the risk tolerance of the pertinent fund; (2) the fund's need for protection from inflation; (3) the fund's need for liquidity; and (4) the output of the model.

C. Expected Return

As explained above, the expected return for each asset class in which Treasury plans to invest some portion of a fund, is a key ingredient in determining the optimal asset allocation for that fund. Expected returns are not a mysterious concept; "expected returns" are precisely what their name suggests. The material in Appendix H explains the derivation of Treasury's current return expectations.



D. Risk

1. Risk- Some Definitions

There are many different ways to define the term "risk." Before turning to the very specific definition used by Treasury, here are several definitions of "risk" from financial management manuals and glossaries:

Any chance of loss.

Gertner, Trustees Handbook, International Foundation of Employee Benefit Plans

The variability of returns from an investment. The greater the variability (i.e., of dividend fluctuation or of security price), the greater the risk. Since investors are generally averse to risk, investments with greater inherent risk must promise higher expected yields.

Scott, Wall Street Words

Measurable possibility of losing or not gaining value. Risk is differentiated from uncertainty, which is not measurable.

Downes and Goodman, Barron's Dictionary of Finance and Investment Terms

Refers to the probability and magnitude of a loss. In the investment arena, the volatility of an investment return, measured by standard deviation... becomes a well-accepted measurement of risk...

Rieve and Lumner, Pension Investment Handbook

2. How Does Treasury Define and Measure Risk When Making Investment Decisions for the Funds it Manages?

Treasury uses the following operational definition of risk: risk is the variability of returns on a particular "set" of investments.¹ That "set" may be

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a particular asset, a particular asset class or a particular portfolio of investments. Returns include realized and unrealized capital gains and losses as well as interest and dividend income.

¹ Risk has four major sources, not all of which may apply to every asset class or portfolio.

a) Credit Risk

Credit risk arises from a debt issuer's willingness and ability to pay the interest and principal of a fixed income instrument as it becomes due. Credit risk varies greatly from issuer to issuer and usually reflects the relative certainty of the issuer's ability to pay. Low credit risk implies a high degree of certainty that the issuer will make all payments in full and on time.

b) Residual or Equity Risk

Equity investments are not investments with set cashflows or terminal values. Equity investments are a percentage ownership in a company. These investments are the residual interest in the net income, after corporate taxes, and the residual value of the company's assets after the creditors are paid. Uncertainty about the future profitability of a company and/or to its current or future liquidation value creates the risk in equity investments.

c) Exchange Rate Risk

Exchange rate risk arises from fluctuations in the relative exchange rates between foreign currencies and the U.S. dollar. These risks arise only on investments payable or valued in foreign currencies. Exchange rates vary daily and reflect a number of factors including economic productivity, relative inflation rates and trade balances.

d) Market Risk

Market risk arises from the market's valuation of a fixed income investment at any time prior to its maturity or at any time for all other investments. This valuation reflects the market participants' consensus judgments about a number of factors needed to value any particular investment. These judgments may or may not turn out to be correct; they may change suddenly; and they may be different from the judgments used to make the investment. The valuation of a fixed income investment reflects the market participants' perception of the credit risk, the remaining time to maturity of the investment, the coupon rate, and the interest rate similar securities currently earn.

The value of an equity security reflects the market participants' perception of the current and future profitability of the company, the dividend payment rate, the liquidation value of the company, and the future expected price of the security. The current valuation also reflects the probable return on the security relative to alternative investment options.

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Finally, in some instances, the current valuation of an equity security reflects current perceptions of exchange rate risks.

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When risk is defined as the "variability of returns," it is measured in statistical terms. That measure is most often expressed in terms of an estimated standard deviation. What does it mean when we say that we expect a particular asset class (e.g., short-term fixed income instruments) to have a "return of 4% and a risk of 3% over the next year?" It means that - based upon the statistical analysis of the historical performance of the asset class and current market expectations - we expect that the standard deviation (variability) of the return on that investment class over the next year will be plus or minus 3% from the expected return of 4%. To state the same thing in more pedestrian terms - two thirds of the time, we expect a return from this asset class over the next year to be between 1% (4% minus 3%) and 7% (4% plus 3%). The applicable statistical analysis also tells us to expect that one sixth of the time, the return over the next year will be over 7%, and one sixth of the time, the return will be less than 1%.

In the previous example, an investment had an expected return of 4%. Statistically, the possibility of a 7% return represented the same amount of "risk" as the possibility of a 1% return. In a practical sense, however, the 7% return is not a risk that bothers us. The "risk" that concerns us is the "risk" of low or negative returns.

There are many other ways of expressing the results of the statistical analysis that Treasury employs to measure risk. When we use this statistical analysis to measure risk, we can express the results of our analysis in terms of the probability that a particular asset class will have a zero return or less, or an 8% return or more and so forth and so on.

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When it comes time to measure the "risk" of a portfolio that includes more than one asset class, the statistical analysis becomes more complex. This is so because different asset classes behave differently. Sometimes the market forces that decrease the returns on one asset class in the portfolio simultaneously increase the returns on another asset class in the portfolio. Consequently, we must use both the estimated standard deviation of return on each asset class in the portfolio and the correlation coefficient between the historical performance of each of those asset classes to derive the "risk" (standard deviation in the variability of return) for the entire portfolio. The differing performance of asset classes provide what we often refer to as the benefits of diversification. Treasury measures risk at the portfolio level to account for the benefits of diversification. Individual investments or investments in a particular asset class may seem risky in isolation but could lower the overall risk at the portfolio level.

Treasury must consider the level of risk and the nature of the risks being accepted when developing the investment policy for each individual fund. The amount of risk a particular investment policy entails can change with market conditions. Treasury annually evaluates the risk levels of all investment policies and recommends changes as appropriate.

3. How Does Treasury Specifically Categorize Risk?

Treasury evaluates the riskiness of various investments or investment strategies using a spectrum of terms that range from "very low" risk to "high" risk with reference to the estimated probability of a loss over the next one year period. The categories are:

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Risk categories	Probability of a loss over next one year period
Very low risk	≈ 0%
Low risk	< 1%
Moderate risk	1 - 5%
Moderately high risk	5 - 10%
High risk	10 - 20%

E. Time and Time Horizon

“Risk” is a measure of the expected variability or volatility of the return on an asset class or a particular investment portfolio over time. Experience tells us that, over long periods of time, actual investment results will average out close to the expected result for a particular asset class or portfolio. In any one year, actual results may vary significantly from the expected results. The expected magnitude of that variance is usually measured by the standard deviation from the expected investment returns. However, if the estimated average return is accurate, then over a long period of time, actual investment results will be very close to the estimated returns no matter how risky the investment policy. The critical point is that the riskier the investment policy, the longer the time horizon before this averaging out process is likely to bring the actual results in line with the expected results.

What does this phenomenon mean for Treasury’s investment policy for any particular Fund? If the State intends to spend a Fund’s money in the near future, Treasury cannot rely upon time to reduce the risk of one bad year causing an

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unacceptable shortfall. Similarly, if the State does not need the money for many years, Treasury can rely on time to average returns out so that one bad year is of less concern.

Time's ability to moderate the risk of an investment policy makes it a critical factor in the development of a Fund's investment policy. All other things considered, the longer the time before the State needs money from a Fund, the more aggressive the investment policy can be. A more aggressive investment policy will have higher expected returns and higher risk. Taking a higher risk means a much greater chance of a loss in the short term and a much greater chance of a robust return over the long term.

"Time horizon" is the term Treasury uses to specify when the State is likely to use the money from a particular Fund.

When specifying the time horizon for a particular Fund, Treasury considers when cash will be needed, not how long a Fund will be in existence. A particular Fund may be expected to exist for many years but if a significant portion of the money currently held in a fund could be used in the near term, Treasury considers it to have a short time horizon. Furthermore, a Fund may not have a single time horizon. While a Fund is a single accounting entity, Treasury may consider it the sum of several blocks of money, each with a different time horizon. In such a case, Treasury may develop an investment policy that effectively sums several different policies, with each of the individual policies being appropriate for different portions of a Fund with different time horizons.

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Treasury uses the following time horizon specifications in making and articulating its investment policies:

Time horizon specification	Estimated time period before State will need funds
Very short time horizon	less than 6 months
Short time horizon	6 months to 1 year
Intermediate time horizon	1 to 4 years
Moderately long time horizon	4 to 8 years
Long time horizon	over 8 years

F. Risk Tolerance

Another term often used in conjunction with "risk" and "time horizon" in the development of investment policy is "risk tolerance." "Risk tolerance" is a measure of an investor's tolerance for variability in returns in exchange for the likelihood of higher long-term compensation. For purposes of developing investment policy for State Funds, Treasury categorizes risk tolerance as follows:

Very low risk tolerance	Unwilling to risk material short-term volatility because of the immediate need for the invested funds. Minimizing exposure of principal to loss is very important.
Low risk tolerance	Willing to take some risk to seek enhanced returns. Fairly low exposure of principal to loss is important.
Moderate risk tolerance	Willing to assume an average amount of market risk and volatility to achieve higher returns.

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Moderately high risk tolerance	Willing to assume an above average amount of risk, volatility and loss of principal to take advantage of higher return opportunities.
High risk tolerance	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.

G. Liquidity

Liquidity refers to the ease and efficiency with which an investment or class of investments can be converted to money. The greater the liquidity of an investment, the easier it is to convert the investment to money. Factors that affect the liquidity of an investment or class of investments are: (1) the size of the marketplace, (2) the typical difference between the sale and purchase price, and (3) the complexity of the investment.

The larger the market place for any investment, the more likely a seller will be able to find a willing buyer at all times. The presence of willing buyers and sellers is critical for a liquid market. If there are too few participants in a market, a seller may not be able to find a willing buyer at the current market price. In order to convert the investment to money, the seller may have to accept a lower sales price or take more time to sell the investment. When this occurs, the seller will probably lower the price in the marketplace through their efforts to sell their investment.

For any given investment, the markets establish a normal difference between the asking price and the offering price. The smaller this difference, the greater the

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efficiency, and the lower the cost of buying and selling an investment, usually referred to as the "transaction cost." The lower the transaction costs, the greater the liquidity of an investment.

When describing the complexity of an investment, the two ends of the spectrum are referred to as "simple" and "complicated." Complicated investments are generally more illiquid than simple investments. Complicated investments require the prospective buyer to perform a series of analytical steps and make consequent judgments to value the investment. The more complicated the investment, the longer it can take to make all the necessary judgments. The longer it takes to buy or sell an investment, the lower its liquidity. Further, since more judgments are necessary to value a complicated investment, there is a greater likelihood that the market will determine different valuations than those of the prospective buyer. The riskier the investment, the more reluctant the would-be buyer and, consequently, the more illiquid the investment.

An investment manager can convert a highly liquid investment into money or another investment quickly and efficiently. Therefore, liquidity increases flexibility in the investment management process. More illiquid investments and asset classes generally have higher expected rates of return than comparable more liquid assets. Whether to sacrifice liquidity for higher expected return will depend on the specific purposes and needs of each particular fund.





APPENDIX H

Capital Market Assumptions and Projections

Treasury 1996

To do the capital market modeling required to allocate the assets in the various funds managed by Treasury, the Department of Revenue employs an independent consulting firm to make capital market projections and to use those projections in capital market models. The firm currently under contract, Callan Associates, Inc., specializes in developing information to help fund managers make their asset allocation decisions.

The capital market projections consist of: (1) the expected returns of the pertinent asset classes; (2) the expected future volatility of those expected returns measured using the statistical benchmark, standard deviation; and (3) the correlations of the expected returns among the various asset classes.

Callan Associates uses four steps to form their capital market expectations:

1. Develop a five year economic outlook for the United States and other major industrial economies;
2. Examine the historical relationships between major economic and financial variables and five year asset returns;
3. Examine historical interrelationships of performance characteristics among the individual asset classes; and
4. Perform a qualitative review of the conclusions reached in items 1, 2 and 3 by a firm policy review committee.

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To develop a five year economic outlook, Callan Associates uses a combination of in-house empirical models and consensus forecasts from leading economists. The economic outlook broadly determines the capital market expectations for each asset class. Callan employs five year projections because that is a sufficient amount of time to cover most market cycles.

Next, Callan examines the historical relationship between major economic variables and then projects the expected returns over subsequent five year periods for each asset class. For example, equities are more likely to do well when the economy is expanding. Similarly, bonds are more likely to have strong returns when inflation is low. The estimates for economic growth and inflation are incorporated into the expected returns for each of the asset classes by accounting for the effects of a large number of variables.

Callan considers both market valuations and expected risk premiums to derive return projections. Market valuations indicate the prices investors would likely be willing to pay for the benefits of owning different types of securities. For example, in a stable, low inflation environment, investors are willing to accept a lower risk premium to invest in the equity market.

While the first two steps are forecasts of the economic and investment environment looking forward over the next five years, step three is an examination of the historic returns and risks, and the correlation of the returns of the respective asset classes that have persisted over the last several decades. The correlation measures (using the statistical measure of a "correlation coefficient") the association or co-movement among the returns of various classes of assets. Correlation coefficients can vary from 1 to -1. If the returns of one security or asset class move in tandem with the returns of another security or asset class, the returns have a correlation of one. If the two securities' or asset

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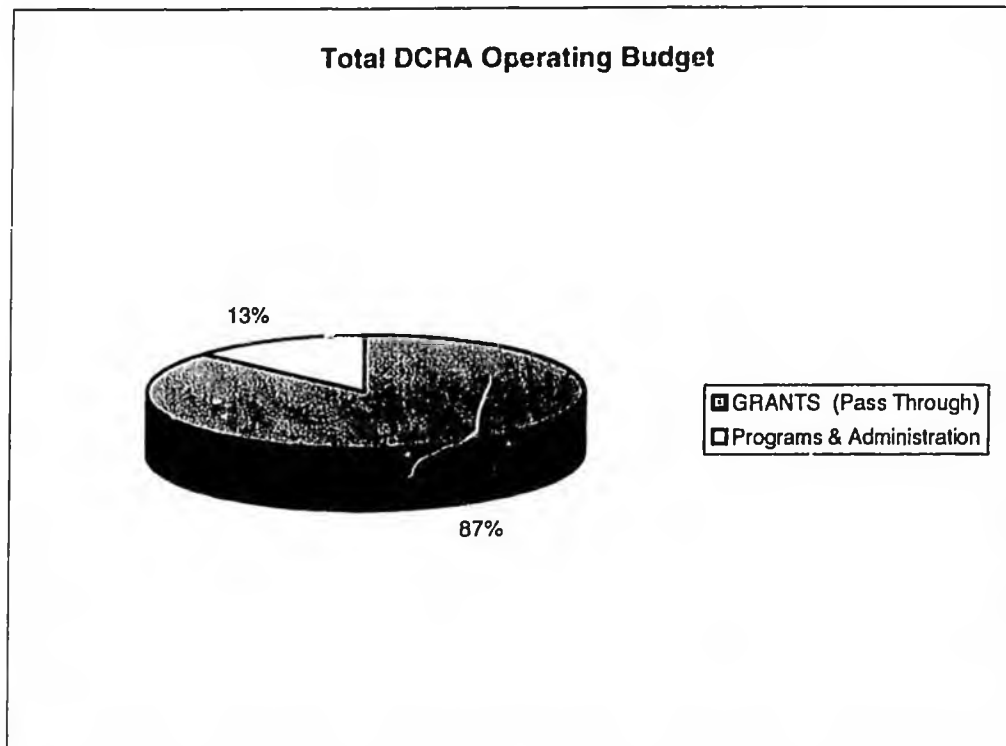
Fixed Income		
Domestic (LB G/C)	6.80	6.00
International (SB Non-US Gov.)	6.80	12.00
Intermediate Term	5.75	3.50
High Yield (First Boston)	7.50	9.20
Other		
Real Estate	8.00	18.00
Alternative Investments	13.00	33.50
Cash Equivalents	4.80	0.80
Economic Variables		
Inflation	3.50	N/A
Real GDP	2.40	N/A

Callan Associates reviews their capital market projections each year.

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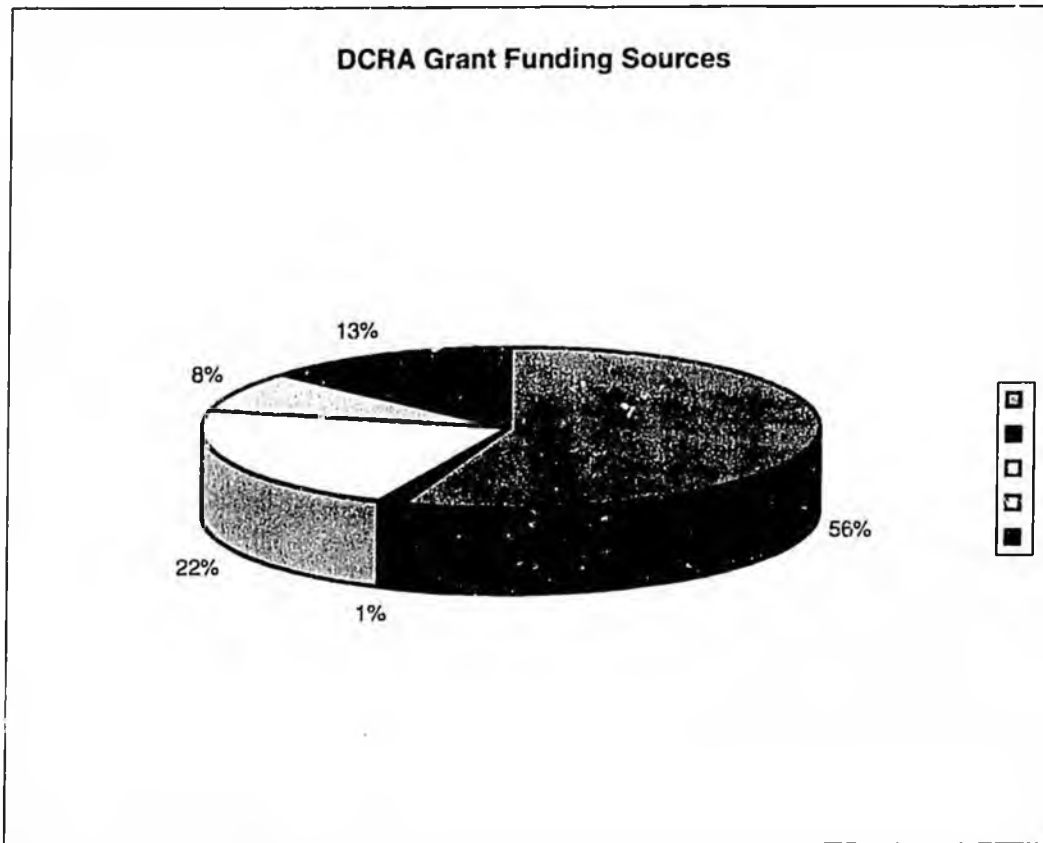
DCRA FY 98 Operating Budget Request
Summary of All Funds
Prepared By DCRA

GRANTS (Pass Through)	126,671.2
Programs & Administration	<u>19,560.1</u>
Total DCRA Budget	146,231.3



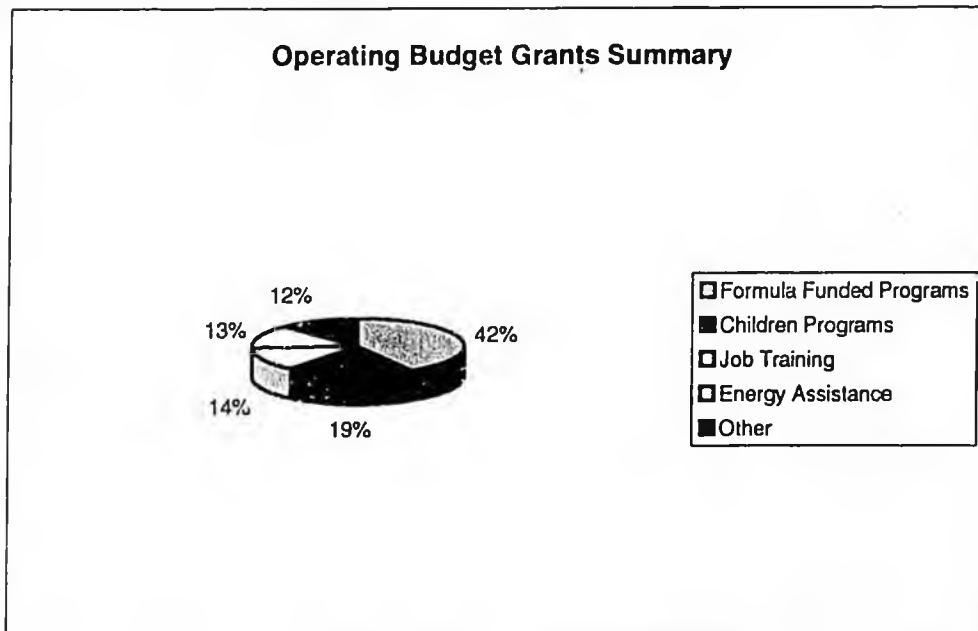
DCRA FY 98 Operating Budget Request
Summary of Pass Through Grants By Funding Source
Prepared BY DCRA

General Funds	70,510.5
General Fund Match	1,534.4
Federal Funds	27,568.5
Interagency	10,007.8
Other	<u>17,050.0</u>
Total Grants (Pass Through Funds)	126,671.2



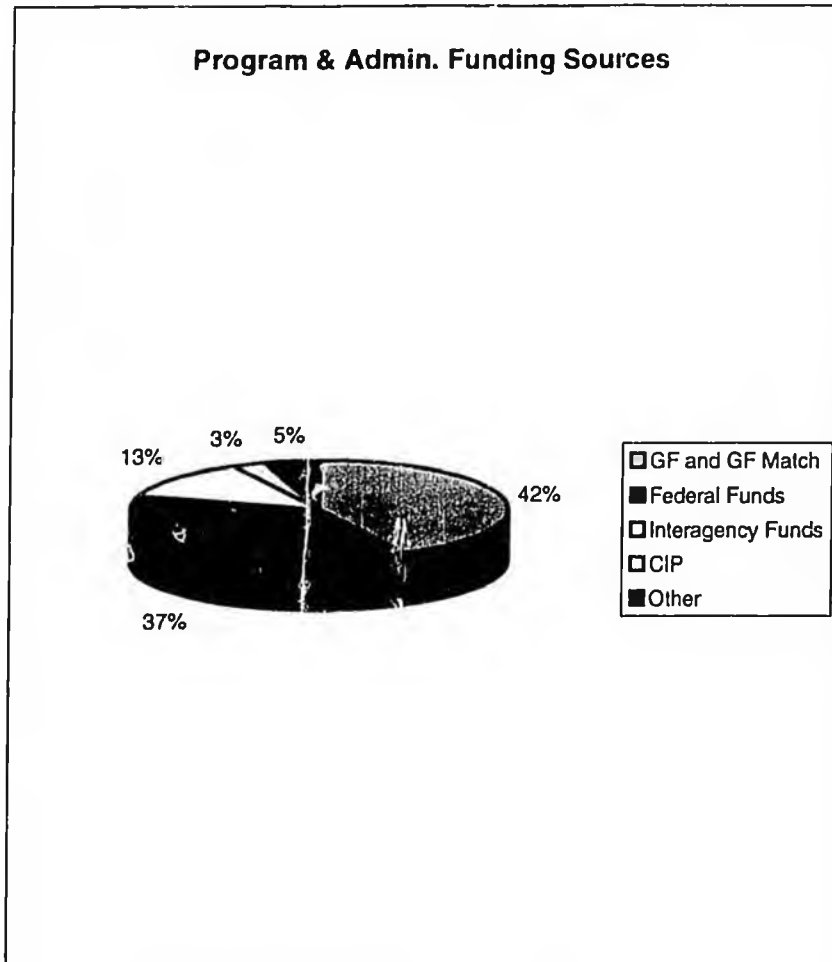
DCRA FY98 Operating Budget Request
 Summary Of Pass Through Grants By Program
 Prepared By DCRA

PROGRAMS	TOTAL Authorized	General Funds	G/F Match	Federal	I/A	Other
Formula Funded Programs	52,640.1	52,640.1	0.0	0.0	0.0	0.0
Children Programs	24,386.3	17,695.6	1,534.4	1,250.2	3,906.1	0.0
Job Training	17,163.9	4.8	0.0	14,018.3	3,140.8	0.0
Energy Assistance	17,000.0	0.0	0.0	0.0	0.0	17,000.0
Other	15,480.9	170.0	0.0	12,300.0	2,960.9	50.0
National Forest Receipts	10,000.0	0.0	0.0	10,000.0	0.0	0.0
Alaska Legal Services	100.0	100.0	0.0	0.0	0.0	0.0
ARDORS	620.0	0.0	0.0	0.0	620.0	0.0
Amerlcorp	2,300.0	0.0	0.0	2,300.0	0.0	0.0
Raw Territorial Fish Tax	1,000.0	0.0	0.0	0.0	1,000.0	0.0
Alaska Coastal Zone Mgmt	1,340.9	0.0	0.0	0.0	1,340.9	0.0
National Petroleum Reserve	50.0	0.0	0.0	0.0	0.0	50.0
Rural Utility Business Assist.	70.0	70.0	0.0	0.0	0.0	0.0
TOTALS	126,671.2	70,510.5	1,534.4	27,568.5	10,007.8	17,050.0



DCRA FY 98 Operating Budget Request
Summary Of Program /Admin Funds By Funding Source
Prepared By DCRA

GF and GF Match	8,302.7
Federal Funds	7,301.6
Interagency Funds	2,475.3
CIP	557.5
Other	923.0
Total Program & Admin.	19,560.1



DCRA FY 98 Operating Budget Request
 Detail of Pass Through Grants By Funding Source
 Prepared by DCRA

Program	Gen Fund	GF Match	Fed	I/A	Other	Total
Formula Funded Programs						
Senior Citizen/Renters	300.0					300.0
Revenue Charing	23,614.1					23,614.1
Municipal Assistance	28,726.0					28,726.0
Sub-Total Formula Funded	52,640.1	0.0	0.0	0.0	0.0	52,640.1
Children Programs						
Child Care Grants	1,819.1					1,819.1
Resource & Referral		170.0		255.0		425.0
Education & Training	200.0		464.9	192.1		857.0
Day Care Assistance	9,846.7					9,846.7
Child Care Devlop. BG (Carryover)			700.0			700.0
Alaska Temporary Assistance Pgm.		1,364.4		3,459.0		4,823.4
Head Start	5,829.8		85.3			5,915.1
Sub-total Children	17,695.6	1,534.4	1,250.2	3,906.1	0.0	24,386.3
Job Training Programs						
State Empl. & Training Prog.				3,140.8		3,140.8
Job Training Partnership Funds (including National Reserve Grant)	4.8		14,018.3			14,023.1
Sub-total Job Training	4.8	0.0	14,018.3	3,140.8	0.0	17,163.9
Energy Programs						
Power Cost Equalization					17,000.0	17,000.0
Sub-total Energy Assistance	0.0	0.0	0.0	0.0	17,000.0	17,000.0
Other Programs						
National Forest Receipts			10,000.0			10,000.0
Alaska Legal Services	100.0					100.0
ARDORS				620.0		620.0
Americorps			2,300.0			2,300.0
Raw Ter. Fish Tax				1,000.0		1,000.0
Ak. Coastal Zone Mgmt.				1,340.9		1,340.9
Nat. Petroleum Reserve					50.0	50.0
Rural Utility Business Assistance	70.0					70.0
Sub-total Other Programs	170.0		12,300.0	2,960.9	50.0	15,480.9
Department Totals	70,510.5	1,534.4	27,568.5	10,007.8	17,050.0	126,671.2

DCRA FY 98 Operating Budget Request
 Detail of Admin./Program
 By Funding Source
 Prepared by DCRA

Program	General Funds	GF Match	Federal Funds	Interagency	CIP Receipts	Other	Total
Administration							
Commissioner's Office	416.5			112.8			529.3
Division of Admin Services	1,271.2	70.9		391.1	91.6		1,824.8
Data Processing	351.0	14.0		366.9			731.9
One Stop Shop Program			3,656.7				3,656.7
Sub-total	2,038.7	84.9	3,656.7	870.8	91.6	0.0	6,742.7
Local Government Assistance							
Training & Development	2,170.9		578.8	204.7			2,954.4
State Assessor	154.8						154.8
Local Boundary Commission	256.4						256.4
Statewide Assistance	389.6			35.5			425.1
Sub-total	2,971.7	0.0	578.8	240.2	0.0	0.0	3,790.7
Child Care Programs							
Child Care Grants	274.2	178.9	90.4	876.7			1,420.2
Resource & Referral							
Dependent Care							
Education & Training							
Child Care Develop. BG							
Day Care Assistance							
Alaska Temporary Assistance Pgrm.							
Head Start	145.6	60.8	64.7				271.1
Sub-total	419.8	239.7	155.1	876.7	0.0	0.0	1,691.3
Job Training Programs							
Job Training Partnership Act	93.9		1,463.5	56.3			1,613.7
Statewide Service Delivery	480.2		1,004.1	203.7			1,688.0
State Employment & Training				89.4			89.4
Sub-total	574.1	0.0	2,467.6	349.4	0.0	0.0	3,391.1
Community & Economic Development							
Rural Develop. Assist./ARDORS	463.6		50	138.2	296.1	127.8	1,075.7
Block Grant Programs, CDQ's, Alaska							0.0
Rural Devl. Council, RDIF							0.0
Sub-total	463.6	0.0	50.0	138.2	296.1	127.8	1,075.7
Other Programs							
Americorps & other Division of Com. & Rural Development Programs	327.4		254.8			69.8	652.0
Energy Assistance	1,157.8	25.0	138.6	0.0	169.8	725.4	2,216.6
Total Admin. & Program Delivery	7,953.1	349.6	7,301.6	2,475.3	557.5	923.0	19,560.1

**Department of Community Regional Affairs
Summary of Changes Between
FY 97 and FY 98 General Funds
Operating Budget**

FY 97 AUTHORIZED GENERAL FUNDS	81981.4
<u>DECREMENTS</u>	
Administrative & Program Delivery	
Division of Administrative Services	-180.0
Local Government Assistance	-160.0
Deputy Director DCRD	-35.0
Statewide Service Delivery (Job Training)	-15.0
Child Care Administration	-35.0
Energy Operations	-400.0
Sub-total	-825.0
Pass Through and Formula Funded	
Child Care Grant Program	-50.0
Revenue Sharing (2.3%)	-555.9
Municipal Assistance (2.3%)	-676.3
Sub-total	-1282.2
<u>INCREMENTS</u>	
Administrative & Program Delivery	
Rural Utility Business Assistance	225.0
Pass Through and Formula Funded	
Head Start Program	300.0
<u>OTHER ADJUSTMENTS</u>	
OMB Adjustments for Salary and Health Premiums	127.6
OMB Adjustments for Business Efficiencies (Travel, dues and subscriptions)	-28.0
Fiscal Note HB 466 (Legislation denotes DCED)	-151.2
 FY 98 GENERAL FUND REQUEST	 80347.6

Overview of the Department of Community and Regional Affairs



**Mike Irwin, Commissioner
January 1997**

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS AGENCY OVERVIEW

DCRA MISSION

To foster the development of self reliant and productive individuals, families and communities by providing training, technical assistance and financial support.

MAJOR GOALS AND STRATEGIES

Strengthen Individuals

- Ensure that residents of small rural communities in Western Alaska get the maximum benefits from their participation in the Community Development Quota (CDQ) program, a fisheries development initiative.
- Provide individual Alaskans with the job training programs they need through the federal Job Training Partnership Act (JTPA) and the state-funded State Training and Employment Program (STEP).
- Provide employment and job training services that are more user-friendly and efficient by creating a "One Stop" opportunity for these services through physical collocation and electronic linking of the various agency programs that offer these services.

Strengthen Families

- Improve the overall quality of life of low-income children and parents through a comprehensive Head Start program of education, health, nutrition, social services, parent involvement and career development.
- Ensure parents access to affordable, high quality child care programs by providing funding and technical assistance to care givers and parents, allowing parents to take advantage of job training and work opportunities. A focus is to decrease barriers to working, and increase employment, by assisting low-to-moderate income families with child care costs. Programs also provide assistance to support Alaska Temporary Assistance Program (ATAP) families who are at risk of going on welfare.

MAJOR GOALS AND STRATEGIES, Continued...

Strengthen Communities

- Increase the capacity of local government to effectively provide essential public services by providing communities training and onsite technical assistance.
- Ensure that the State's significant investment in rural infrastructure is properly managed and maintained by providing technical assistance targeted at rural utility business management.
- Enhance the availability and quality of basic local government services by providing financial assistance that supplements local revenue generation (State Revenue Sharing, Municipal Assistance, shared Fisheries Business Tax, shared National Forest Receipts).
- Support the provision of local power generation at a reasonable cost and quality that can serve as a foundation for local economic development and community development.
- Improve the safety and cost effectiveness of energy sources for power generation and heating in rural Alaska by constructing and repairing bulk fuel storage facilities.
- Promote local economic development projects with targeted funding and Economic Development Specialist positions who can serve as catalysts to help make projects succeed.
- Provide rapid assistance, through coordinated response projects, to communities experiencing sudden economic dislocation as a result of major economic disruptions.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Stronger
Local Governments
& Economies

Reliable
Energy Systems

Fiscal
Accountability

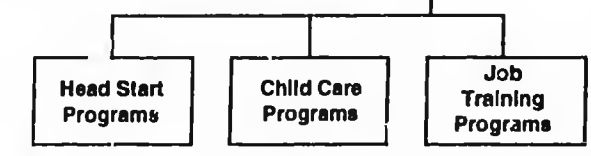
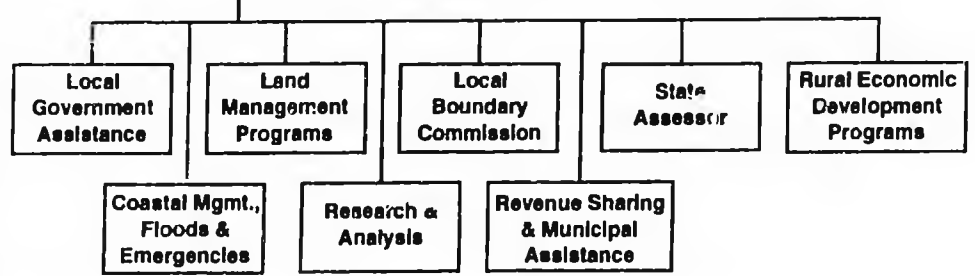
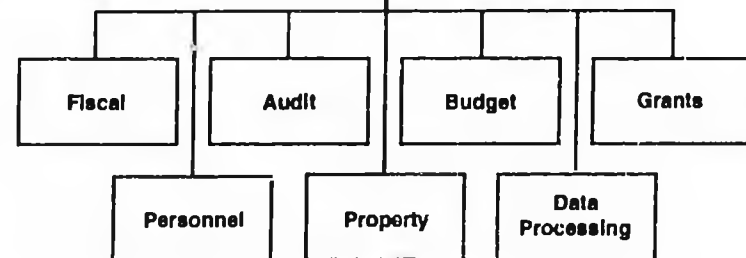
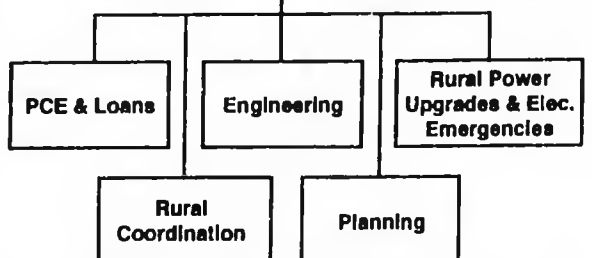
Stronger
Individuals & Families

Municipal and
Regional Assistance
Division

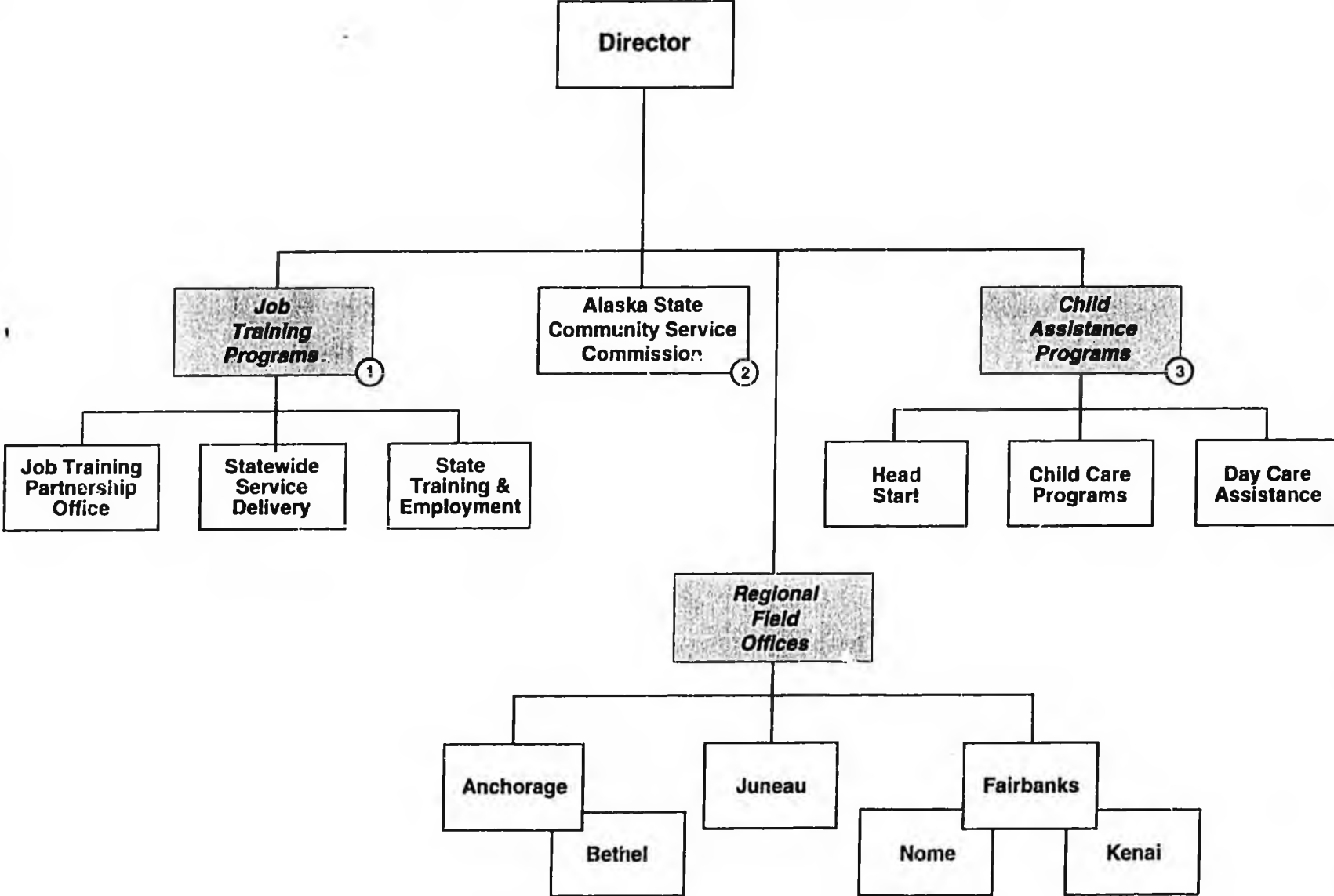
Division of
Energy

Division of
Administrative
Services

Division of
Community and Rural
Development



Division of Community and Rural Development



**DIVISION OF COMMUNITY AND RURAL DEVELOPMENT (DCRD)
PROGRAM DESCRIPTION**

1. JOB TRAINING PROGRAMS:

JOB TRAINING PARTNERSHIP OFFICE (JTPO) — Administrative Order 122; P.L. 97-300; 20 CFR Parts 626-631 — Administers the federal JTPA at the state level; provides funds to local service delivery areas which provide services to participants.

JOB TRAINING SERVICE DELIVERY — Administrative Order 113; 19 AAC 60.01; P.L. 97-300; AS 44.47; 20 CFR Parts 626-631 — Provides training and employment opportunities to low-income adults, youth, and workers who have been dislocated due to industry closure.

STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) — Chapter 95, SLA 1989; Chapter 17, SLA 1991 & 1993; Chapter 116, SLA 1996; 10 AAC 87.10-990 — Provides training and employment services to unemployed and likely to become unemployed Alaskans in order to reduce demand for unemployment insurance benefits.

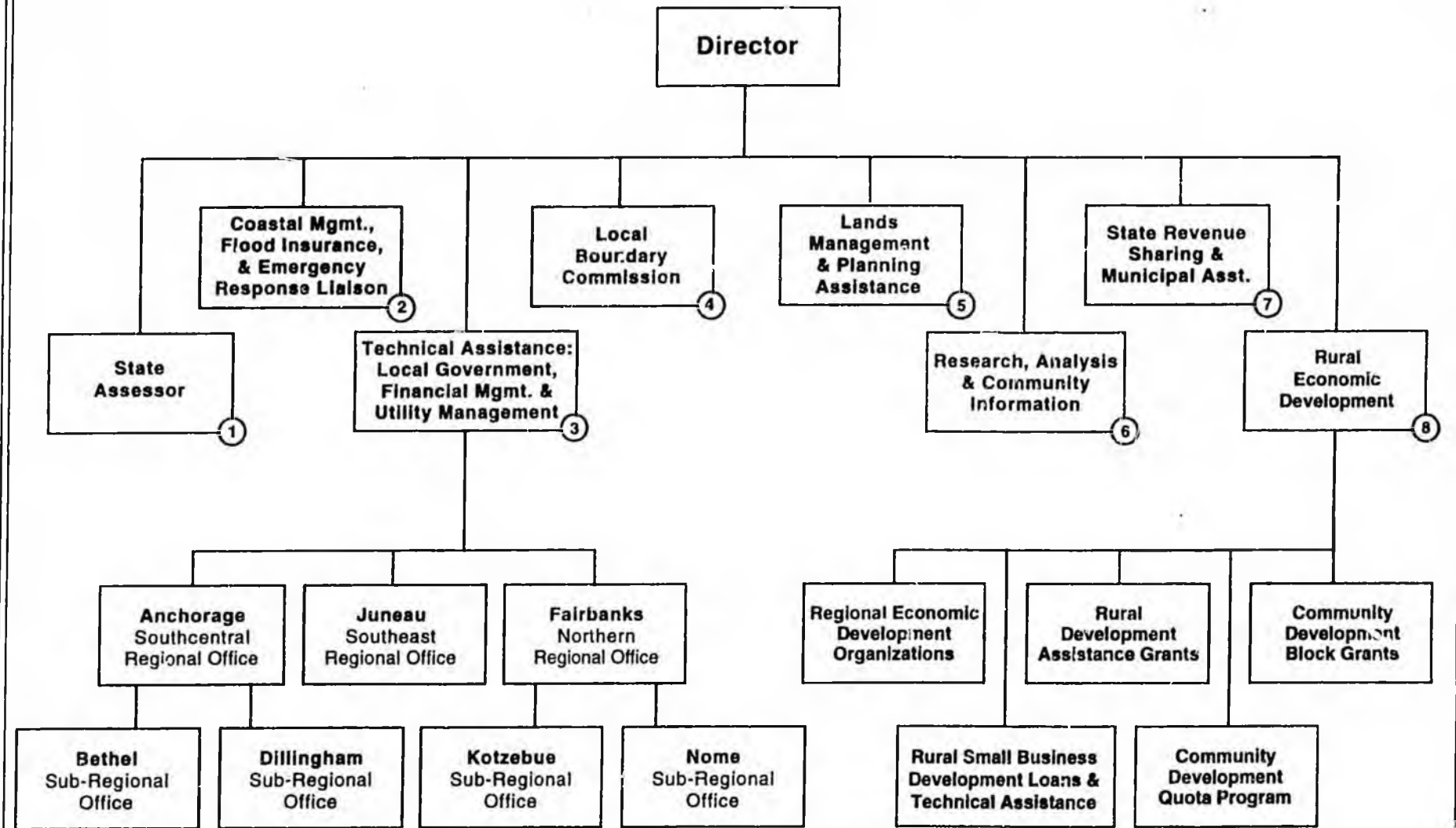
2. ALASKA STATE COMMUNITY SERVICE COMMISSION (ASCSC) — 45 CFR 2550 — Provides pass through grant funding and technical assistance to eligible Alaskan communities and volunteer service organizations to enhance the overall quality of life for community residents by expanding community and volunteer service development opportunities.

3. CHILD ASSISTANCE PROGRAMS:

HEAD START — AS 44.17.030; AS 44.47.050 — Provides state/local match for the federal Head Start program.

CHILD CARE/DAY CARE ASSISTANCE — P.L. 104-193; AS 44.47.250-310; 45 CFR 98-99; 19 AAC 65.011-901 — Provides day care assistance to low-income working/training parents and operating grants to child care facilities.

Municipal and Regional Assistance Division



MUNICIPAL AND REGIONAL ASSISTANCE DIVISION (MRAD) PROGRAM DESCRIPTION

1. **STATE ASSESSOR** — AS 29.45.105; AS 29.45.090; AS 14.17.140(2); AS 44.47.050(1) and (19) — The State Assessor's duties include correction of major errors in municipal assessment, valuation or taxation procedures; and production of annual full and true value determinations for property taxing municipalities to be used for local tax limitations and the school foundation program.
2. **COASTAL MANAGEMENT, FLOOD INSURANCE, AND EMERGENCY RESPONSE LIAISON** — AS 44.47.050-44.47-095, AS 46.13.020 — Provides technical assistance and administers coastal resource districts for the federal Coastal Zone Management Program; ensures National Flood Insurance Program is provided to municipalities statewide; and participates in the State Emergency Response Commission.
3. **LOCAL GOVERNMENT ASSISTANCE, FINANCIAL MANAGEMENT ASSISTANCE AND UTILITY MANAGEMENT ASSISTANCE** — Article X, Section 14 of the State Constitution; AS 44.47 — Program provides financial management, administrative, service delivery and planning assistance to local governments. Also provides the Rural Utilities Business Advisory (RUBA) Program.
4. **LOCAL BOUNDARY COMMISSION** — Article X, Section 12 of the State Constitution; AS 44.47 and AS 29 — Commission makes determinations on incorporations of boroughs or cities, annexations, detachments, and dissolutions; performs feasibility studies; holds public hearings in affected areas.

ORGANIZATIONAL GRANTS — AS 29.05.180; AS 29.05.190 — Provides funds for two or three years on a descending scale to newly incorporated cities or boroughs, to defray the costs of transition to a new status.

5. **LANDS MANAGEMENT PLANNING AND ASSISTANCE** — AS 44.47.050-100; SECTION 14(C)(3) OF P.L. 92.203 — Protects state and local government investments in buildings and facilities by actively working with agencies and communities to assure adequate site control for publicly-funded projects. Also provides general land management assistance to communities. Provides training and assistance on planning, mapping and other requirements of the Alaska Native Claims Settlement Act (ANCSA) which requires transfers of land from native corporations to municipalities or transfers in trust for future municipalities.

MUNICIPAL LANDS TRUSTEE (MLT) — AS 44.47.150 — Provides a trustee relationship between the state and unincorporated communities. Holds in trust land transferred under ANCSA from native corporations until the communities incorporate.

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION, Continued...

6. RESEARCH, ANALYSIS AND COMMUNITY INFORMATION:

DATA COLLECTION AND INFORMATION MANAGEMENT — Technical development, research, data collection, and maintenance activities for the following Department databases: the DCRA Community Database, which produces Community Profiles, custom data reports, and computer data files; the Rural Alaska Project Identification and Delivery System (RAPIDS) Database, a compilation of both funded and potential capital improvement projects in rural communities; the Municipal Revenue/Expenditure Database; and the Municipal Officials Database, which produces the annual *Municipal Officials Directory*. Much of this information is available on the World Wide Web. The department's web page was developed by this section.

POPULATION AND SOCIO-ECONOMIC DATA — Provides technical support to municipalities for local population censuses or estimates, and certifies municipal populations for State Revenue Sharing and Municipal Assistance program purposes. Provides information and analysis of decennial U.S. Bureau of Census data to local, state, federal, and private requestors.

ISSUES ANALYSIS AND SPECIAL PROJECTS — Conducts research and analysis on special issues, and provides technical support for departmental projects.

7. STATE REVENUE SHARING AND MUNICIPAL ASSISTANCE SECTION:

STATE REVENUE SHARING — AS 29.60.010-300 — Entitlement program for local governments and unincorporated communities which provides funds for road maintenance, fire protection, health facilities. Provides an on-going source of revenue for communities with little or no tax base. Program in existence since 1970.

MUNICIPAL ASSISTANCE — AS 29.60.350-370 — Entitlement program for municipal entities, the purpose of which is to reduce or maintain property taxes while providing important public services. The legislature may appropriate to the Municipal Assistance fund 30% or more of the Corporate Income Tax collected in the previous fiscal year.

SHARED FISHERIES BUSINESS TAX PROGRAM — AS 43.75.137 — Funding for the program is transmitted from the Department of Revenue to DCRA and allocated to municipalities based on a demonstration by the municipalities that they suffered significant effects from fisheries business activities.

NATIONAL FOREST RECEIPTS PROGRAM — AS 14.15.180 — 25% of the income earned from activities within the national forest is distributed to boroughs and cities within the national forest. Federal law requires that the funds be expended only for the benefit of public schools and public roads.

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION, Continued...

8. RURAL ECONOMIC DEVELOPMENT PROGRAMS:

ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM — AS 44.47.830 — Provides matching grants to regional organizations to prepare and implement regional economic development strategies. Referred to as the ARDOR program.

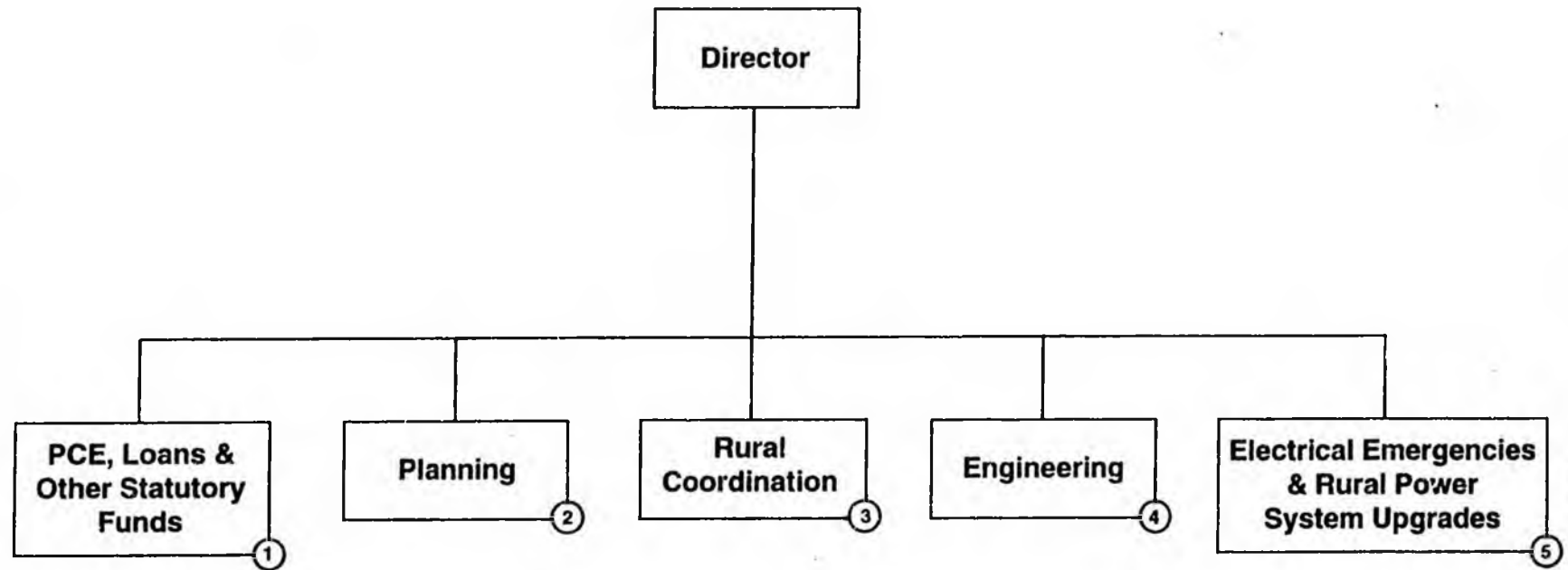
RURAL DEVELOPMENT ASSISTANCE (RDA) GRANTS — AS 44.47.130, 19 AAC 60.010 — Provides funds for development aid to rural areas of the state.

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) — AS 44.47.130 — Provides various services to low-income groups in the state with federal funds; provides funds for capital projects for economic and community development.

RURAL SMALL BUSINESS DEVELOPMENT LOANS AND TECHNICAL ASSISTANCE — AS 44.47; 19 AAC 70.010-900 — Implements and manages Rural Development Initiative Fund (RDIF) loans; provides department with assistance in development of new initiatives; provides technical assistance to field Economic Development Specialists.

COMMUNITY DEVELOPMENT QUOTA PROGRAM (CDQ) — 6 AAC 93.010-900; 50 CFR 657.20, 675.27, 676.24 — Provides staff support and technical assistance to eligible communities and their economic development organizations in a private/public partnership to recommend allocation of Bering Sea fisheries resources.

Division of Energy



**DIVISION OF ENERGY (DOE)
PROGRAM DESCRIPTION**

1. POWER COST EQUALIZATION, LOAN PROGRAMS AND OTHER STATUTORY FUNDS:

POWER COST EQUALIZATION (PCE) – AS 42.45.100. Core element to ensure the financial viability of centralized power production in rural communities, and therefore increase the standards of living through the availability of communications, lighting, and the operations of a variety of infrastructures, including water and sewer systems, incinerators, etc.

POWER PROJECT LOAN FUND – AS 42.45.010. Provides financing for development of power projects, conservation facilities, bulk fuel storage, transmission and distribution lines, or potable water supplies.

BULK FUEL REVOLVING LOAN FUND – AS 42.45.250. Provides financing to rural communities with a population of less than 2,000 for the bulk purchase of petroleum fuels.

RURAL ELECTRIFICATION REVOLVING LOAN FUND – AS 42.45.020. Provides financing to certified utilities to extend new electric service in areas they may serve.

FOUR DAM POOL TRANSFER FUND – AS 42.45.050. Fund holds a note payable by the Alaska Energy Authority/AIDEA for the long-term financing of the construction costs of the Four Dam Pool projects.

SOUTHEAST ENERGY FUND – AS 42.45.040. Provides for capital grants to the utilities participating in the power transmission intertie between the Swan Lake and Tye Lake hydroelectric projects.

POWER COST EQUALIZATION AND RURAL ELECTRIC CAPITALIZATION FUND (PCE & RECF) – AS 42.45.100. Fund balance provides for the Power Cost Equalization and for Utility Improvement Matching Grants programs.

2. PLANNING:

ALTERNATIVE ENERGY DEVELOPMENT – AS 42.45.400. Provides for:

- Planning, construction and financing assistance for alternatives to oil-fired systems (including renewable and alternative fuels, coal, wind, shallow gas deposits) and system enhancements (including waste heat recovery and village interties).
- Bioenergy Program for Alaska: This federally-funded program promotes the use of wood waste and municipal solid waste for conversion to energy.
- Institutional Conservation Program, State Energy Program and Rebuild America Program: These federally-funded programs fund energy conservation measures in schools, hospitals and public facilities.

DIVISION OF ENERGY, Continued...

POWER STATISTICS PROGRAM – The annual *Alaska Electric Power Statistics* report provides comprehensive information on electric utilities in the state. A group of utilities fund 50% of this program.

3. RURAL COORDINATION:

RURAL ELECTRIC UTILITY COORDINATION – AS 42.45.400. Assists rural stand-alone utilities with upgrades to energy systems; develops management plans towards the concept of consolidation in the form of cooperatives or regional utilities; assists communities to apply for federal funds for energy projects and, once funds are obtained, ensures that projects are developed in compliance with industry standards and national compliance codes.

RURAL ELECTRIC UTILITY TRAINING AND MANAGEMENT ASSISTANCE – AS 42.45.400. Provides for training of rural utility operators, utility managers and administrative staff. It includes the powerhouse operator training program funded by the State Training and Employment Program (STEP).

4. ENGINEERING:

BULK FUEL SYSTEM REPAIRS AND UPGRADES – AS 42.45.400. Provides for grants and contracts for the design and repair/upgrade of bulk fuel storage and handling facilities in rural Alaskan communities which are dependent on seasonal fuel delivery and long-term storage capacity. Includes an Environmental Protection Agency (EPA) demonstration grant for consolidation.

RURAL BULK FUEL TANK FARM PROGRAM – AS 42.45.400. Provides for assessment of tank farm conditions, emergency repairs, and comprehensive upgrade and consolidation of rural tank farm facilities.

UTILITY IMPROVEMENTS – AS 42.45.180. Provides matching funds (75-25) to rural electric utilities participating in the PCE program for projects that will reduce the cost of electric power.

ELECTRIC SERVICE EXTENSION FUND – AS 42.45.200. Provides matching funds (60-40) to electric utilities to extend new service to residential customers and small businesses, and for utility improvements.

DIVISION OF ENERGY, Continued...

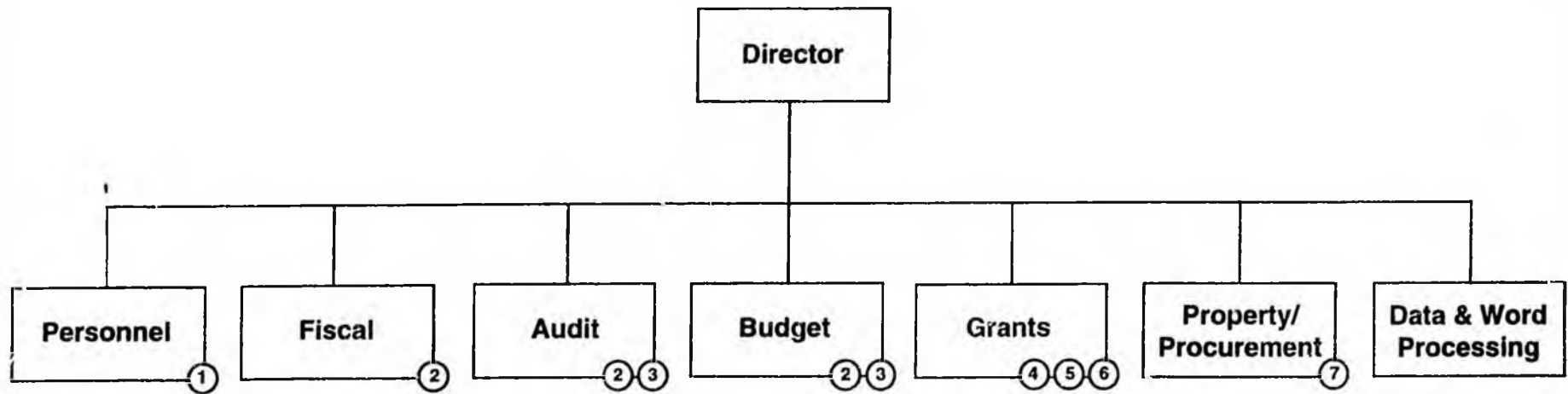
5. ELECTRICAL EMERGENCIES & RURAL POWER SYSTEM UPGRADES PROGRAM:

ELECTRICAL EMERGENCIES PROGRAM – AS 42.45.400. Provides funds and technical assistance in electrical emergencies when a community has lost the ability to generate or transmit power to its customers and the condition is a threat to life, health and property in the community and may result in the freezing of water and sewer systems, closure of public facilities due to lack of light and heat, loss of communications, etc.

RURAL POWER SYSTEM UPGRADES – AS 42.45.400. Provides for:

- Capital improvements to eliminate life, health and safety hazards and to enhance efficiency.
- Technical assistance to assess system deficiencies and design solutions.
- Project evaluation, including engineering, environmental and economic analysis of power projects.

Division of Administrative Services



DIVISION OF ADMINISTRATIVE SERVICES (DAS) PROGRAM DESCRIPTION

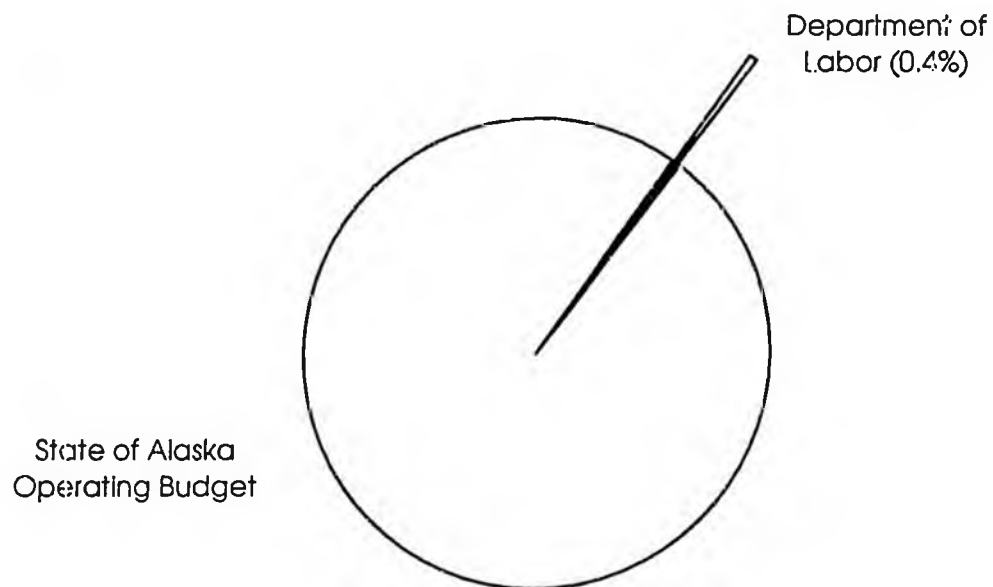
The Administrative Services Division ensures departmental compliance with the following statutes and administers grants under three statutory programs.

- 1. PUBLIC OFFICERS AND EMPLOYEES — AS 39**
- 2. FISCAL PROCEDURES ACT — AS 37.05.010 - 37.05.995**
- 3. EXECUTIVE BUDGET ACT — AS 37.07.010 - 37.07.130**
- 4. GRANTS TO NAMED RECIPIENTS — AS 37.05.316**
- 5. GRANTS TO UNINCORPORATED COMMUNITIES — AS 37.05.317**
- 6. COMMUNITY PROJECT MATCHING GRANTS — AS 37.06.020**
- 7. PUBLIC CONTRACTS — AS 36**

ALASKA DEPARTMENT OF LABOR

FY 98 BUDGET OVERVIEW

FY 97 General Fund Operating Budget Comparison



DEPARTMENT OF LABOR

AGENCY CONTACTS

Tom Cashen, Commissioner	465-2700
Ed Flanagan, Deputy Commissioner	465-2700
Dwight Perkins, Special Assistant	465-2700
Jan Hart DeYoung, Hearing Examiner Alaska Labor Relations Agency	269-4895 (Anchorage)
Arbe Williams, Director Administrative Services Division	465-2720
Rebecca J. Nance, Director Employment Security Division	465-2712
Al Dwyer, Director Labor Standards & Safety Division	465-4855
Paul Grossi, Director Worker's Compensation Division	465-2790

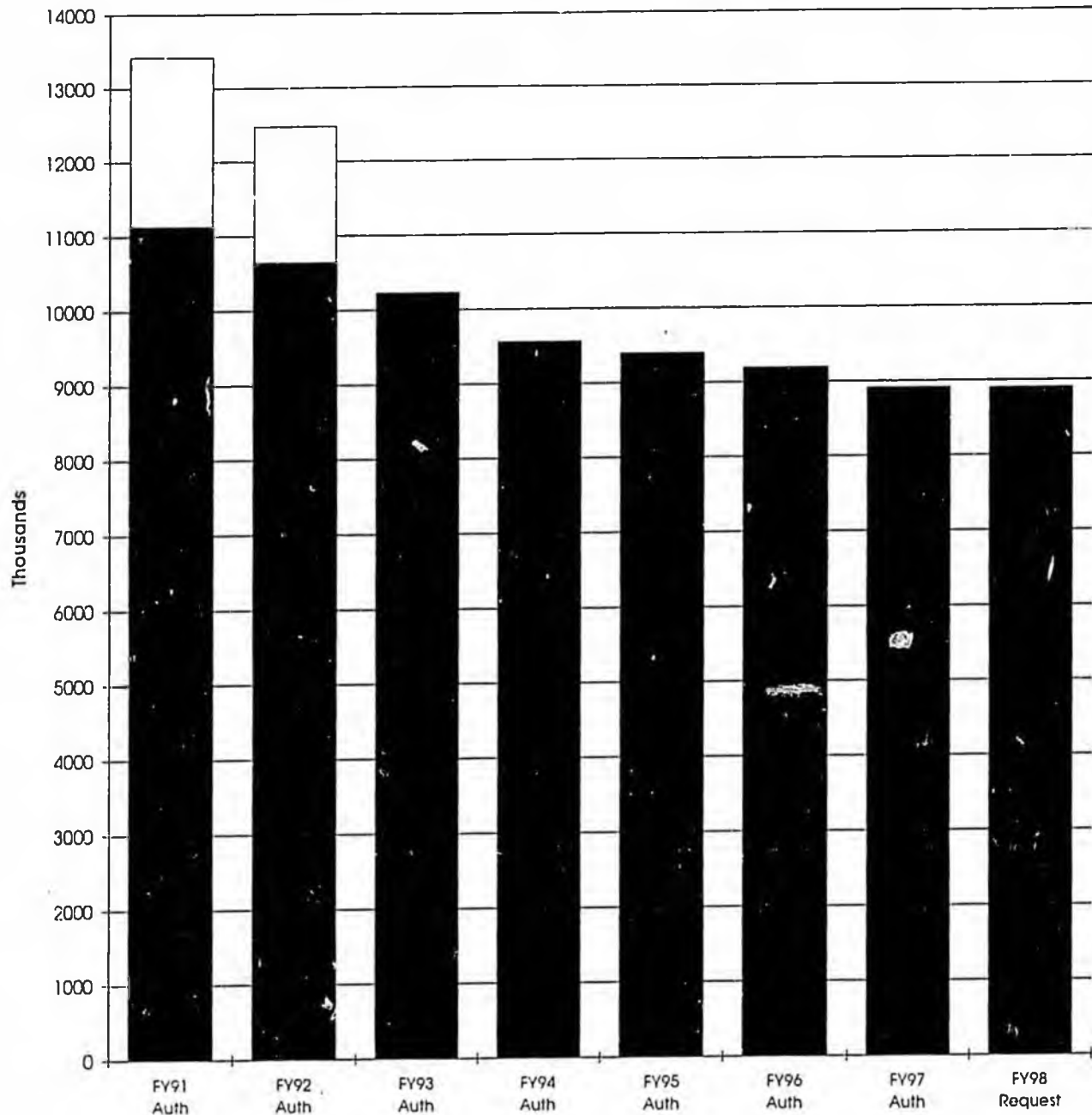
State of Alaska
 FY 97 Authorized Budget Comparison

1/17/97

Source: Legislative Finance Summary dated 12/16/96

	General Funds		Total Funds	Positions			
				PFT	PPT	Non-Perm	
1. Education	686,492.9	1. Education	903,381.0	1. University of Alaska	3,469	244	0
2. Health & Social Services	350,330.8	2. Health & Social Services	862,401.0	2. Transportation	2,704	702	0
3. Administration	169,791.5	3. University of Alaska	435,221.6	3. Health & Social Services	2,049	59	10
4. University of Alaska	167,492.8	4. Transportation	339,612.0	4. Corrections	1,352	0	24
5. Corrections	129,036.9	5. Administration	264,133.0	5. Administration	1,091	102	94
6. Transportation	128,179.0	6. Corrections	138,745.5	6. Public Safety	869	46	1
7. Public Safety	86,085.2	7. Community & Regional Aff.	138,416.4	7. Revenue	791	34	75
8. Community & Regional Aff.	81,981.4	8. Revenue	117,578.3	8. Fish & Game	757	838	95
9. Alaska Court System	48,905.1	9. Fish & Game	105,196.8	9. Alaska Court System	653	42	21
10. Natural Resources	43,561.1	10. Public Safety	96,593.3	10. Labor	645	52	0
11. Fish & Game	39,864.1	11. Natural Resources	71,604.2	11. Natural Resources	569	231	824
12. Commerce	38,958.0	12. Commerce	69,619.9	12. Environmental Conservation	483	4	4
13. Law	32,366.1	13. Labor	60,128.1	13. Education	463	107	5
14. Legislature	31,113.3	14. Alaska Court System	48,984.4	14. Law	446	7	0
15. Governor	19,766.7	15. Law	48,600.9	15. Commerce	390	16	0
16. Environmental Conservation	15,904.8	16. Environmental Conservation	45,763.2	16. Legislature	224	279	0
17. Revenue	12,162.8	17. Military & Vet Affairs	35,320.3	17. Governor	178	4	49
18. Labor	8,901.3	18. Legislature	31,247.5	18. Community & Regional Aff.	171	3	0
19. Military & Vet Affairs	7,084.9	19. Governor	23,463.6	19. Military & Vet Affairs	160	0	45
Total	2,097,978.7	Total	3,836,011.0	Total	17,464	2,774	1,247

Alaska Department of Labor - GENERAL FUNDS



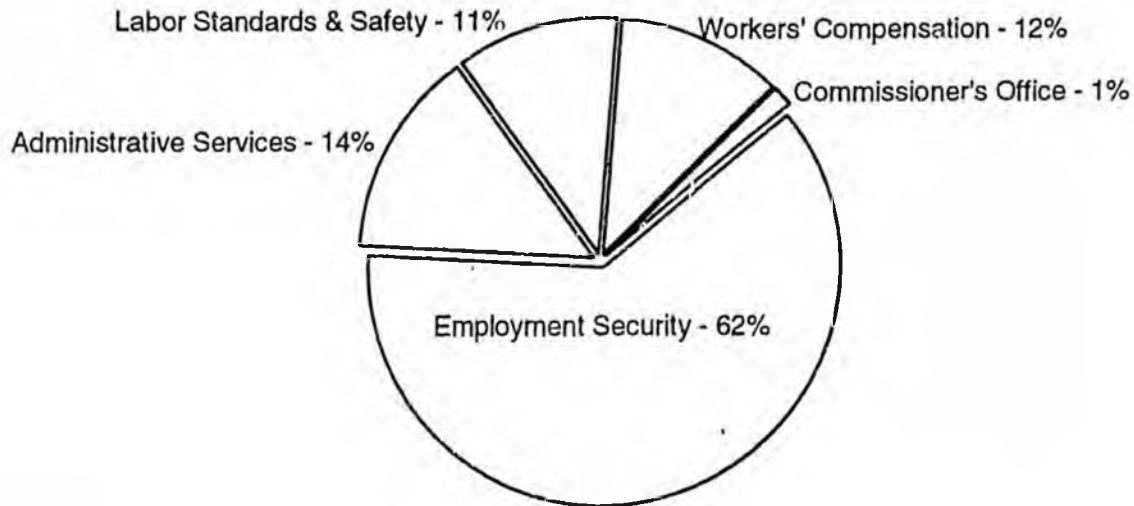
Note: During FY 91 & FY 92 the State Training & Employment Program (STEP) was classified as general funds. In FY 93 STEP classification was changed to non-general funds. Amounts for the STEP program are shown as unshaded in the appropriate years.

Major Fund Changes

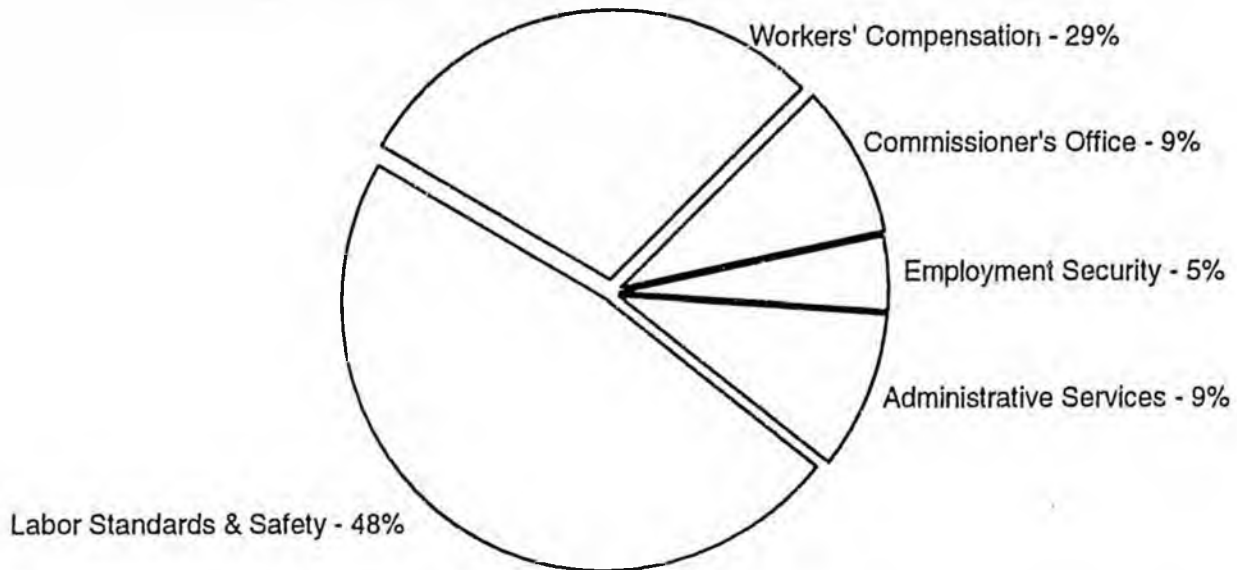
FY 91 - FY 92	Decreases for 5%+ reductions and STEP
FY 92 - FY 93	Increase for DP Chargeback, STEP fund source change, Unallocated & Misc cuts
FY 93 - FY 94	Reductions to Labor Market Info, Comm Offc, Work Comp, Labor Standards & Safety
FY 94 - FY 95	Reductions to Data Processing, Labor Market Info and Occ Safety & Health
FY 95 - FY 96	Reduction to Occupational Safety & Health
FY 96 - FY 97	Increase for COLA, Reductions to Wage & Hour, Mechanical Inspection and Work Comp & Misc cuts
FY 97 - FY 98	Increase for COLA, Reduction to Alaska Work Programs, Reduction for Better Business Practices

Department of Labor

FY 98 Operating Budget Request by Division



FY 98 GENERAL FUND Operating Budget Request by Division

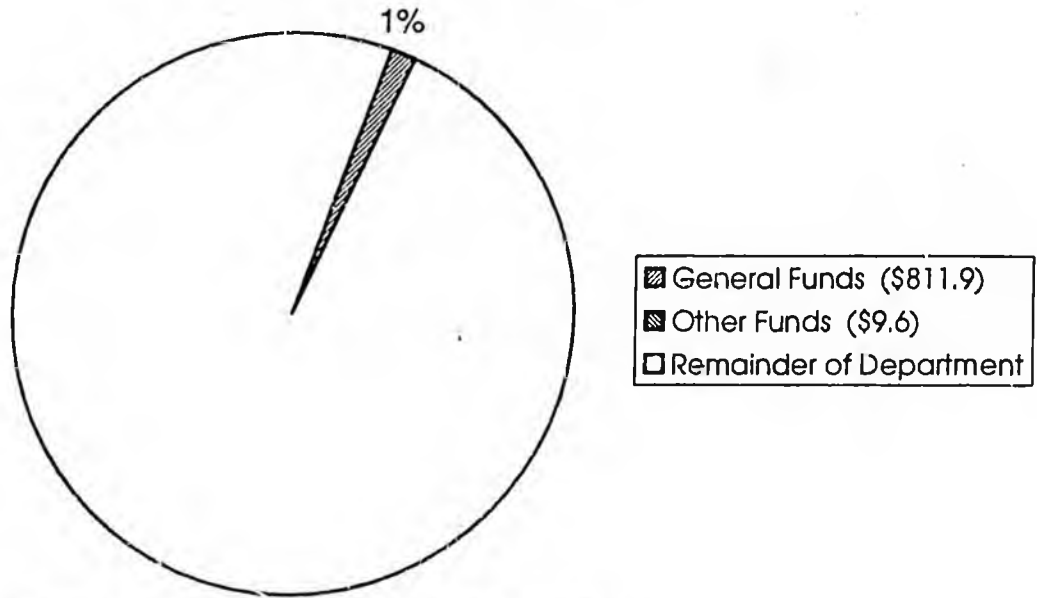


The Department is comprised of the Commissioner's Office, which includes the Alaska Labor Relations Agency, and four divisions:

- Administrative Services
- Employment Security
- Labor Standards & Safety
- Workers' Compensation

The Department of Labor's mission as set out in Title 23 is to foster and promote the welfare of the wage earners in the state, improve their working conditions and advance their opportunities for profitable employment.

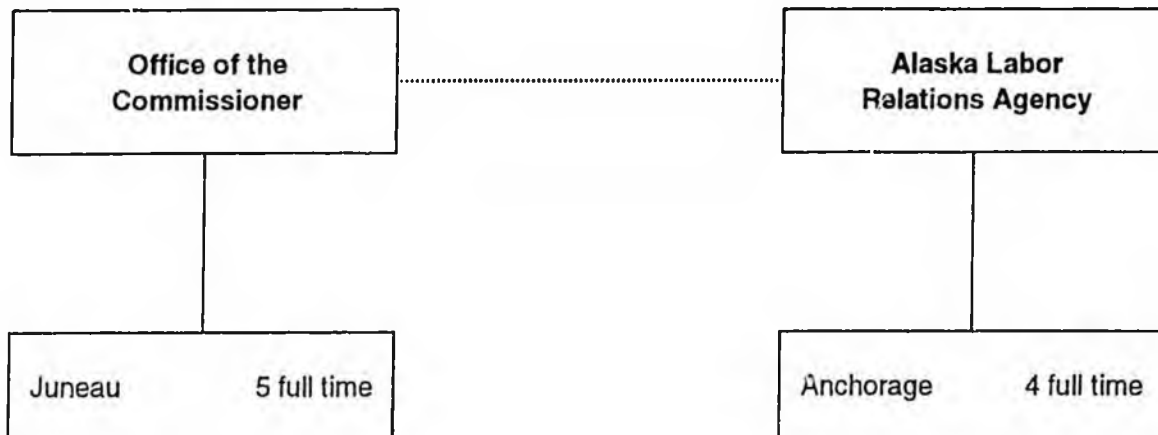
COMMISSIONER'S OFFICE



Department of Labor's FY 98 Budget Request

The Office is comprised of two components:

- Office of the Commissioner - (\$480.3 GF)
- Alaska Labor Relations Agency - (\$331.6 GF)



OFFICE OF THE COMMISSIONER

Commissioner's Office

- formulate policy to fulfill the department's mission to provide for the health and economic welfare of Alaska's workers in order to build a stable workforce and a healthy economy
- provide oversight of the department's programs to ensure that Alaska's employers and employees are treated fairly
- work cooperatively with other agencies to ensure the efficient administration of the department's programs; to provide the opportunity to share resources; and to provide better services to the public

ISSUES

- Respond to an increasing demand for services within the resources available.
- Require efficient program operations in support of better service to Alaska's workers, job seekers and businesses.
- Get Alaskan residents to work.

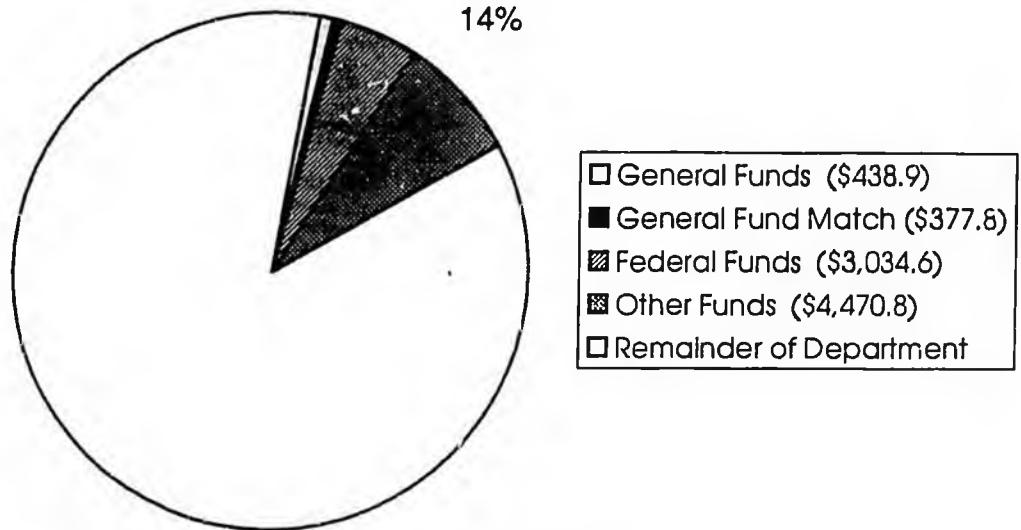
Alaska Labor Relations Agency

- through conciliation, mediation and formal administrative hearings
 - hear disputes over the composition of public employee bargaining units
 - hear unfair labor practice charges
 - consider employee claims for religious exemption from the obligation to pay fees to a bargaining representative
- conduct elections on union representation for collective bargaining

ISSUES

- Focus on mediation and conciliation to contain the cost of operation and the cost of labor disputes on public sector employers and employees.
- Work with interested parties to form an Alaska chapter of Industrial Relations Research Association (IRRA) to reduce government's role in labor relations by encouraging participation by public and private sector professionals in the field of labor relations, to encourage communication between labor and management and to provide an opportunity to explore solutions to labor management disputes in a neutral environment.
- Provide public access to Board activities and decisions via the Internet.

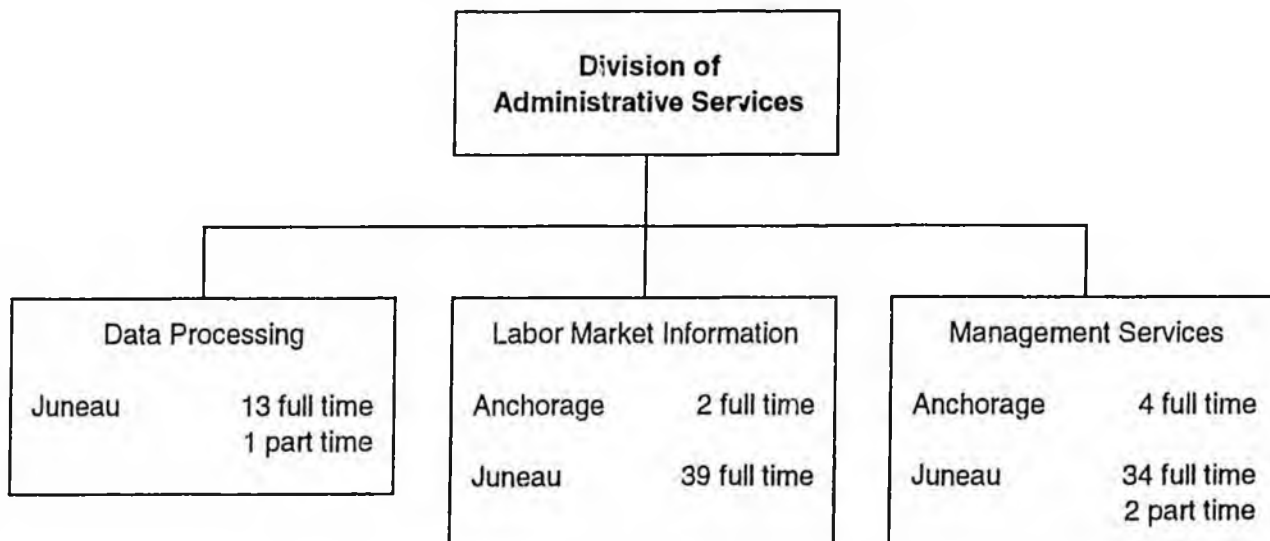
ADMINISTRATIVE SERVICES DIVISION



Department of Labor's FY 98 Budget Request

The Division is comprised of three components:

- Data Processing
- Labor Market Information - (\$438.9 GF, \$71.7 GFM)
- Management Services - (\$306.1 GFM)



ADMINISTRATIVE SERVICES DIVISION

Management Services

- budget planning, monitoring and reporting
- federal, state and unemployment insurance trust fund accounting
- publications services
- personnel management, training and labor relations
- systems analysis and network programming
- purchasing, supply, mail and office space management

Data Processing Operations

- centralized management of the department's data processing operation
- long-range planning and coordination of operations with other state agencies
- WAN operation and maintenance
- application and equipment installation and maintenance
- database management
- system security

Labor Market Information (Research & Analysis)

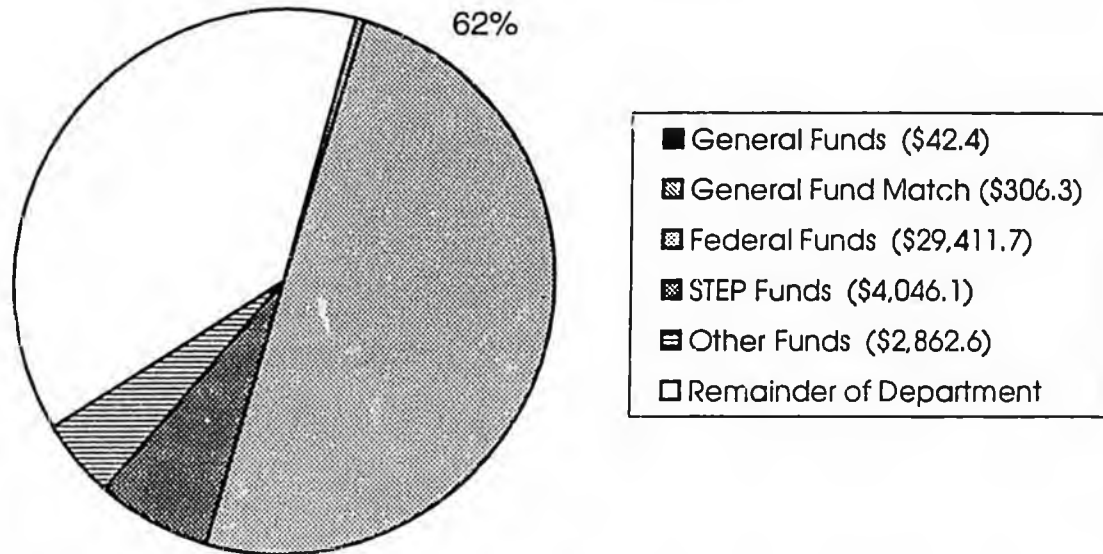
- produce economic and demographic information
- provide a monthly analysis of the condition of Alaska's labor market
- forecast employment by industry and occupation
- provide population analysis and projections
- provide housing market information for communities statewide
- report on resident hire in the state
- produce geographic information in support of the decennial census and redistricting
- provide information on occupational injuries and fatalities
- perform employment and training program evaluation

ADMINISTRATIVE SERVICES DIVISION

ISSUES

- Identify and provide centralized financial and management services in support of the department's programs.
- Contain the cost of data processing operations in light of the elimination of the "cap" on the cost of data processing support provided by the Department of Administration.
- Produce and distribute employment, labor market and demographic information to meet the needs of Alaska's job seekers, Alaskan workers and businesses, and the state's policy makers and program managers.

EMPLOYMENT SECURITY DIVISION



Department of Labor's FY 98 Budget Request

The Division is comprised of four components:

- Alaska Work Programs (JOBS) - (\$306.3 GFM)
- Employment/Unemployment Services - (\$4.8 GF)
- Governor's Committee on Employment of People with Disabilities - (\$37.6 GF)
- State Training & Employment Program

Division of Employment Security					
Anchorage	109 full time 12 part time	Juneau	167 full time 30 part time	Seward	3 full time 1 part time
Bethel	2 full time 1 part time	Kenai	14 full time 5 part time	Sitka	1 full time 2 part time
Dillingham	1 part time	Ketchikan	7 full time 2 part time	Soldotna	1 full time
Eagle River	3 full time 1 part time	Kodiak	5 full time 4 part time	Tok	1 part time
Fairbanks	38 full time 3 part time	Kotzebue	2 part time	Valdez	2 full time 1 part time
Glennallen	1 part time	Nome	2 full time 1 part time	Wasilla	17 full time 2 part time
Homer	1 full time 1 part time	Petersburg	1 full time		

EMPLOYMENT SECURITY DIVISION

Employment Services

- Employment Service offices in Anchorage, Bethel, Dillingham, Eagle River, Fairbanks, Glennallen, Homer, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Mat-Su, Nome, Petersburg, Seward, Sitka, Tok and Valdez
- vocational counseling, guidance, and career planning for adult workers
- aptitude, interest, and skill testing for job seekers & workers who need re-training;
- group workshops and "Job Clubs" on job seeking, interviewing, and resumes
- access to the largest pool of job seekers in Alaska
- match workers to employers with jobs
- assist with affirmative action, hiring, and recruitment plans for Alaska's employers

Unemployment Services (UI)

(Temporary wage replacement (unemployment insurance) for eligible workers who are unemployed through no fault of their own)

- process timely payment of unemployment insurance (UI) benefits to eligible workers
- conduct field audits to help employers pay taxes in timely, accurate way
- protect the UI Trust Fund against fraudulent claims; recovery of mis-claimed payments
- ensure quality of UI payment service, meeting strict federal performance standards and objectives
- hear and decide appeals by claimants and employers through Appeals Tribunal

EMPLOYMENT SECURITY DIVISION

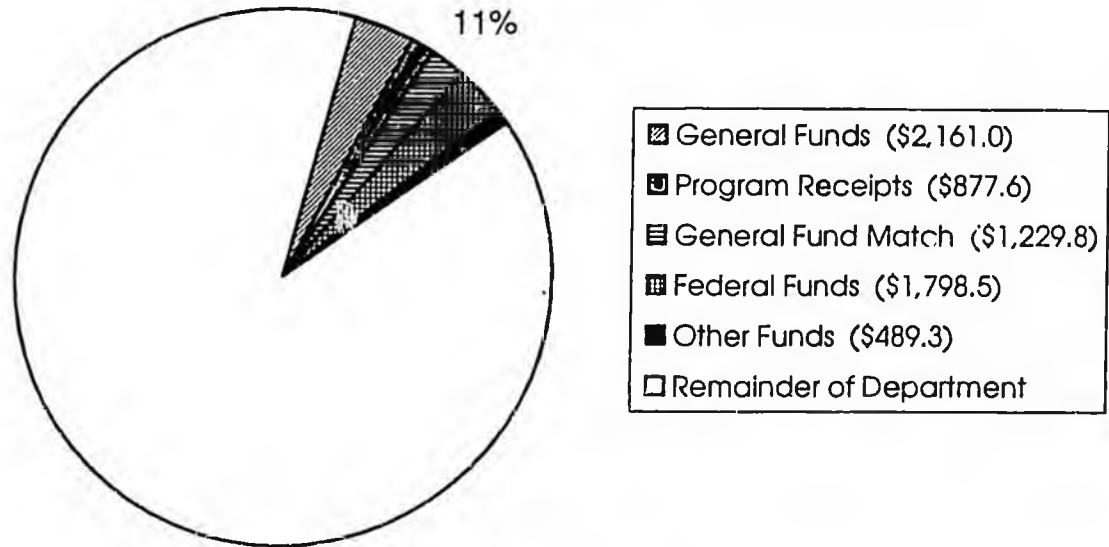
Other Services

- The Alaska Works Program (JOBS), jointly administered with the Department of Health & Social Services, provides a labor exchange for AFDC and food stamp recipients.
- The Worker Profiling and Re-employment Services Program for UI recipients is intended to hasten their return to work.
- The veterans programs provide special services to veterans as mandated by law.
- The seafood initiative is designed to increase resident hire in the seafood industry.
- One-Stop and collocation of services with other employment and training agencies improve the delivery of services through partnerships, shared facilities, electronic connections and staffing.
- The Governor's Committee on the Employment of People with Disabilities provides educational opportunities for employers on the positive aspects of hiring people with disabilities and assists in development of accommodations.
- The State Employment & Training Program, funded through the UI Trust Fund with one-tenth of 1% of workers' wages subject to regular UI contributions, targets the training needs of Alaskan workers and businesses.
- Career Transition Centers, established in Alaskan communities and staffed in collaboration with partner agencies, assist with major layoffs,

ISSUES

- Implement One-Stop Workforce Development Centers, at the direction of the Alaska Human Resources Investment Council and in partnership with Public Assistance, Job Training (JTPA), Vocational Rehabilitation, Adult Basic Education, and the Alaska Native Coalition on Employment and Training where feasible, which offer the public options for self-service, group services and individual services as needed and provide an opportunity for programs to share costs.
- Implement centrally located UI Call Centers to provide faster service to the public, reduce overhead and eliminate inefficiencies.
- Encourage the USDOL to set performance standards and mandates that recognize the needs of Alaska's workers and businesses in order to mitigate the uncertainty of federal funding.

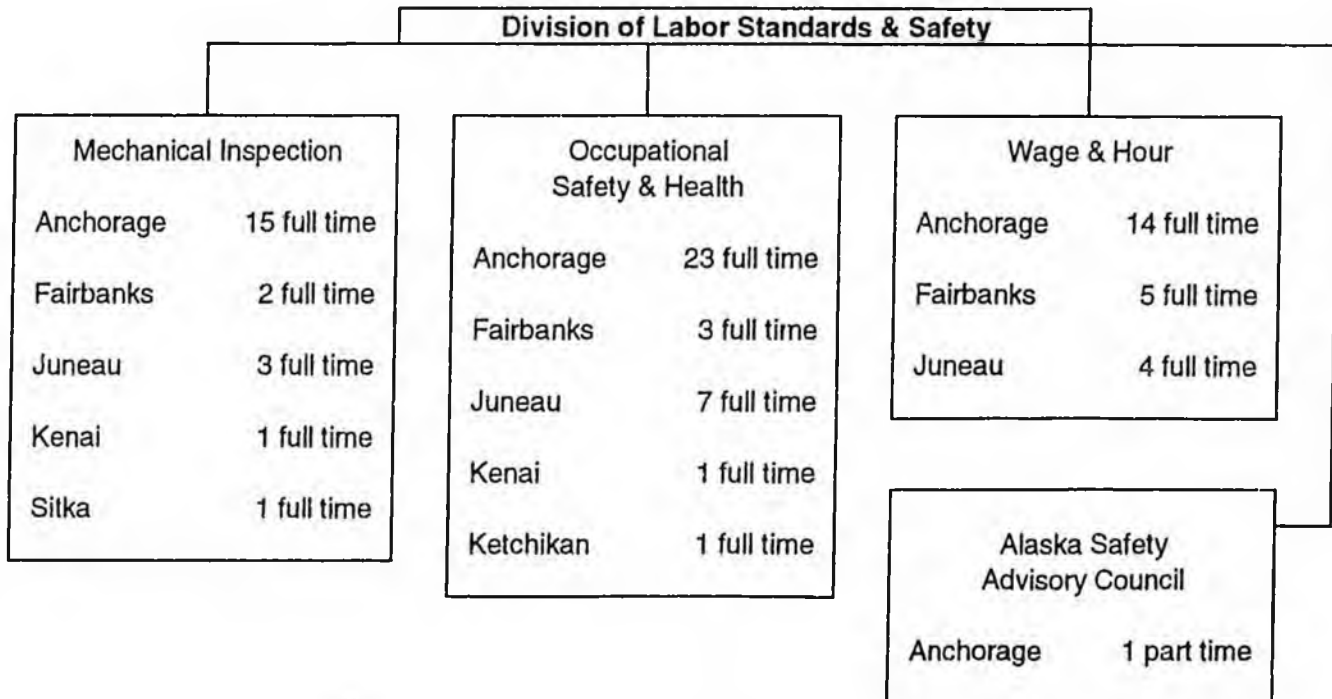
LABOR STANDARDS & SAFETY DIVISION



Department of Labor's FY 98 Budget Request

The Division is comprised of four components:

- Alaska Safety Advisory Council - (\$107.2 PR)
- Mechanical Inspection - (\$689.6 GF, \$770.4 PR)
- Occupational Safety & Health - (\$1,229.8 GFM)
- Wage & Hour - (\$1,471.4 GF)



LABOR STANDARDS & SAFETY DIVISION

Mechanical Inspection

- inspect
 - plumbing and electrical installations
 - boilers & pressure vessels
 - elevators, wheelchair lifts, and recreational devices such as ski lifts, tramways and amusement rides
- license electricians, plumbers, hazardous painters, asbestos abatement workers and blasters
- coordinate the enforcement of contractor and electrical & mechanical administrators licensing with the Department of Commerce & Economic Development and the requirement for Worker's Compensation insurance with the Division of Worker's Compensation

Wage & Hour

- ensure that Alaska's workers
 - receive minimum wages and overtime as entitled by law
 - receive the benefits of family leave as entitled by law
 - receive employment preference and prevailing wages on public works projects
- protect minors from abuse and exploitation in the workplace
- license employment agencies

Alaska Occupational Safety and Health

- enforce the state's occupational safety and health laws
- focus enforcement activities on Alaska's high-hazard industries
- provide consultation and training services to Alaska's workers and businesses

Alaska Safety Advisory Council

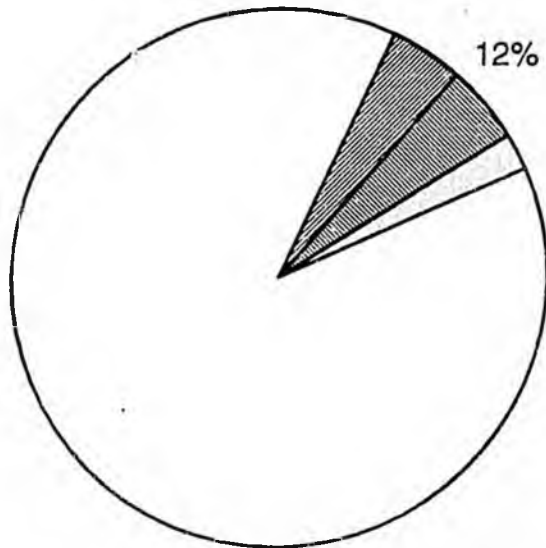
- sponsor the annual Governor's Safety Conference attended by safety professionals in both the public and private sector

LABOR STANDARDS & SAFETY DIVISION

ISSUES

- Implement the Voluntary Protection Program (VPP) for large Alaskan employers and the Safety & Health Achievement Recognition Program (SHARP) for smaller employers to eliminate the need for safety inspections except in the event of an injury or fatality.
- Coordinate administrative inspection and investigation activities with the enforcement of workers' compensation insurance and licensing activities to eliminate the unfair competitive advantage these businesses' have over legitimately insured and licensed Alaskan businesses; and to assist the Child Support Enforcement Division in the enforcement of child support laws.
- Provide training and assistance to school districts and employers interested in participating in the federal school-to-work initiative

WORKERS' COMPENSATION DIVISION

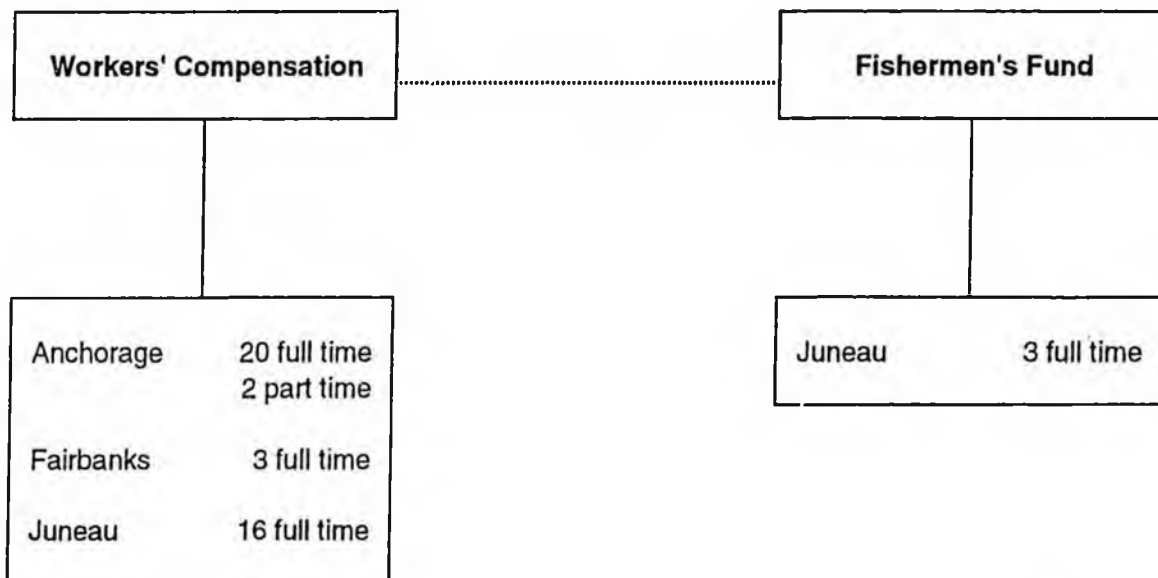


	General Funds (\$2,557.5)
	Second Injury Fund (\$2,854.9)
	Fishermen's Fund (\$1,304.2)
	Other Funds (\$49.4)
	Remainder of Department

Department of Labor's FY 98 Budget Request

The Division is comprised of two components:

- Workers' Compensation - (\$2,557.5 GF)
- Fishermen's Fund



WORKER'S COMPENSATION DIVISION

Serves as administrative arm to the Alaska Workers' Compensation Board to implement the state's Workers' Compensation laws.

Administers the Fishermen's Fund and provides administrative support to the Fishermen's Fund Advisory and Appeals Council which serves in an advisory and appellate capacity. Money to support the fund comes from its users: 60% of the revenue derived from the issuance of commercial fishing crew member licenses and from the first entry permit of a fisherman licensed by the Commercial Fisheries Entry Commission.

Workers' Compensation

- adjudicate disputes regarding workers' compensation coverage between employees and employers, or their insurers, through mediation or administrative hearings
- administer a voluntary reemployment program for workers unable to return to the jobs they held at the time of their injury
- investigate uninsured employers
- administer the state's self-insurance program
- administer the employer reimbursement program for workers who qualify under the Second Injury Fund

Fishermen's Fund

- process claims from commercial fishermen for assistance with the costs for occupational injuries and illness

WORKER'S COMPENSATION DIVISION

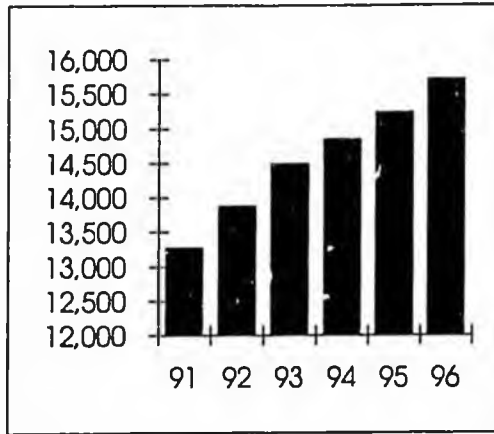
ISSUES

- Coordinate with the Division of Insurance investigators to reduce fraud.
- Continue aggressive investigation of uninsured employers, in coordination with the Division of Labor Standards & Safety, to eliminate unfair competition, increase the pool of insured employers (and the premium tax paid to the general fund), and encourage workplace safety to reduce the cost of coverage to Alaskan businesses.
- Continue the implementation of administrative efficiencies such as the completion of the electronic workers' compensation information handling system to provide better services to the public and more useful information to the state's legislators and policy makers.
- Participate in deliberations with the Workers' Comp Ad hoc Committee to formulate legislation that meets the needs of Alaskans, employees and employers.

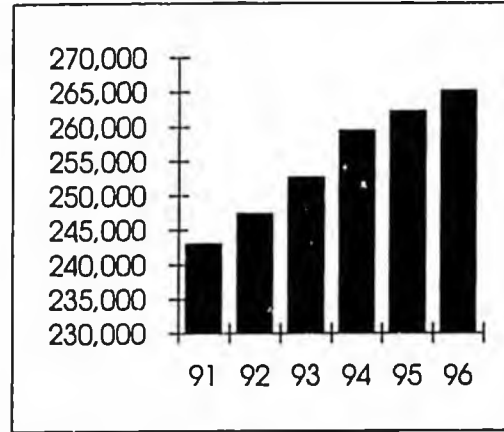
Department of Labor

General Fund Budget versus the Alaska Work Force

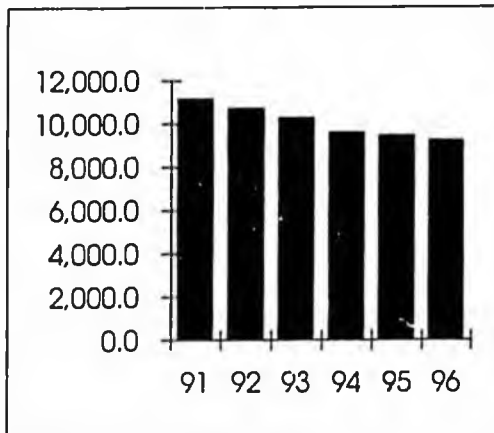
Number of Employers



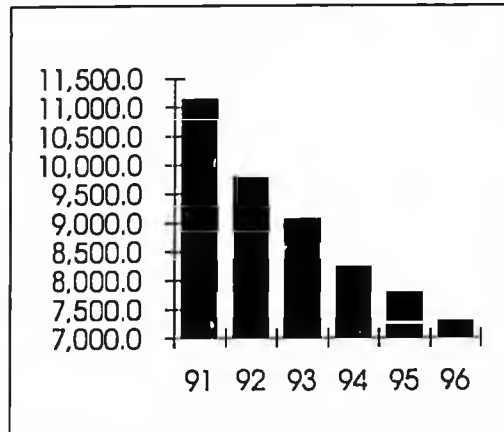
Number of Employees



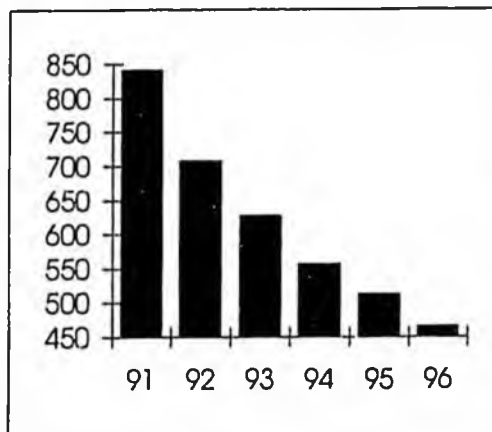
General Fund Budget



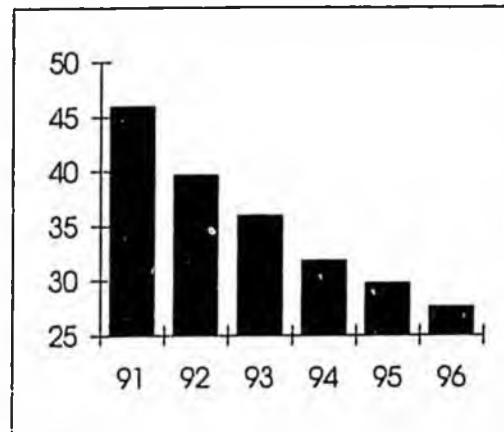
GF Budget in 1991 Dollars



1991 Dollars per Employer



1991 Dollars per Employee



Department of Labor FY98 Operating Budget Summary

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Component	100-700							1002-1049										PFT		DOC	Comments/Description	
	100 Pers Svc	200 Travel	300 Contr	400 Supplies	500 Equip	600 Grants	700 Misc	Total	1002 Fed	1003 GFM	1004 GF	1005 P/R	1091 Deleg	1007 I/A	1061 CIP	1049 T&B	Other	Total	PFT			PPT
Emp/Unempl Svcs																						
FY97 Contr Comm	22,942.3	495.8	6,492.2	430.7	513.8	945.0		31,819.8	30,488.6		13.0		53.9	689.4		574.9		31,819.8	400	41	COLA	COLA for new union contracts
COLA Adj	296.3						296.3	296.3	281.6			0.3	6.6		7.8		296.3			COLA Cui	Legislative reduction of COLA funding for anticipated savings from RIP	
COLA Underfunding	(69.8)						(69.8)	(69.8)	(66.1)			(0.3)	(1.7)		(1.7)		(69.8)					
FY97 Auth	23,168.8	495.8	6,492.2	430.7	513.8	945.0		32,046.3	30,704.1		13.0		53.9	694.3		581.0		32,046.3	400	41		
PACS Recon																			(18)	18	PACS Recon	PACS Reconciliation position adjustments
Budget Recon							(308.7)	(308.7)	(308.7)									(308.7)			Budget Recon	Transfer federal authorization to Labor Market Information for direct receipt of funds
COLA Adj	316.7						316.7	316.7	300.9			0.3	7.2		8.3		316.7			COLA	COLA for new union contracts	
Health Ins Adj	121.4						121.4	115.4				0.1	2.8		3.1		121.4			Health Ins	Health insurance cost increase	
FY98 Adj Base	23,606.9	495.8	6,183.5	430.7	513.8	945.0		32,175.7	30,811.7		13.0		54.3	704.3		592.4		32,175.7	382	59		
BBP Reduction							(8.2)	(8.2)										(8.2)			C5	Better Business Practices Reduction
Fed & I/A Adjustment	(1,200.0)						(1,600.0)	(1,600.0)	(1,400.0)					(100.0)				(1,600.0)	(37)	12	C5	Delete unrealized Federal and Interagency Receipt authorization
FY98 Req	22,406.9	495.3	5,875.8	430.7	513.8	945.0		30,667.5	29,411.7		4.8		54.3	604.3		592.4		30,667.5	345	71		
Alt Work Prog																						
FY97 Contr Comm	1,459.2	19.5	454.2	26.7	5.0		(1.1)	1,973.5		400.6				1,572.9				1,973.5	28			
Distr Misc Reduct	(1.1)						1.1	1.1										1.1			Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature
COLA Adj	18.8						18.8	18.8	3.8				15.0				18.8			COLA	COLA for new union contracts	
COLA Underfunding	(7.4)						(7.4)	(7.4)	(3.8)				(3.6)				(7.4)			COLA Cui	Legislative reduction of COLA funding for anticipated savings from RIP	
FY97 Auth	1,479.5	19.5	454.2	26.7	5.0			1,984.9	400.6				1,584.3				1,984.9	28				
COLA Adj	20.2						20.2	20.2	4.1				16.1				20.2			COLA	COLA for new union contracts	
Health Ins Adj	7.9						7.9	7.9	1.6				6.3				7.9			Health Ins	Health insurance cost increase	
FY98 Adj Base	1,507.6	19.5	454.2	26.7	5.0			2,013.0	406.3				1,606.7				2,013.0	28				
GFM Reduction							(100.0)	(100.0)		(100.0)							(100.0)			C5	Reduce General Fund Match Contractual authorization to align with expenditures	
FY98 Req	1,507.6	19.5	354.2	26.7	5.0			1,913.0	306.3				1,606.7				1,913.0	28				
Comm on Disabled																						
FY97 Contr Comm		17.8	19.2	5.6			(0.1)	42.5			37.6		4.9					42.5				
Distr Misc Reduct							0.1	0.1										0.1			Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature
FY97 Auth		17.8	19.1	5.6				42.5			37.6		4.9					42.5				
FY98 Adj Base		17.8	19.1	5.6				42.5			37.6		4.9					42.5				
FY98 Req		17.8	19.1	5.6				42.5			37.6		4.9					42.5				
Stimg Emp Prgm																						
FY97 Contr Comm			3,946.2					3,946.2								3,946.2		3,946.2				
FY97 Auth			3,946.2					3,946.2								3,946.2		3,946.2				
FY98 Adj Base			3,946.2					3,946.2								3,946.2		3,946.2				
Increase Auth			99.9					99.9								99.9		99.9			C5	Increase STEP authorization to utilize all available revenue
FY98 Req			4,046.1					4,046.1								4,046.1		4,046.1				
Data Processing																						
FY97 Contr Comm	953.5	23.7	1,816.1	82.5	30.0			2,905.8					2,827.2		78.6			2,905.8	15	1		
COLA Adj	12.3							12.3					11.4		0.9			12.3			COLA	COLA for new union contracts
COLA Underfunding	(2.6)							(2.6)					(2.4)		(0.2)			(2.6)			COLA Cui	Legislative reduction of COLA funding for anticipated savings from RIP
FY97 Auth	963.2	23.7	1,816.1	82.5	30.0			2,915.5					2,836.2		79.3			2,915.5	15	1		
COLA Adj	13.2							13.2					12.2		1.0			13.2			COLA	COLA for new union contracts
Health Ins Adj	4.5							4.5					4.2		0.3			4.5			Health Ins	Health insurance cost increase
Transfer Position	(74.6)							(74.6)							(74.6)			(74.6)	(1)		C4	Transfer CIP authorization & 1 PFT to Mgmt Svcs to consolidate network programmers
FY98 Adj Base	906.3	23.7	1,816.1	82.5	30.0			2,858.6					2,852.6		6.0			2,858.6	14	1		
Increase Auth	(43.5)							30.2					36.2		(6.0)			30.2	(1)	1		
FY98 Req	862.8	23.7	1,874.8	82.5	25.0			2,888.8					2,888.8					2,888.8	13	1	C5	Increase Interagency Receipt authorization & delete 1 PFT to reflect anticipated needs
Management Svcs																						
FY97 Contr Comm	2,105.5	21.3	285.8	44.5	18.9		(1.0)	2,475.0		306.9				372.7				2,475.0	36	3		
Distr Misc Reduct	(1.0)						1.0	1.0										1.0			Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature
COLA Adj	21.7							21.7	15.3	2.6				3.8				21.7			COLA	COLA for new union contracts
COLA Underfunding	(6.9)							(6.9)	(3.4)	(2.6)				(0.9)				(6.9)			COLA Cui	Legislative reduction of COLA funding for anticipated savings from RIP
FY97 Auth	2,119.3	21.3	285.8	44.5	18.9			2,489.8	1,807.3	306.9				375.6				2,489.8	36	3		
Budget Recon	(69.8)							(69.8)										(69.8)			Budget Recon	Transfer between line items to align budget with anticipated expenditures
COLA Adj	22.6							22.6	15.9	2.7				4.0				22.6			COLA	COLA for new union contracts
Health Ins Adj	8.7							8.7	6.1	1.1				1.5				8.7			Health Ins	Health insurance cost increase
Transfer Position	74.6							74.6							74.6			74.6	1		C1	Transfer CIP authorization & 1 PFT from Data Processing to consolidate network programmers
Transfer Function	(5.4)							(5.4)										(5.4)			C4	Transfer OSH Review Board support to the Commissioner's Office
Une Item Transfer	31.1							31.1										31.1	1	(1)	C4	Line Item Transfer Equipment to Personal Services to align with expend. 1 post to PFT (9.6 mo)
FY98 Adj Base	2,181.1	21.3	305.4	44.5	37.8			2,590.1	1,829.3	310.7				375.5	74.6			2,590.1	38	2		
BBP Reduction							(4.6)	(4.6)										(4.6)			C5	Better Business Practices Reduction
FY98 Req	2,181.1	21.0	301.1	44.5	37.8			2,585.5	1,829.3	306.1				375.5	74.6			2,585.5	38	2		

Department of Labor FY98 Operating Budget Summary

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Component	100	200	300	400	500	700	Misc	Total	1002	1003	1004	1005	1091	1007	1061	1049	Other	Total	PFI	PPI	DOC	Comments/Description	
	Pers Svc	Travel	Contr	Supplies	Equip	Grants			Fed	GFM	GF	P/R	Desig	I/A	CIP	T&B							
Labor Market Info																							
FY97 Confr Comm	2,190.5	50.4	475.7	49.5	23.1		(1.4)	2,787.8	868.4	70.8	433.1		2.0	1,413.5				2,787.8	38	2	Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct		(1.4)					1.4														COLA	COLA for new union contracts	
COLA Adj	28.2							28.2	12.5	0.6	4.0			11.1				28.2			COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP	
CCLA Underfunding	(10.2)							(10.2)	(3.0)	(0.6)	(4.0)			(2.6)				(10.2)					
FY97 Auth	2,208.5	49.0	475.7	49.5	23.1			2,805.8	877.9	70.8	433.1		2.0	1,422.0				2,805.8	38	2	PACS Recon	PACS Reconciliation position adjustments	
PACS Recon																				3	(2)	Budget Recon	Transfer federal authorization from Employ/Unemploy Svcs for direct receipt of funds
Budget Recon			308.7					308.7	308.7									308.7			COLA	COLA for new union contracts	
COLA Adj	30.2							30.2	13.4	0.6	4.2			12.0				30.2			Health Ins	Health insurance cost increase	
Health Ins Adj	11.8							11.8	5.3	0.3	1.6			4.6				11.8			C4	Line Item Transfer Equipment to Personal Services to align with expenditures	
Line Item Transfer	20.0					(20.0)																	
FY98 Adj Base	2,270.5	49.0	784.4	49.5	3.1			3,156.5	1,205.3	71.7	438.9		2.0	1,438.6				3,156.5	41				
I/A Adjustment			(308.7)					(308.7)						(308.7)				(308.7)			C5	Delete excess Interagency Receipt authorization (now received as federal)	
FY98 Req	2,270.5	49.0	475.7	49.5	3.1			2,847.8	1,205.3	71.7	438.9		2.0	1,129.9				2,847.8	41				
Comm Office																							
FY97 Confr Comm	398.5	27.5	42.7	6.7	1.8		(1.4)	475.8			471.8			4.0				475.8	5		Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct			(1.4)				1.4														COLA	COLA for new union contracts	
COLA Adj	4.3							4.3			4.3							4.3			COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP	
COLA Underfunding	(0.8)							(0.8)			(0.8)							(0.8)					
FY97 Auth	402.0	27.5	41.3	6.7	1.8			479.3			475.3			4.0				479.3	5		COLA	COLA for new union contracts	
COLA Adj	4.7							4.7			4.7							4.7			Health Ins	Health insurance cost increase	
Health Ins Adj	1.5							1.5			1.5							1.5			C4	Transfer OS/1 Review Board support from Management Services	
Transfer Function	5.4		0.2					5.6						5.6				5.6					
FY98 Adj Base	413.6	27.5	41.5	6.7	1.8			491.1			481.5			9.6				491.1	5				
BBP Reduction		(0.9)	(0.3)					(1.2)			(1.2)							(1.2)			C5	Better Business Practices Reduction	
FY98 Req	413.6	26.6	41.2	6.7	1.8			489.9			480.3			9.6				489.9	5				
At Labor Relations																							
FY97 Confr Comm	266.7	21.4	29.7	4.9	2.8		(0.9)	324.6			324.6							324.6	4		Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct		(0.9)					0.9														COLA	COLA for new union contracts	
COLA Adj	3.4							3.4			3.4							3.4			COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP	
COLA Underfunding	(0.7)							(0.7)			(0.7)							(0.7)					
FY97 Auth	269.4	20.5	29.7	4.9	2.8			327.3			327.3			4.0				327.3	4		COLA	COLA for new union contracts	
COLA Adj	3.7							3.7			3.7							3.7			Health Ins	Health insurance cost increase	
Health Ins Adj	1.3							1.3			1.3							1.3			C4	Line Item Transfer Travel to Personal Services to align with expenditures	
Line Item Transfer	0.7	(0.7)																					
FY98 Adj Base	275.1	19.8	29.7	4.9	2.8			332.3			332.3							332.3	4				
BBP Reduction		(0.5)	(0.2)					(0.7)			(0.7)							(0.7)			C5	Better Business Practices Reduction	
FY98 Req	275.1	19.3	29.5	4.9	2.8			331.6			331.6							331.6	4				
Fishermen's Fund																							
FY97 Confr Comm	143.3	18.5	89.1	5.7	4.0	1,039.4		1,300.0									1,300.0	1,300.0	3		COLA	COLA for new union contracts	
COLA Adj	1.9							1.9			1.9							1.9			COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP	
COLA Underfunding	(0.5)							(0.5)			(0.5)							(0.5)					
FY97 Auth	144.7	18.5	89.1	5.7	4.0	1,039.4		1,301.4			1,301.4							1,301.4	3		COLA	COLA for new union contracts	
COLA Adj	1.9							1.9			1.9							1.9			Health Ins	Health insurance cost increase	
Health Ins Adj	0.9							0.9			0.9							0.9			C4	Line Item Transfer Personal Services to Travel and Contractual to align with expenditures	
Line Item Transfer	(10.7)	9.8	0.9					0.0															
FY98 Adj Base	136.8	28.3	90.0	5.7	4.0	1,039.4		1,304.2			1,304.2							1,304.2	3				
FY98 Req	136.8	28.3	90.0	5.7	4.0	1,039.4		1,304.2			1,304.2							1,304.2	3				
Workers Comp																							
FY97 Confr Comm	2,183.7	44.0	261.8	55.0	10.0	2,869.6	(7.4)	5,416.7			2,517.2	29.6		19.3			2,850.6	5,416.7	37	4	Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct							7.4														COLA	COLA for new union contracts	
COLA Adj	26.2							26.2			24.2			0.2			1.8	26.2			COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP	
COLA Underfunding	(19.1)							(19.1)			(18.6)						(0.5)	(19.1)					
FY97 Auth	2,190.8	44.0	261.8	55.0	10.0	2,862.2		5,423.8			2,522.8	29.6		19.5			2,851.9	5,423.8	37	4	COLA	COLA for new union contracts	
COLA Adj	28.4							28.4			26.2			0.2			2.0	28.4			Health Ins	Health insurance cost increase	
Health Ins Adj	11.2							11.2			10.1			0.1			1.0	11.2			C4	Line Item Trans Grants to Personal Services & Contractual to align with expend. 2 posts to PFI	
Line Item Transfer	27.3		20.5			(47.8)													2	(2)			
FY98 Adj Base	2,257.7	44.0	282.3	55.0	10.0	2,914.4		5,463.4			2,559.1	29.6		19.8			2,854.9	5,463.4	39	2			
BBP Reduction		(1.0)	(0.6)					(1.6)			(1.6)							(1.6)			C5	Better Business Practices Reduction	
FY98 Req	2,257.7	43.0	281.7	55.0	10.0	2,814.4		5,461.8			2,557.5	29.6		19.8			2,854.9	5,461.8	39	2			

Department of Labor FY98 Operating Budget Summary

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Component	100	200	300	400	500	700	Misc	Total	1002	1003	1004	1005	1091	1007	1041	1049	Other	Total	PFT	PPT	DOC	Comments/Description	
	Pers Svc	Travel	Contr	Supplies	Equip	Grants			Fed	GFM	GF	P/R	Desig	I/A	CIP	T&B							
Wage & Hour																							
FY97 Contr Comm	1,270.2	66.0	191.5	23.1	9.0		(4.2)	1,555.6			1,450.2			105.4				1,555.6	23		Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct	(4.2)						4.2															COLA	COLA for new union contracts
COLA Adj	14.3							14.3			13.9			0.4				14.3				COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP
COLA Underfunding	(11.3)							(11.3)			(11.2)			(0.1)				(11.3)					
FY97 Auth	1,269.0	66.0	191.5	23.1	9.0			1,558.6			1,452.9			105.7				1,558.6	23		COLA	COLA for new union contracts	
COLA Adj	16.7							15.7			15.3			0.4				15.7			Health Ins	Health insurance cost increase	
Health Ins Adj	6.6							6.6			6.5			0.1				6.6			C4	Line Item transfer Contractual to Personal Services for Contractor Licensing RSA	
Line Item Transfer	2.1		(2.1)																				
FY98 Adj Base	1,293.4	66.0	189.4	23.1	9.0			1,580.9			1,474.7			106.2				1,580.9	23		C5	Delete excess Interagency Receipt authorization for Director's position (now charges direct)	
I/A Adjustment	(68.5)							(68.5)						(68.5)				(68.5)				C5	Delete excess Interagency Receipt authorization for Internal Audit RSA
I/A Adjustment	(2.3)	(3.0)						(5.3)						(5.3)				(5.3)				C5	Better Business Practices Reduction
BBP Reduction		(1.5)	(1.8)					(3.3)			(3.3)							(3.3)					
FY98 Req	1,222.6	61.5	187.6	23.1	9.0			1,503.8			1,471.4			32.4				1,503.8	23				
Mechanical Insp																							
FY97 Contr Comm	1,307.5	133.2	181.2	11.9	2.0		(3.9)	1,631.9			681.7	671.9		278.3				1,631.9	20		SB 98	Fiscal Note authorization for SB 98 the Personal Responsibility Act	
SB 98 Fiscal Note	37.1		14.5	0.7	6.5			58.8						58.8				58.8	1		Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct			(3.9)				3.9															COLA	COLA for new union contracts
COLA Adj	17.1							17.1			6.9	6.7		3.5				17.1				COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP
COLA Underfunding	(9.6)							(9.6)			(4.7)	(4.3)		(0.6)				(9.6)					
FY97 Auth	1,352.1	133.2	191.8	12.6	8.5			1,698.2			683.9	674.3		340.0				1,698.2	21		PACS Recon	PACS Reconciliation position adjustments	
PACS Recon																			(1)		Budget Recon	Transfer Licensing Program from Occupational Safety & Health	
Budget Recon	26.5		94.2	11.0	5.0			136.7				57.7	29.0	50.0				136.7	1		COLA	COLA for new union contracts	
COLA Adj	18.9							18.9			7.7	7.3		3.9				18.9			Health Ins	Health insurance cost increase	
Health Ins Adj	5.2							5.2			2.0	2.1		1.1				5.2					
FY98 Adj Base	1,402.7	133.2	286.0	23.6	13.5			1,859.0			693.6	741.4	29.0	395.0				1,859.0	21		C5	Increase Interagency Receipt authorization for Occupational Licensing RSA	
Increase I/A Auth	96.9		3.1					100.0						100.0				100.0	1			C5	Delete excess Interagency Receipt authorization due to licensing program consolidation
I/A Adjustment	(5.2)		(37.1)	(0.7)	(6.5)			(49.5)						(49.5)				(49.5)				C5	Better Business Practices Reduction
BBP Reduction		(3.0)	(1.0)					(4.0)			(4.0)							(4.0)					
FY98 Req	1,494.4	130.2	251.0	22.9	7.0			1,905.5			689.6	741.4	29.0	445.5				1,905.5	22				
Occ Safety & Health																							
FY97 Contr Comm	2,131.9	202.0	538.5	52.2	13.5		(3.6)	2,934.5	1,621.7	1,214.7		57.7	29.0	11.4				2,934.5	35		SB 98	Fiscal Note authorization for SB 98 the Personal Responsibility Act	
SB 98 Fiscal Note	24.3		25.2	0.5				50.0						50.0				50.0			Misc Reduct	Distribute miscellaneous reduction imposed by the Legislature	
Distr Misc Reduct	(3.6)						3.6				14.4	11.7		0.6				26.8				COLA	COLA for new union contracts
COLA Adj	26.8							26.8			(1.6)	(7.6)		(0.4)				(9.7)				COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP
COLA Underfunding	(9.7)							(9.7)			(0.1)							(9.7)					
FY97 Auth	2,169.7	202.0	563.7	52.7	13.5			3,001.6	1,634.5	1,218.8		57.7	29.0	61.6				3,001.6	35		Budget Recon	Transfer Licensing Program to Mechanical Inspection	
Budget Recon	(57.5)		(73.2)	(1.0)	(5.0)			(136.7)				(57.7)	(29.0)	(50.0)				(136.7)	(1)		COLA	COLA for new union contracts	
COLA Adj	29.0							29.0			15.4	12.7		0.9				29.0			Health Ins	Health insurance cost increase	
Health Ins Adj	7.9							7.9			4.2	3.5		0.2				7.9			C4	Line Item transfer Contractual to Personal Services for direct charging of Director's position	
Line Item Transfer	42.6		(42.6)																				
FY98 Adj Base	2,191.7	202.0	447.9	51.7	8.5			2,901.8	1,654.1	1,235.0				12.7				2,901.8	34		C5	Delete unrealized Interagency Receipt authorization	
I/A Adjustment	(1.3)							(1.3)						(1.3)				(1.3)				C5	Increase Federal authorization for Asbestos VPP and SHARP grants
Increase Fed Auth	104.0	20.8	5.6	6.0				144.4	144.4									144.4	1			C5	Better Business Practices Reduction
BBP Reduction		(1.3)	(3.9)					(5.2)			(5.2)							(5.2)					
FY98 Req	2,294.4	229.5	449.6	57.7	8.5			3,039.7	1,798.5	1,229.8				11.4				3,039.7	35				
AK Safety Advisory																							
FY97 Contr Comm	22.9	9.0	59.9	15.0				106.8					106.8					106.8	1		COLA	COLA for new union contracts	
COLA Adj	0.4							0.4				0.4						0.4				COLA Cut	Legislative reduction of COLA funding for anticipated savings from RIP
COLA Underfunding	(0.3)							(0.3)				(0.3)						(0.3)					
FY97 Auth	23.0	9.0	59.9	15.0				106.9				0.1	106.8					106.9	1		Budget Recon	Transfer between line items to align budget with anticipated expenditures	
Budget Recon	6.8		(13.8)	7.0				(0.0)				(0.1)	0.1					(0.0)			OMB Adj	OMB adjustment to change FY 97 COLA fund source to Designated Program Receipts	
OMB Rev Adj																					COLA	COLA for new union contracts	
COLA Adj	0.4							0.4										0.4			Health Ins	Health insurance cost increase	
Health Ins Adj	0.2							0.2										0.2			C4	Line Item transfer Personal Services to Equipment to align with expenditures	
Line Item Transfer	(3.5)				3.5																		
FY98 Adj Base	26.9	9.0	46.1	22.0	3.5			107.5				0.0	107.5					107.5	1				
BBP Reduction		(0.3)						(0.3)						(0.3)				(0.3)				C5	Better Business Practices Reduction
FY98 Req	26.9	8.7	46.1	22.0	3.5			107.2				0.0	107.2					107.2	1				

Department of Labor FY98 Operating Budget Summary

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Component	100	200	300	400	500	700	Misc	Total	1002	1003	1004	1005	1071	1007	1061	1049	Other	Total	VFI	PPT	DOC	Comments/Description	
	Pers Svc	Travel	Contr	Supplies	Equip	Grants			Fed	GFM	GF	P/R	Desig	I/A	CIP	T&B							
DOL TOTAL																							
FY97 Contr Comm	37,385.7	1,150.1	14,883.8	814.0	633.9	4,854.0	(25.0)	59,696.5	34,774.1	1,993.0	5,929.2	759.2	196.6	7,294.1	78.6	574.9	8,076.8	59,696.5	544	52			
FY97 Auth	37,760.0	1,147.8	14,918.1	815.2	640.4	4,846.6		60,128.1	35,023.8	1,997.1	5,945.9	761.7	196.6	7,443.2	79.3	581.0	8,079.5	60,128.1	645	52			
Change	374.3	(2.3)	34.3	1.2	6.5	(7.4)	25.0	431.6	249.7	4.1	16.7	2.5		149.1	0.7	6.1	2.7	431.6	1				
FY97 Auth	37,760.0	1,147.8	14,918.1	815.2	640.4	4,846.6		60,128.1	35,023.8	1,997.1	5,945.9	761.7	196.6	7,443.2	79.3	581.0	8,079.5	60,128.1	645	52			
FY98 Adj Base	38,470.3	1,156.9	14,921.8	832.2	642.8	4,798.8		60,822.8	35,500.4	2,023.7	6,030.7	771.0	197.7	7,521.0	80.6	592.4	8,105.3	60,822.8	632	65			
Change	710.3	9.1	3.7	17.0	2.4	(47.8)		694.7	476.6	26.6	84.8	9.3	1.1	77.8	1.3	11.4	5.8	694.7	(13)	13			
FY98 Adj Base	38,470.3	1,156.9	14,921.8	832.2	642.8	4,798.8		60,822.8	35,500.4	2,023.7	6,030.7	771.0	197.7	7,521.0	80.6	592.4	8,105.3	60,822.8	632	65			
FY98 Req	37,350.4	1,173.4	14,343.5	837.5	631.3	4,798.8		59,134.9	34,244.8	1,913.9	6,011.7	771.0	197.4	7,123.9	74.6	592.4	8,205.2	59,134.9	596	77			
Change	(1,119.9)	16.5	(578.3)	5.3	(11.5)			(1,687.9)	(1,255.6)	(109.8)	(19.0)		(0.3)	(397.1)	(6.0)		99.9	(1,687.9)	(36)	12			
FY98 Req	37,350.4	1,173.4	14,343.5	837.5	631.3	4,798.8		59,134.9	34,244.8	1,913.9	6,011.7	771.0	197.4	7,123.9	74.6	592.4	8,205.2	59,134.9	596	77			
FY98 Contr Comm	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
Change	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
FY98 Contr Comm	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
FY98 Auth	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
Change	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
FY98 Auth	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
FY98 Adj	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
Change	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		
Total Change	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	###	###		

GF Changes FY97 Contr Comm to FY98 Auth					Total	
FY97 Contr Comm to FY97 Auth	4.1	16.7	2.5		23.3	COLA for new union contracts
	20.1	61.8	7.2	0.8	89.9	COLA for new union contracts
	6.5	23.0	2.1	0.3	31.9	Health Insurance cost increase
FY97 Auth to FY98 Adj Base	26.6	84.8	9.3	1.1	121.8	
	(5.8)	(19.0)		(0.3)	(29.1)	Better Business Practices Reduction
	(170.0)				(100.0)	AWP General Fund Match reduction for contractual savings
FY98 Adj Base to FY98 Amend Req	(109.8)	(19.0)		(0.3)	(129.1)	
FY98 Amend Req to FY98 Contr Comm						
FY98 Contr Comm to FY98 Auth						
FY98 Auth to FY98 Adj						
Total	(79.1)	82.5	11.8	0.8	16.0	

**Budget
Overview**

FY 98

Agency Request

**Alaska Department of
REVENUE**

January

1997

Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

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What does this Publication Provide?

The Department of Revenue submitted a detailed budget request through the Governor's Office of Management and Budget. This publication summarizes the Governor's budget request for the department; it highlights program and budget changes from prior years; it provides a quick reference for individual program budgets.

Section 1 summarizes the department's organization and budget. It provides (1) information on what the department does; (2) a summary of the agencies that are administratively attached to the department; and (3) a listing of the boards and commissions that the Commissioner, or the Commissioner's representative, sits on.

Section 2 provides information on the eight components of the department's operations:

- Income and Excise Audit Division
- Oil and Gas Audit Division
- Treasury Division
- Child Support Enforcement Division
- Permanent Fund Divided Division
- Charitable Gaming Division
- Administrative Services Division
- Commissioner's Office

For each component, we provide (1) an organization chart, (2) a brief description of the programs and responsibilities, (3) a summary of the important issues facing each division, (4) a brief synopsis of changes in the FY98 proposed budget, and (5) a summary of past appropriations and the Governor's FY97 budget request. At the end of the section, we summarize the statutory authority for each component.

Section 3 provides information on Shared Taxes.

Section 4 provides information on the six boards and authorities that are attached to the Department for administrative purposes. Again, for each board or authority, we provide an organization chart, a brief description of the programs and responsibilities, and a summary of past appropriations and the Governor's FY97 budget request. At the end of the section, we summarize the statutory authority for each section.

Section 5 gives a summary of the Governor's five year capital budget request for the department and associated boards and authorities.

Department of Revenue FY98 Budget Overview

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Section 1.

Agency Overview

**Alaska Department of
REVENUE**

January

1997

**State of Alaska
DEPARTMENT OF REVENUE
ORGANIZATION CHART - FY98**

COMMISSIONER

ALASKA
HOUSING
FINANCE
CORPORATION

ALASKA
MUNICIPAL
BOND BANK
AUTHORITY

ALASKA STATE
PENSION
INVESTMENT
BOARD

ALASKA
PERMANENT
FUND
CORPORATION

ALASKA
MENTAL HEALTH
TRUST
AUTHORITY

ALCOHOLIC
BEVERAGE
CONTROL
BOARD

DEPUTY
COMMISSIONER
TREASURY

TREASURY

DEPUTY
COMMISSIONER
TAX & OPERATIONS

ADMINISTRATIVE
SERVICES

CHARITABLE
GAMING

CHILD SUPPORT
ENFORCEMENT

PERMANENT
FUND DIVIDEND

INCOME &
EXCISE AUDIT

OIL & GAS
AUDIT

**DEPARTMENT
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA	OTHER
PFT	274	5	153	1	2
PPT(Seasonal)	7		5		
TEMP	0		62		

UNIT	HEADQUARTERS	FIELD OFFICES
Inc. & Excise Audit	Juneau	Anch
Oil & Gas Audit	Anchorage	
Treasury	Juneau	
Child Support Enfc.	Anchorage	Fbks/Jnu/Wsilla/Sldtna
Perm. Fund Dividend	Juneau	Anch/Fbks
Charitable Gaming	Juneau	Anch/Fbks
Admin. Svcs.	Juneau	
Commissioner	Juneau	Anch/Sea

**BOARDS/CORPORATIONS/AUTHORITIES
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA	OTHER
PFT	296	18	13		31
PPT	7	3	1		15
TEMP	6	1	2		0

UNIT	HEADQUARTERS	FIELD OFFICES
AK Hous. Fin. Corp.	Anchorage	Bethel/Crdva/Dlhm Fbks/Homer/Jnu Kenai/Ketch/Kod Kotz/Nome/Ptrbrg Swrd/Sitka/Valdez Wasilla/Wrangel
AK Mun. Bond Bank	Anchorage	
AK State Pension Inv.	Juneau	
AK Perm. Fund Corp.	Juneau	
AK Ment. Health Trust	Anchorage	
ABC Board	Anchorage	

Department of Revenue FY98 Budget Overview

Agency Mission

To collect the correct state tax equitably, efficiently and expeditiously to fund services for Alaskans; to prudently manage the state treasury and the state pension funds; to ensure that eligible Alaskans receive their permanent fund dividends promptly; to ensure that children receive the financial support they need through the establishment and enforcement of child support orders; to issue charitable gaming licenses and permits and ensure that the state and charities receive the amounts to which they are entitled; to regulate the manufacture, barter, possession and sale of alcoholic beverages in the state; and to provide administrative support to the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, the Alaska Mental Health Trust Authority, and the Alaska Municipal Bond Bank Authority.

Operating Strategy

We continue to assess and evaluate the way we do business in the operating divisions of the Department of Revenue. Our management philosophy stresses ongoing reassessment of our programs to identify cost-saving ways to consolidate, innovate, and centralize our functions. This approach must be balanced, however, with the fact that the main mission of three of our divisions - Oil and Gas Audit, Income and Excise Audit, and Treasury - is to raise and protect general fund revenues. A delicate balance must be achieved in which we can continue to find operating efficiencies without jeopardizing our ability to raise and protect general fund revenues.

In our day to day operations, we stay focused on the "Three Es" - Education, Empowerment, and Enforcement. Taxpayers, child support obligors, and licensees need accurate information about their responsibilities and the payments they are required to make, and when and how to make them. They need easy-to-use forms and simplified filing and payment procedures. This allows them to comply with the laws of the state and do it voluntarily. If they do not comply, however, we are ready to enforce those statutes as is our vested responsibility.

Changes in Department General Fund Budget from FY97 to FY98

The Department reduced its general fund budget by approximately \$120,000 from FY97 to FY98. In the Oil & Gas Audit Division, the Retirement Incentive Program (RIP) savings begin to accrue in FY98, but will become more significant in FY99. We show a slight increase in Treasury expenditures, but this is primarily due to the costs associated with the strong performance of the stock market. We show a modest reduction in the Child Support Enforcement Division (CSED) general funds primarily due to CSED's ability to maximize its federal incentives and other federal funding.

Department of Revenue FY98 Budget Overview

Department of Revenue FY97 vs FY98 General Fund Budget

	FY97 Appropriated	FY97 Fiscal Notes	FY93 Adjustment of Base	FY98 Increase/ (Reduction)	Proposed FY98 Budget
Child Support Enforcement	1937.7	145.4	23.6	(37.5)	2,069.2
Alcoholic Beverage Control Board	644.4	0.0	10.5	(1.4)	653.5
Income & Excise Audit	3,447.7	0.0	57.6	(5.7)	3,499.6
Oil & Gas Audit	3,090.4	0.0	12.1	(85.9)	3,016.6
Treasury	1,116.2	0.0	9.9	15.2	1,141.3
Charitable Gaming	899.9	0.0	14.2	(.8)	913.3
Commissioner's Office	424.3	0.0	4.0	(3.0)	425.3
Administrative Services	456.8	0.0	4.4	(.5)	460.7
Total	12,017.4	145.4	136.3	(119.6)	12,179.5

Department of Revenue FY98 Budget Overview

Agency Budget Summary

Includes Boards and Commissions
(In thousands of dollars)

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	42,386.3	42,840.5	44,789.5	46,648.9
Travel	2,034.0	1,866.5	1,893.0	1,844.8
Contractual	59,732.5	70,266.7	67,701.2	79,146.2
Commodities	1,918.6	1,576.2	1,568.9	1,742.2
Equipment	1,988.4	996.3	958.7	930.7
Lands/Buildings	2,425.0	1,457.0	232.0	0.0
Grants	0.0	0.0	700.0	615.0
Miscellaneous	0.0	0.0	(265.0)	0.0
Total	110,484.8	119,003.2	117,578.3	130,927.8

POSITIONS:

Permanent Full Time	780	760	791	793
Permanent Part Time	53	55	34	38
Temporary	73	72	75	71

FUNDING:

1001 CBR Fund	0.0	451.5	0.0	0.0
1002 Federal Funds	28,076.5	26,955.6	27,872.7	28,742.2
1003 General Fund Match	1,689.9	1,860.7	2,043.1	1,963.4
1004 General Fund	8,948.8	8,459.6	8,417.5	8,423.2
1005 GF/Program Receipts	1,770.0	1,765.0	1,702.2	1,792.9
1007 Interagency Receipts	2,854.3	2,686.0	2,791.9	2,837.9
1011 Education Trust	35.1	19.7	16.6	17.6
1016 Federal Incentives	2,497.3	2,917.3	3,182.8	3,571.7
1017 Deferred Comp	148.0	45.9	75.4	3,205.3
1022 Corporation Receipts	41,182.9	46,215.7	41,639.8	43,286.1
1027 Int Airport	0.0	0.0	24.6	31.2
1029 Public Employ Retire	10,891.6	12,885.1	14,241.3	19,219.4
1034 Teachers Retirement	7,255.7	7,852.8	8,228.0	10,423.5
1042 Judicial Retirement	90.9	100.7	103.4	156.2
1045 Military Retirement	29.1	35.4	16.4	44.0
1046 Student Loan	0.0	0.0	20.9	22.4
1048 University Receipts	71.4	67.9	30.2	35.0
1050 PFD Fund	4,354.5	4,418.1	4,931.4	4,873.9
1053 Investment Loss Trust	35.2	18.7	16.4	17.5
1061 CIP Receipts	96.6	1,174.5	1,274.2	1,259.2
1066 Public School Fund	302.0	120.2	56.7	78.5
1092 Mental Health Trust Inc	155.0	952.8	0.0	0.0
1094 Mental Health Trust Admin	0.0	0.0	892.8	892.8
1098 Children's Trust Earnings	0.0	0.0	0.0	33.9

Does not include off-budget General Fund authorization for Shared Taxes.

Department of Revenue FY98 Budget Overview

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Section 2.

**Department
of Revenue
Division
Summaries**

**Alaska Department of
REVENUE**

January

1997

Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

Budget Summary

(in thousands of dollars)

OPERATING SUMMARY

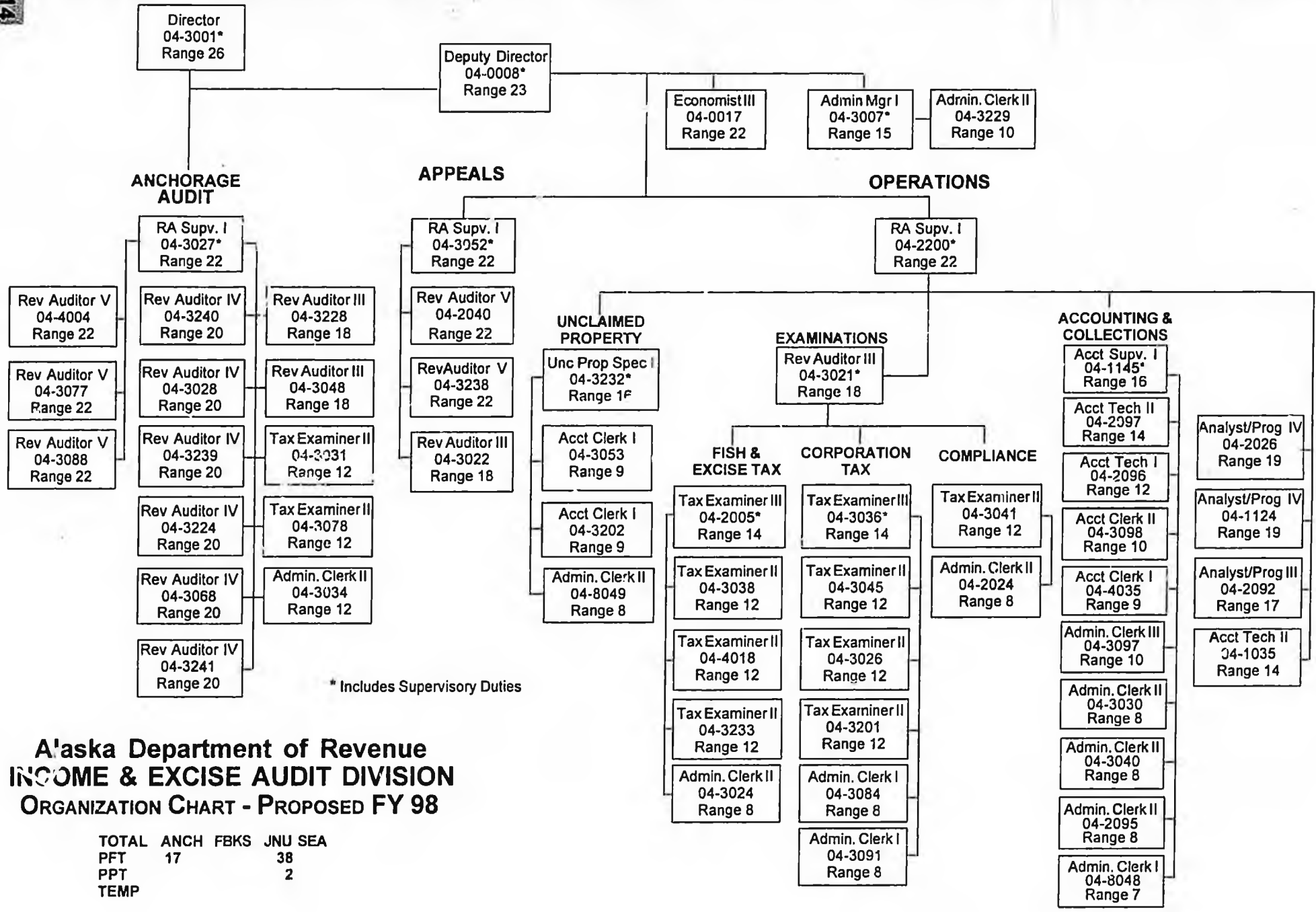
	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	21,220.0	22,533.7	23,315.9	23,877.2
Travel	399.1	431.4	456.9	458.3
Contractual	7,077.3	8,093.6	8,703.9	8,915.6
Commodities	375.1	305.6	297.7	408.1
Equipment	1,070.7	172.6	264.7	127.4
Lands/Buildings	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	(150.0)	0.0
Total	30,142.2	31,536.9	32,889.1	33,786.6

FUNDING:

1001 CBR Fund	0.0	451.5	0.0	0.0
1002 Federal Funds	8,853.7	9,954.6	10,928.8	11,341.0
1003 General Fund Match	1,689.9	1,860.7	2,043.1	1,963.4
1004 General Fund	8,948.8	8,459.6	8,417.5	8,423.2
1005 GF/Program Receipts	1,115.7	1,125.7	1,057.8	1,139.4
1007 Interagency Receipts	2,142.0	2,072.5	2,162.3	2,237.9
1011 Education Trust	35.1	19.7	16.6	17.6
1016 Federal Incentives	2,497.3	2,917.3	3,182.8	3,571.7
1027 Int Airport	0.0	0.0	24.6	31.2
1029 Public Employees Retire	0.0	0.0	0.0	0.0
1034 Teachers Retirement	0.0	0.0	0.0	0.0
1042 Judicial Retirement	0.0	0.0	0.0	0.0
1045 Military Retirement	0.0	0.0	0.0	0.0
1046 Student Loan	0.0	0.0	20.9	22.4
1048 University Receipts	71.4	67.9	30.2	35.9
1050 PFD Funds	4,354.5	4,418.1	4,931.4	4,875.9
1053 Investment Loss Trust	35.2	18.7	16.4	17.5
1061 CIP Receipts	96.6	50.4	0.0	0.0
1066 Public School Fund	302.0	120.2	56.7	78.5
1098 Children's Trust Earnings	0.0	0.0	0.0	33.9

POSITIONS:

Permanent Full Time	419	427	441	435
Permanent Part Time	13	15	7	12
Temporary	62	62	62	62



* Includes Supervisory Duties

**Alaska Department of Revenue
INCOME & EXCISE AUDIT DIVISION
ORGANIZATION CHART - PROPOSED FY 98**

	TOTAL	ANCH	FBKS	JNU	SEA
PFT	17			38	
PPT				2	
TEMP					

Department of Revenue FY98 Budget Overview
Income and Excise Audit Division

Overview

The Income and Excise Audit Division (IEAD) is responsible for forecasting and collecting state tax revenue from the following tax types: corporation net income, alcoholic beverages, motor fuel, tobacco, fisheries business, salmon enhancement, seafood marketing, salmon marketing, fishery resource landing, electric cooperative, telephone cooperative, mining license, coin-operated devices, regulatory cost charges, and estate. IEAD also has responsibility for administering the state's unclaimed property program and shared tax programs.

IEAD has four sections. The Operations Section performs the following with respect to taxes: accounting, collections, tax return examination, compliance, and shared taxes administration. This section also administers the state's unclaimed property program and provides support for division-specific computer programming needs. The Audit Section performs taxpayer field audits for the taxes the division administers. This section also provides taxpayer assistance, researches tax policy, coordinates the division's efforts with the Internal Revenue Service, and assists with specific research projects. The Appeals Section administers taxpayer informal conference requests, participates in settlement negotiations, researches tax policy, and coordinates the division's efforts with the Department of Law when tax appeals proceed to the formal hearing or court. The Research Section (1) maintains forecast models for all state taxes except oil and gas production tax and property tax types; (2) assists the Oil and Gas Audit Division in preparing semiannual revenue forecasts; and (3) performs research and analysis related to proposals for altering existing tax structures and introducing new state taxes.

Issues

IEAD has four main issues we are working on: 1) expanding our examination of industries other than oil & gas corporations, 2) improving our use of new technology to offset budget reductions, 3) completing a major review of oil & gas corporate tax regulations, and 4) addressing a decline in revenue through the erosion of our tax base and nonfiling activities of certain taxpayers.

1) Efficiencies gained from using a team audit approach has made more staff audit hours available for examination of businesses and tax programs in addition to our major oil & gas taxpayers. The focus for these resources is implementing an enhanced automated motor fuel reporting system and an expanded review of mining and exempt organizations. Within the next year we expect both a formal hearing decision and new legislation to address the taxation of exempt organizations. 2) We continue to modify both the hardware and software which runs our Computer Tax Accounting System. Our objectives include increasing the data entry speed and having more automated data audits (versus field audits) to highlight compliance problems. These steps are necessary to enable us to keep production growing while absorbing \$180,000 in budget cuts over the past two fiscal years. 3) We are working with the industry to simplify our oil & gas tax regulations and hope to have public hearings and final regulations by early FY98. 4) We are working to identify weaknesses in the taxing scheme to broaden the overall tax base. First the use of oxygenated fuel (gasohol) in Anchorage is costing the state Treasury \$8 million in FY97 due to an unanticipated tax exemption. The department is recommending legislation to

Department of Revenue FY98 Budget Overview

address this. Secondly we have been actively seeking taxpayers who have not been meeting their annual filing requirements. Pursuing nonfiling taxpayers spreads the tax burden equitably and insures that a broad-based tax system exists.

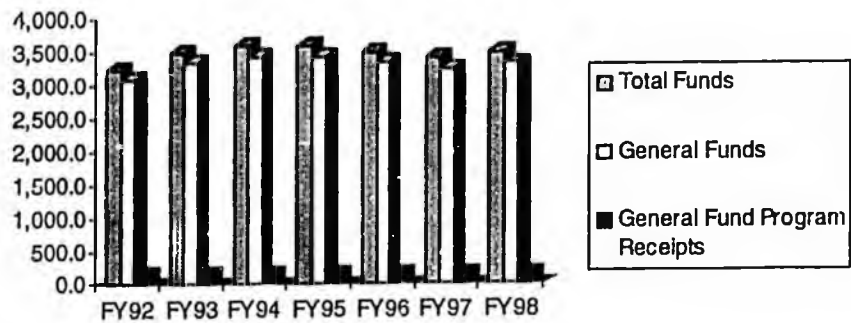
Changes from FY97 to FY98

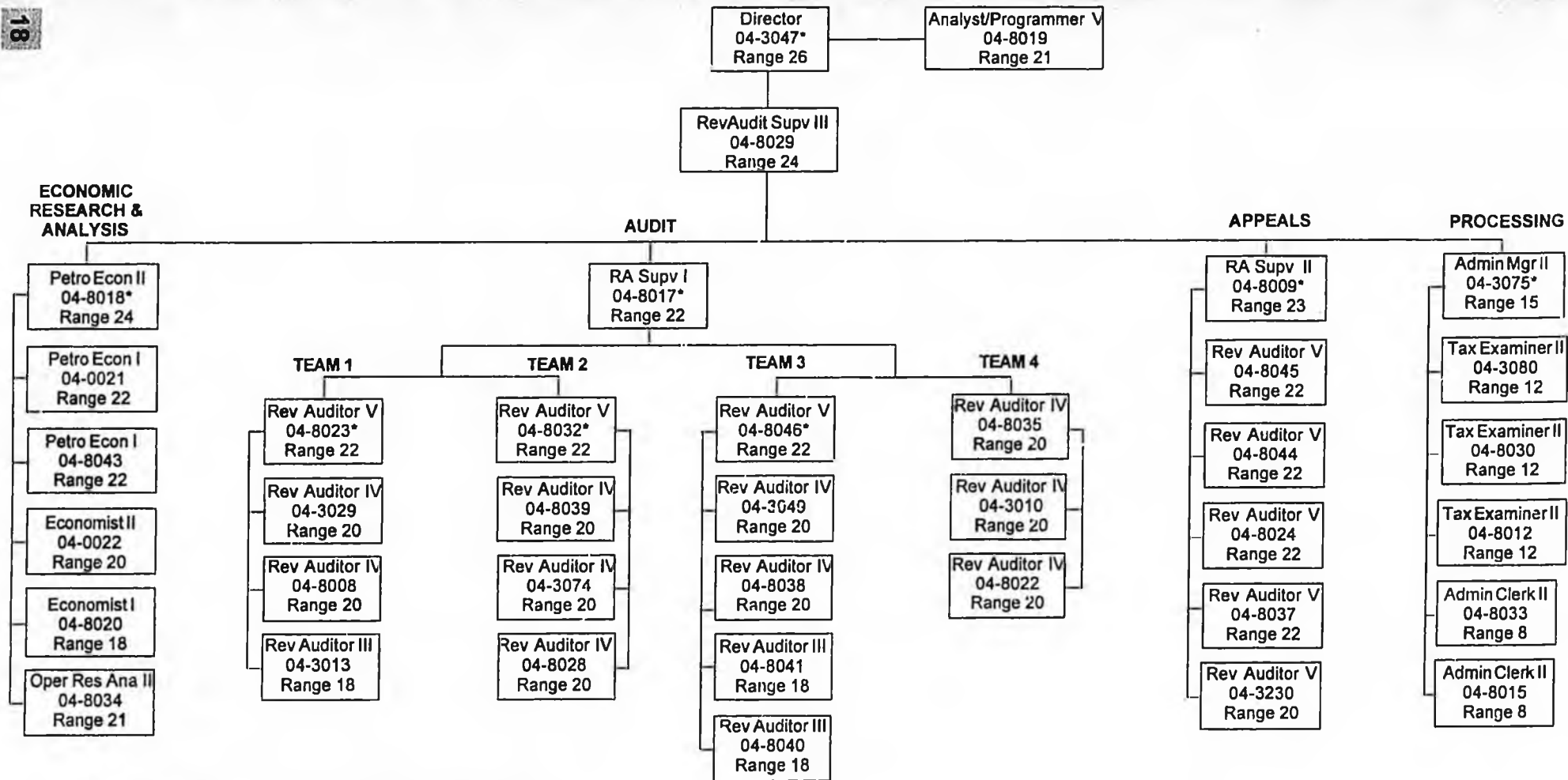
The budget request for FY98 includes the deletion of one position in the Anchorage Field Office. The deletion of this vacant position enables the IEAD to stay within allowed vacancy rates.

Department of Revenue FY98 Budget Overview
Income and Excise Audit Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,981.2	3,121.2	3,067.6	3,125.2
Travel	138.5	107.1	102.1	99.3
Contractual	298.3	255.1	247.8	244.9
Supplies	60.2	30.2	30.2	30.2
Equipment	123.0	0.0	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	3,601.2	3,513.6	3,447.7	3,499.6
FUNDING:				
1004 General Fund	3,444.6	3,357.0	3,289.8	3,339.3
1005 GF/Program Receipt	156.6	156.6	157.9	160.3
POSITIONS:				
Permanent Full Time	57	57	56	55
Permanent Part Time	0	2	2	2
Temporary	0	0	0	0

FY92 - FY98 Summary





**Department of Revenue
OIL AND GAS AUDIT DIVISION
ORGANIZATION CHART - PROPOSED FY 98**

* Includes Supervisory Duties

TOTAL	ANCH	FBKS	JNU	SEA
PFT	32			
PPT	6			
TEMP				

Department of Revenue FY98 Budget Overview

Oil and Gas Audit Division

Overview

The Oil and Gas Audit Division (OGAD) is responsible for collecting state tax revenue from the Oil and Gas Production Tax and Oil Surcharge, the Oil and Gas Property Tax, and the Conservation Tax. The OGAD is also responsible for forecasting oil and gas royalty and production tax revenue. The OGAD staff are working to resolve the last of the disputes related to the Separate Accounting Corporate Income Tax, which was repealed in 1981.

The OGAD is organized into five sections. The Processing Section is responsible for processing and performing the initial review and examination of all oil and gas production tax returns. The Audit Section audits all production tax returns and performs audits of oil and gas royalty payments as requested by the Department of Natural Resources. The Appeals Section staff administer taxpayer informal conference requests, participate in settlement negotiations and coordinate the division's efforts with the Department of Law when tax appeals proceed to the formal hearing or court stage. The Property Tax administrator performs an annual statewide assessment of oil and gas property taxes. The Economic Research Section has the following responsibilities: (1) prepare semiannual revenue forecasts for the legislature and the executive branch; (2) perform real-time analysis of North Slope oil disposition contracts; (3) research economic issues related to the state's oil and gas revenues; and (4) provide support to the Commissioner's Office researching oil and gas policy issues. The staff of the Audit, Appeals, and Economic Research Sections also perform analysis as necessary for the promulgation of new regulations.

Issues

The OGAD is nearing resolution of the remaining tax and separate accounting income tax disputes from the late 1970's and the 1980's. Regulations adopted in January 1995 clarified many issues related to the Oil and Gas Production Tax. The division is now developing additional regulations to provide clarity and tax certainty to its taxpayers. The net result of these two regulation projects is simplification of the audit process in the future.

Most of our production tax audits are now current. Future audits will be simplified. As a result, the division can move toward more real-time monitoring of oil markets and transportation costs. In addition, the division plans to become involved in future audits pertinent to the Trans Alaska Pipeline System tariffs.

With declining state revenues and a growing fiscal gap, policy makers are shifting their focus on the Department's short-term revenue forecast to our long-term revenue forecast. To respond to this shift, we will work to improve our long-term oil price forecasts and our assessments of long-term North Slope production volumes.

Changes from FY97 to FY98

The Division's FY98 budget request includes an overall reduction of \$73.8 and the deletion of one full-time position from an employee who participated in the Retirement Incentive Program (RIP). We anticipate that an additional five to eight employees will participate in the RIP program in FY98. If the number of employees who are scheduled to RIP in 1998 do not do so, staff reductions will be made to offset the budget shortfall.

Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

Oil and Gas Audit Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,932.9	2,932.9	2,663.6	2,616.8
Travel	59.6	105.3	34.3	89.8
Contractual	471.7	387.4	318.1	295.6
Supplies	15.2	14.4	14.4	14.4
Equipment	25.9	0.0	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	3,505.3	3,440.0	3,090.4	3,016.6

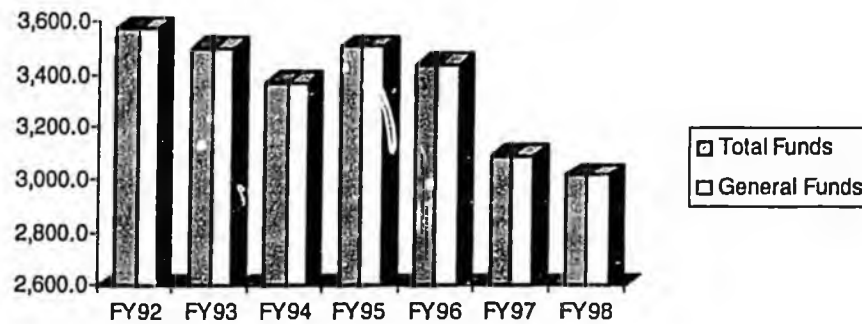
FUNDING:

1004 General Fund	3,505.3	3,440.0	3,090.4	3,016.6
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POSITIONS:

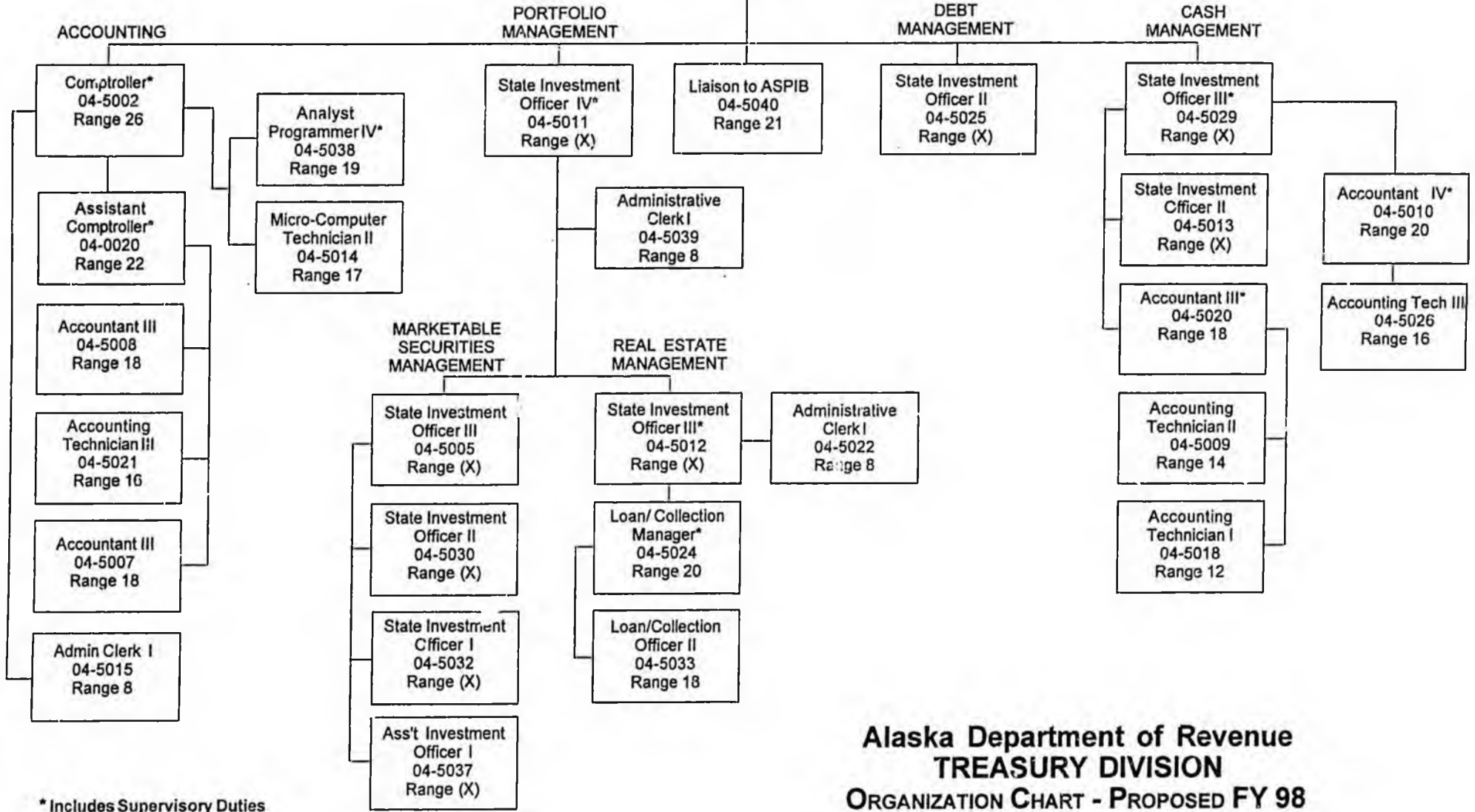
Permanent Full Time	40	40	38	32
Permanent Part Time	0	0	1	6
Temporary	0	0	0	0

FY92 - FY98 Summary



Deputy
Commissioner*
04-5001
Range 28

Secretary II
04-5003
Range 11



* Includes Supervisory Duties

**Alaska Department of Revenue
TREASURY DIVISION
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL ANCH FBKS JNU SEA
PFT 29
PPT
TEMP

Department of Revenue FY98 Budget Overview

Treasury Division

Overview

The Treasury Division (Treasury) manages the state's financial assets. This includes collection and disbursement of all state funds, investment of the eleven funds under the fiduciary control of the Commissioner of Revenue, the six retirement funds under the fiduciary control of the Alaska State Pension Investment Board and the issuance and oversight of all state debt. Treasury also serves as staff to the Alaska State Pension Investment Board (ASPIB) and the State Bond Committee. Treasury's mission is to prudently manage the state treasury and state pension funds.

Treasury is set up with four sections:

The Cash Management Section staff processes all revenues, pays all expenditures, monitors the state's daily cash balances for investment purposes, ensures compliance with the Federal Cash Management Improvement Act and manages all state banking relationships. The Cash Management staff also performs accounting and reconciliation of cash transactions for the state and prepares general fund cash flow projections for state policy makers.

The Portfolio Management section staff directly manages all of the fixed income portfolios of the state funds and pension funds, and oversees the activities of managers hired to invest funds not invested in the fixed income portfolios. The section also provides staff support for the ASPIB and manages the real estate holdings of the pension funds.

The Accounting Section oversees the safekeeping and custody of the state's financial assets. The staff (1) maintains the accounting records and provides monthly reports of all investment activity for state funds and (2) provides data processing support for Treasury.

The Debt Manager serves as staff to the State Bond Committee and has responsibility for issuance, refunding and administration of general obligation bonds, lease-financing, and International Airport System revenue bonds. The Debt Manager is the principal state contact with the bond rating services and the national financial community.

Issues

In FY98 the Division will focus on meeting or exceeding investment benchmarks for all of the funds managed by the Division. Treasury will also work on assisting other agencies in converting to electronic payments and an automated draw-down system for federal funds.

Changes from FY97 to FY98

The FY98 budget for Treasury includes a \$73,800 increase in personal services for salary increases for the Investment Officers in the Portfolio Management Section. These are exempt positions, currently held by two Chartered Financial Analysts (CFA's), two CFA candidates and the Chief Investment Officer. To fulfill fiduciary responsibility for the funds managed, the Division believes it is necessary to pay competitively to ensure qualified personnel are in these positions. The competition for candidates locally is the Permanent Fund Corporation. Nationally, competition exists in investment brokerage firms, Wall Street, and throughout the world.

Department of Revenue FY98 Budget Overview

Because Treasury provides staff to the Alaska State Pension Investment Board (ASPIB) and a substantial amount of time is directed toward managing the retirement funds, Treasury has a cost allocation agreement with the Board whereby ASPIB funds 70% of all personal services costs in Treasury.

This request also includes a new funding source for Alaska Children's Trust Fund. Treasury has been managing the investments for this fund since July 1996.

Treasury has requested a \$34,400 increment in General Fund contractals. (This increment has been offset partially by a General Fund decrement in personal services. The net increment in General Funds is \$18,000.) This is to cover an increase in the cost of current investment information services plus the addition of a new service to monitor equity markets. Treasury utilizes these services (which include Bloomberg, Telerate, Salomon Yieldbook, BARRA, S&P Credit Reporting and Moody's) to monitor the credit standing of fixed income securities held or being evaluated for purchase; to run what-if analyses on current portfolios to determine the likely outcome of various market changes; and to analyze and monitor the performance of external equity managers. The cost of these tools are shared 70/30 with ASPIB under our cost allocation agreement. Rates for Bloomberg increased in the fall of FY 97, and BARRA is being added as the other products do not provide equity analytics.

NOTE: Treasury's budget does not include funding from or expenditures for the CBRF. As a result of discussions regarding the CBRF's asset allocation during the last legislative session, a portion of CBRF has been invested in equities (beginning in FY97). Treasury will be seeking FY97 CBRF funding for the resultant fees in a supplemental to be introduced early in the coming session. Depending on our ability to gain funding and thereby maintain the current asset allocation, our FY98 budget may increase by the amount of CBRF investment related management fees.

Department of Revenue FY98 Budget Overview

Treasury Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,035.9	2,065.1	2,097.6	2,208.8
Travel	22.3	22.3	24.6	23.6
Contractual	399.6	720.8	608.2	665.9
Supplies	38.3	45.0	17.5	17.5
Equipment	50.1	24.4	24.4	24.4
Lands/Buildings	0.0	0.0	0.0	0.0
Total	3,046.2	2,853.2	2,772.3	2,940.2

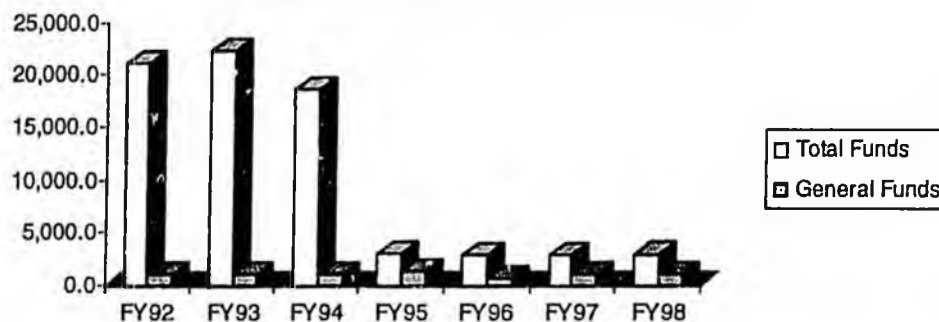
FUNDING:

1001 CBR Fund	0.0	451.5	0.0	0.0
1004 General Fund	1,221.6	768.6	1,116.2	1,141.3
1007 Interagency Receipts	1,380.9	1,406.6	1,490.7	1,562.8
1011 Education Trust	35.1	19.7	16.6	17.6
1027 Int Airport	0.0	0.0	24.6	31.2
1046 Student Loan	0.0	0.0	20.9	22.4
1048 University Receipts	71.4	67.9	30.2	35.0
1053 Investment Loss Trust	35.2	18.7	16.4	17.5
1066 Public School Fund	302.0	120.2	56.7	78.5
1098 Child Tr Ern	0.0	0.0	0.0	33.9

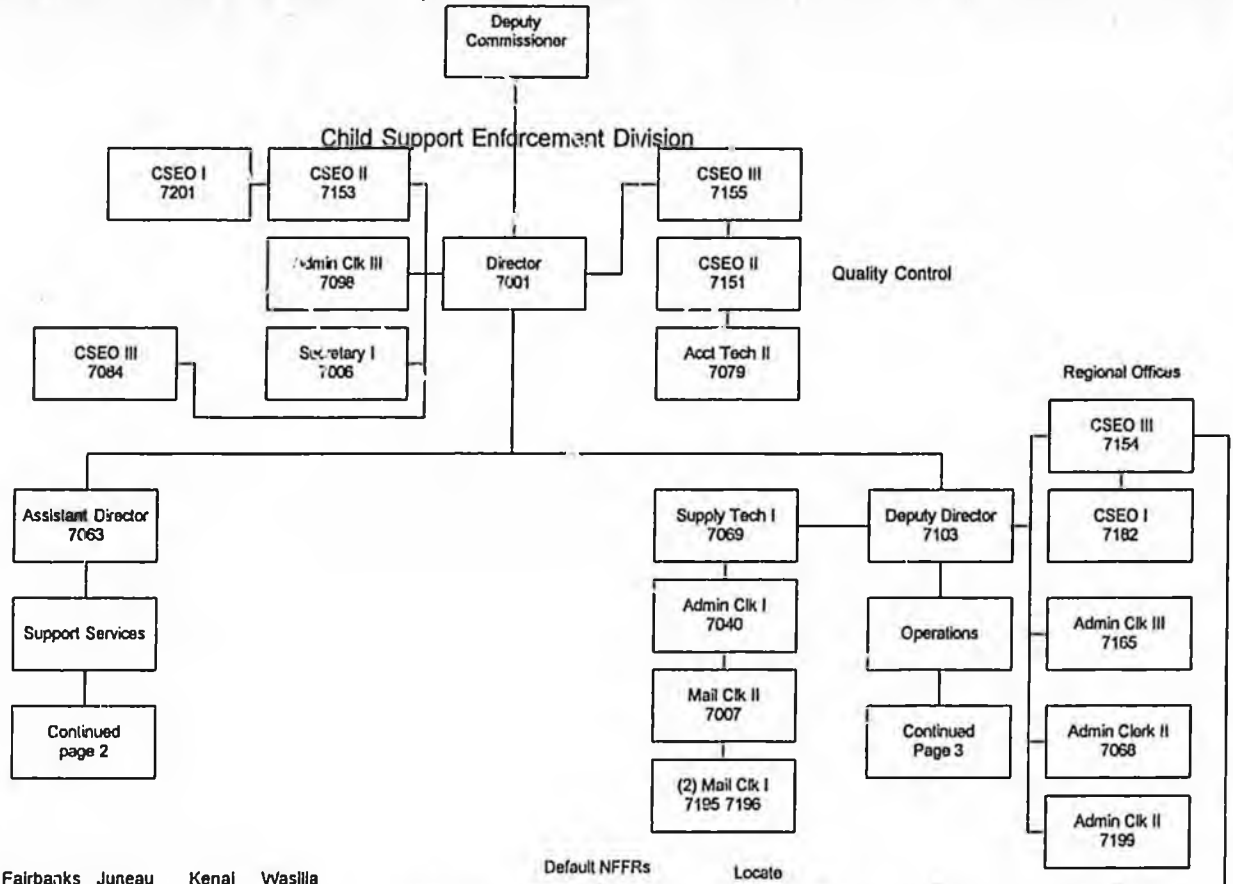
POSITIONS:

Permanent Full Time	29	29	29	29
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary
(FY92-FY94 figures include ASPIB)



Department of Revenue



Positions Anchorage Fairbanks Juneau Kenai Wasilla

Total PFT 210

5

4

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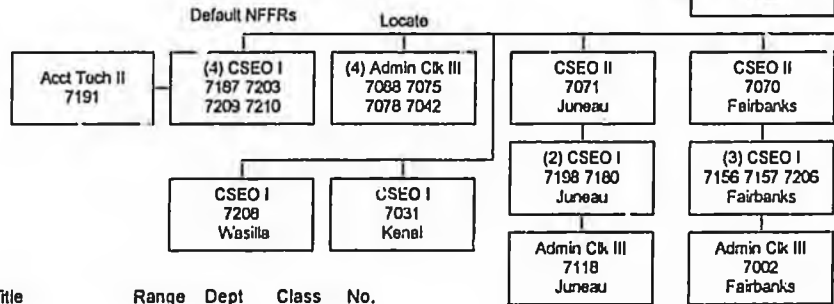
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Glenda Straube, Director

Date

Wilson L. Condon, Commissioner

Date

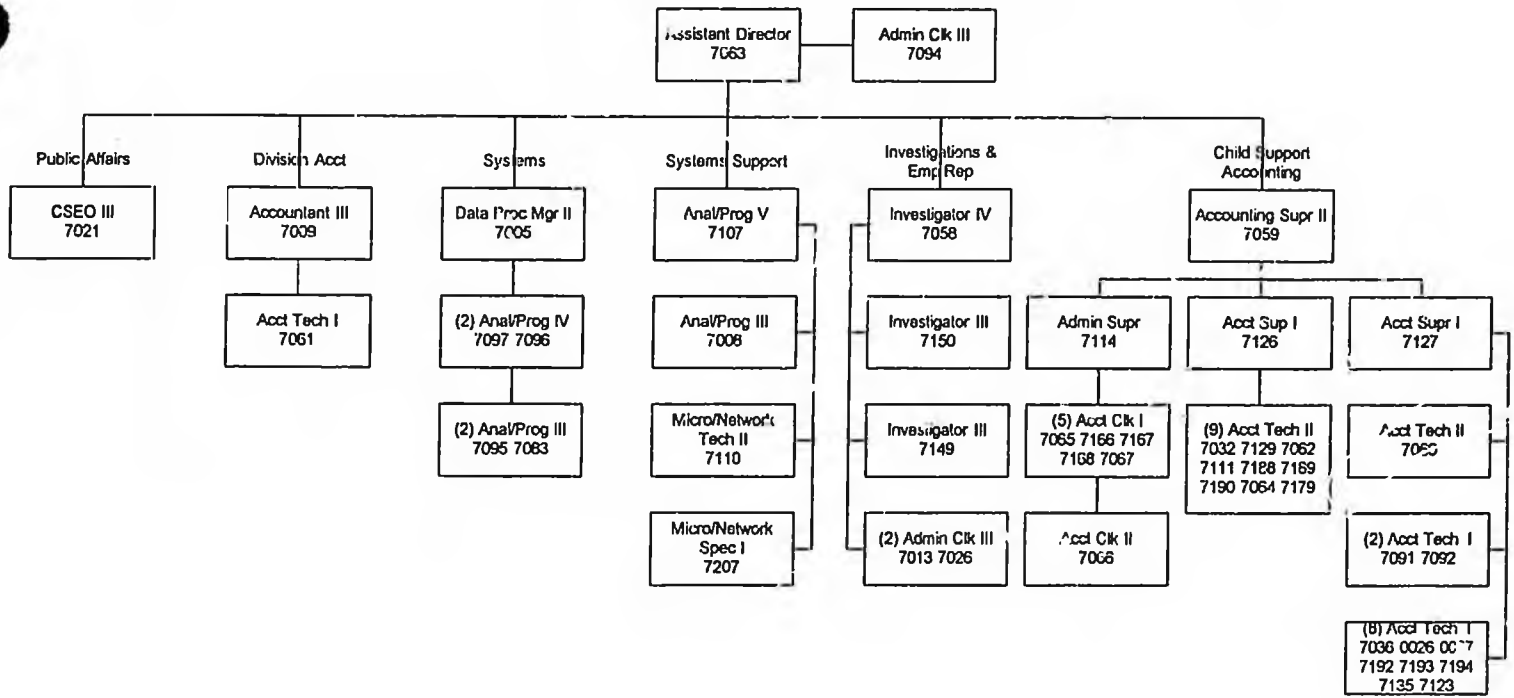


Position Title	Range	Dept	Class	No.	Position Title	Range	Dept	Class	No.
Division Director	26	04	EX	01	Accounting Tech I	12	04	CL	11
Deputy Director	23	04	PX	01	Accounting Clerk II	10	04	CL	01
Assistant Director	22	04	CL	01	Accounting Clerk I	9	04	CL	05
CSEO IV	21	04	CL	01	Mail Clerk Carrier II	9	04	CL	01
CSEO III	18	04	CL	08	Mail Clerk Carrier I	7	04	CL	02
CSEO II	16	04	CL	17	Micro/Network Spec I	17	04	CL	01
CSEO I	13	04	CL	98	Micro/Network Tech I	15	04	CL	01
Administrative Supervisor	12	04	CL	01	Data Processing Mgr II	22	04	CL	01
Administrative Clerk III	10	04	CL	39	Analyst Programmer V	21	04	CL	01
Administrative Clerk II	8	04	CL	02	Analyst Programmer IV	19	04	CL	02
Administrative Clerk I	7	04	CL	01	Analyst Programmer III	17	04	CL	03
Accountant III	18	04	CL	01	Supply Tech I	10	04	CL	01
Accounting Supervisor II	18	04	CL	01	Secretary I	10	04	CL	01
Accounting Supervisor I	16	04	CL	02	Investigator IV	20	04	CL	01
Accounting Tech II	14	04	CL	13	Investigator III	18	04	CL	02

All positions are located in Anchorage unless otherwise noted in the chart.

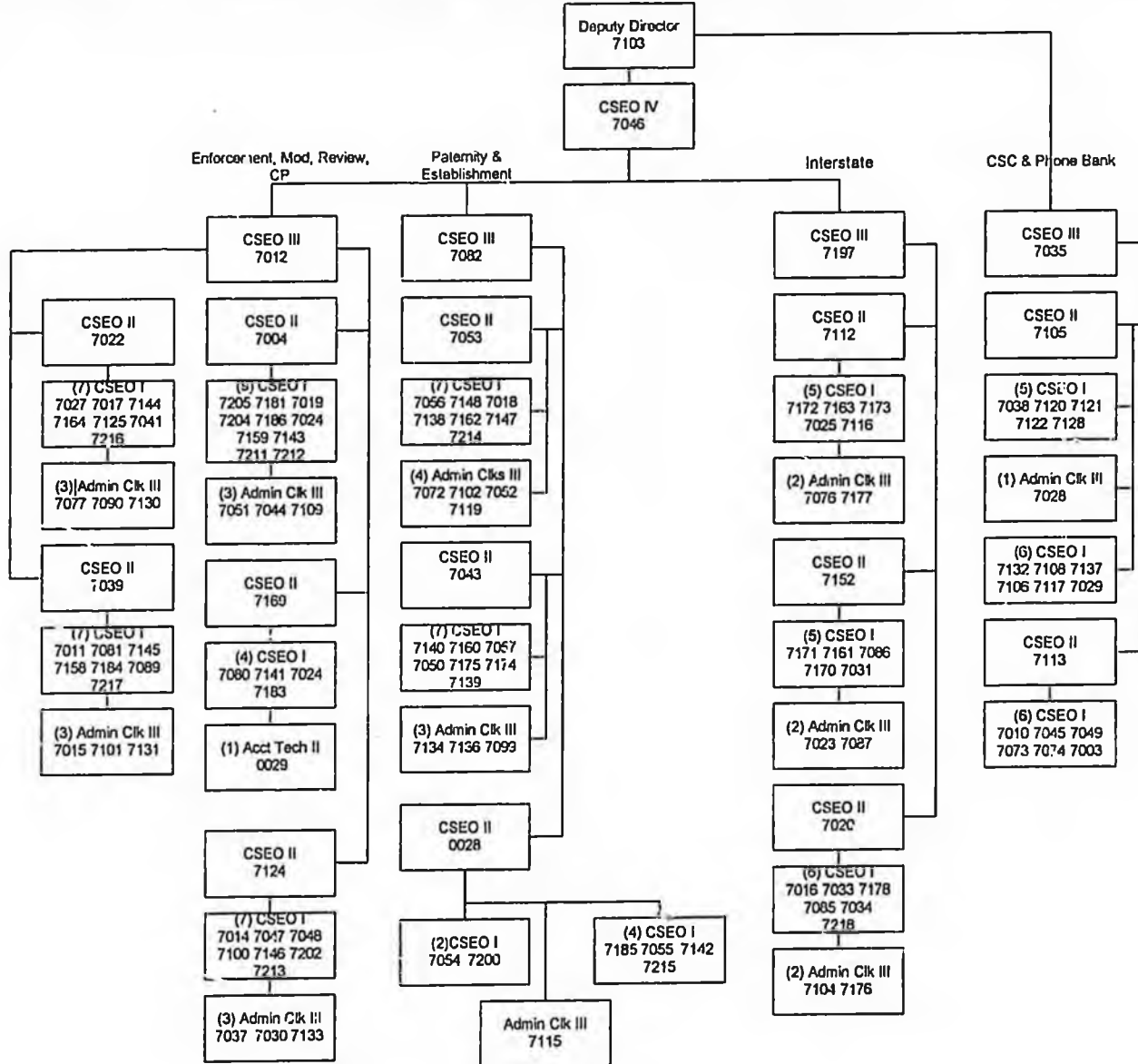
Department of Revenue

Child Support Enforcement Division



Department of Revenue

Child Support Enforcement Division



Department of Revenue FY98 Budget Overview
Child Support Enforcement Division

Overview

The goal of the Child Support Enforcement Division (CSED) is to ensure that Alaskan children receive financial support from both parents. CSED achieves this goal by: (1) helping children obtain support from non-custodial parents; (2) requiring parents to reimburse the state for Aid to Families with Dependent Children (AFDC), Medicaid and Foster Care support; and (3) establishing a paternity relationship between fathers and their children.

The CSED has three sections: Operations, Accounting and Systems. The Operations Section consists of 17 teams responsible for processing and enforcing the 46,000 cases currently pending in the agency. These responsibilities include: (1) case intake; (2) customer service; (3) paternity and establishment; (4) support amount establishment; (5) support amount modification; (6) in-state enforcement; and (7) interstate enforcement. The Accounting Section processes monthly payments made by the non-custodial parents and disburses the funds to families, the state and the federal government. The Systems Section provides data processing and other automated and technological support for the division.

During the past two years, CSED has increasingly focused on customer service and public education by implementing a rigorous program of employee training, a speakers bureau, a fully staffed phone bank, and a policy which allows direct public access to CSED caseworkers. We now conduct regular internal audits performed by a team of quality control professionals and we recently doubled our problem resolution staff. CSED has made significant strides in community outreach, particularly in rural Alaska, and regularly participates in Native Conferences, non-profit organization meetings, public service forums, high school classroom presentations and other community events.

Issues

Since 1994, we have significantly reduced our backlogs. We have reduced our establishment caseload (cases requiring establishment of either paternity or a support order or both) from 7,803 to 4,536 (3,800-4,000 would be a normal caseload for this section and represent a zero backlog).

Many important changes to CSED audit requirements arrived with the passage of federal welfare reform. While CSED has reduced its backlog, we still have considerable work to do in order to meet new compliance standards. For example, two federal time limits that the division was meeting (taking wage withholding action within fifteen days of receiving information about a new employer; and processing payments within fifteen days of receipt) have now been changed and both must be accomplished in 2 business days.

Although our audit standards have changed, our commitment to improving service to Alaskan families remains strong. With this in mind, we look forward to even greater success during the coming year.

Department of Revenue FY98 Budget Overview

Changes from FY97 to FY98

The budget request for FY98 includes increments in personal services and contractual services. The personal services increase will fund upgrading Administrative Clerk IIIs to Child Support Enforcement Officer Is. These upgrades will assist the Division in maintaining the expertise necessary to provide quality service to the public.

The contractual services increase funds additional costs for data processing chargebacks, process servers, space rental, printing, advertising, and equipment lease costs. The Division has curtailed costs in training, postage, paternity establishment, and some interagency service costs in an effort to minimize the contractual services increment.

Department of Revenue FY98 Budget Overview
Child Support Enforcement Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,167.1	8,983.1	9,754.4	10,323.1
Travel	77.6	102.1	140.2	158.3
Contractual	3,510.8	4,897.0	5,444.0	5,626.8
Supplies	146.7	121.8	133.1	241.4
Equipment	638.7	168.6	189.3	90.5
Lands/Buildings	0.0	0.0	0.0	0.0
Total	12,540.9	14,272.6	15,661.0	16,440.1

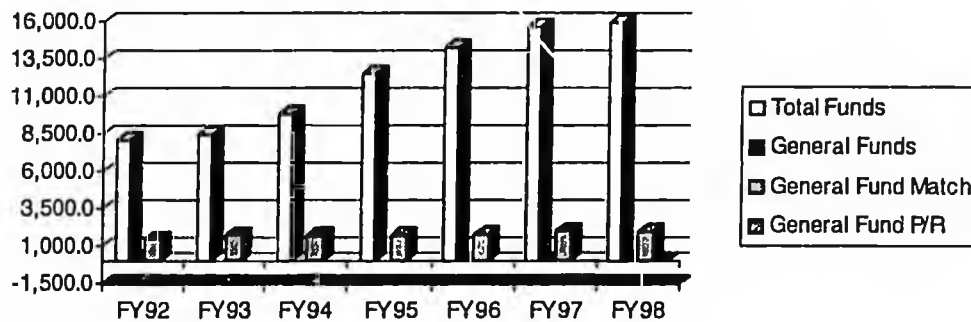
FUNDING:

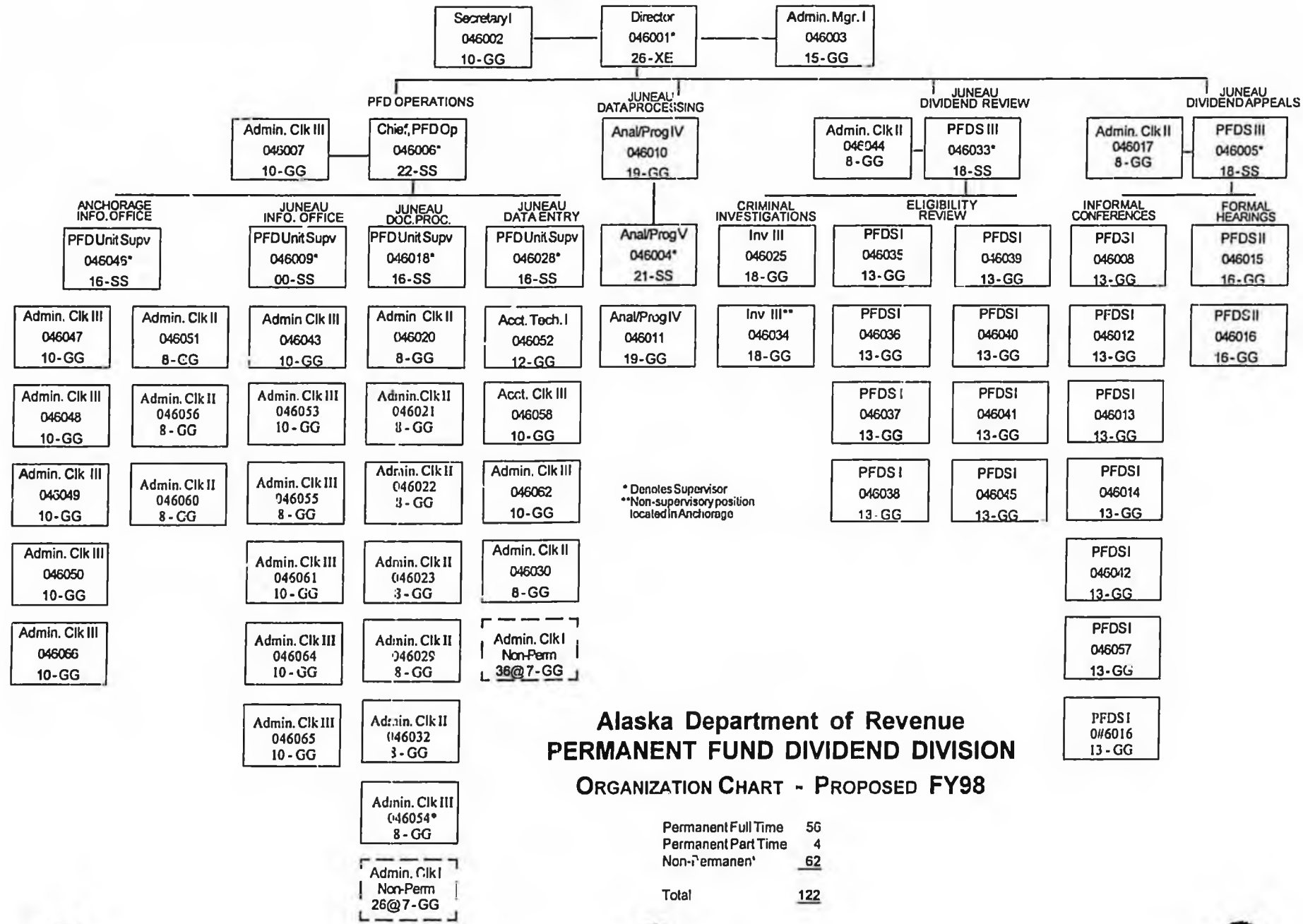
1002 Federal Funds	8,353.7	9,454.6	10,395.1	10,799.2
1003 General Fund Match	1,689.9	1,860.7	2,043.1	1,963.4
1004 General Fund	0.0	40.0	40.0	40.0
1005 GF/Program Receipts	0.0	0.0	0.0	65.8
1016 Federal Incentives	2,497.3	2,917.3	3,182.8	3,571.7

POSITIONS:

Permanent Full Time	202	210	221	221
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





**Alaska Department of Revenue
PERMANENT FUND DIVIDEND DIVISION
ORGANIZATION CHART - PROPOSED FY98**

Permanent Full Time	56
Permanent Part Time	4
Non-Permanent*	<u>62</u>
Total	<u>122</u>

Department of Revenue FY98 Budget Overview
Permanent Fund Dividend Division

Overview

The Permanent Fund Dividend Division (PFDD) is responsible for distributing Permanent Fund Dividend checks to each Alaska resident who applies and qualifies for the dividend.

The PFDD is organized into four units.

The Operations Unit staff processes each dividend application. The computer selects applications that need further review or have missing information. If information is missing, we send a request for additional information to the applicant. Applicants are either approved for payment, sent on for further review, or denied. The Operations Unit is also responsible for processing payments, garnishments, attachments, levies, writs and assignments of dividends, as well as collecting repayments of dividends issued to applicants in error.

The Dividend Review Unit is responsible for reviewing all applications forwarded by the Operations Unit for further eligibility determinations; the staff also reviews applications based on information received through the division's Fraud Hotline. After the staff performs a detailed review of each application, applicants are either approved for payment or sent a denial letter. The staff of the Criminal Investigation Section of the Dividend Review Unit investigates each case of suspected fraud.

The Appeals Unit staff is responsible for reviewing the appeals of those applicants who are denied dividends and choose to appeal their denial. Appeals officers objectively review cases under appeal, hold informal conferences, and issue written decisions either overturning or upholding the denial.

The Data Processing Unit staff maintain the division's data processing system on the state's mainframe computer. This section's staff ensure that up-to-date application and filing history information is available to the entire division.

Issues

The division's main goal continues to be improving customer service and enhancing public understanding of the eligibility requirements of the dividend program. We have expanded our rural outreach program by adding a northern region dividend information office. The division will be doing a complete review of the application process to ensure that the applicant understands the process and has every opportunity to file a complete and accurate application.

Changes from FY97 to FY98

The PFDD's FY98 adjusted base figure reflects a decrease of \$63,200 from the FY97 authorized budget. This is the result of fiscal notes which funded FY97 only and were removed from the FY98 adjusted base. An increment of \$48,000 is reflected in our FY98 budget submission; this is for second year funding of the fiscal note for SB 232, passed last legislative session.

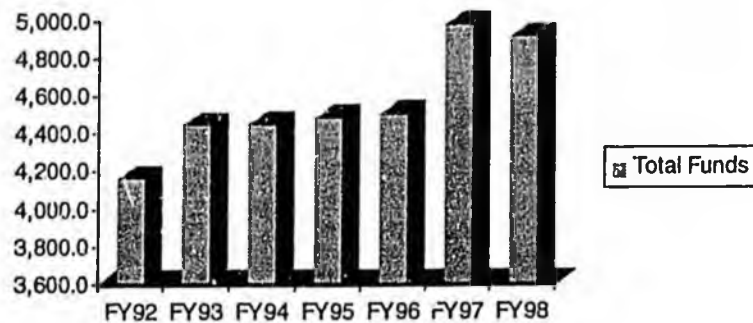
Department of Revenue FY98 Budget Overview

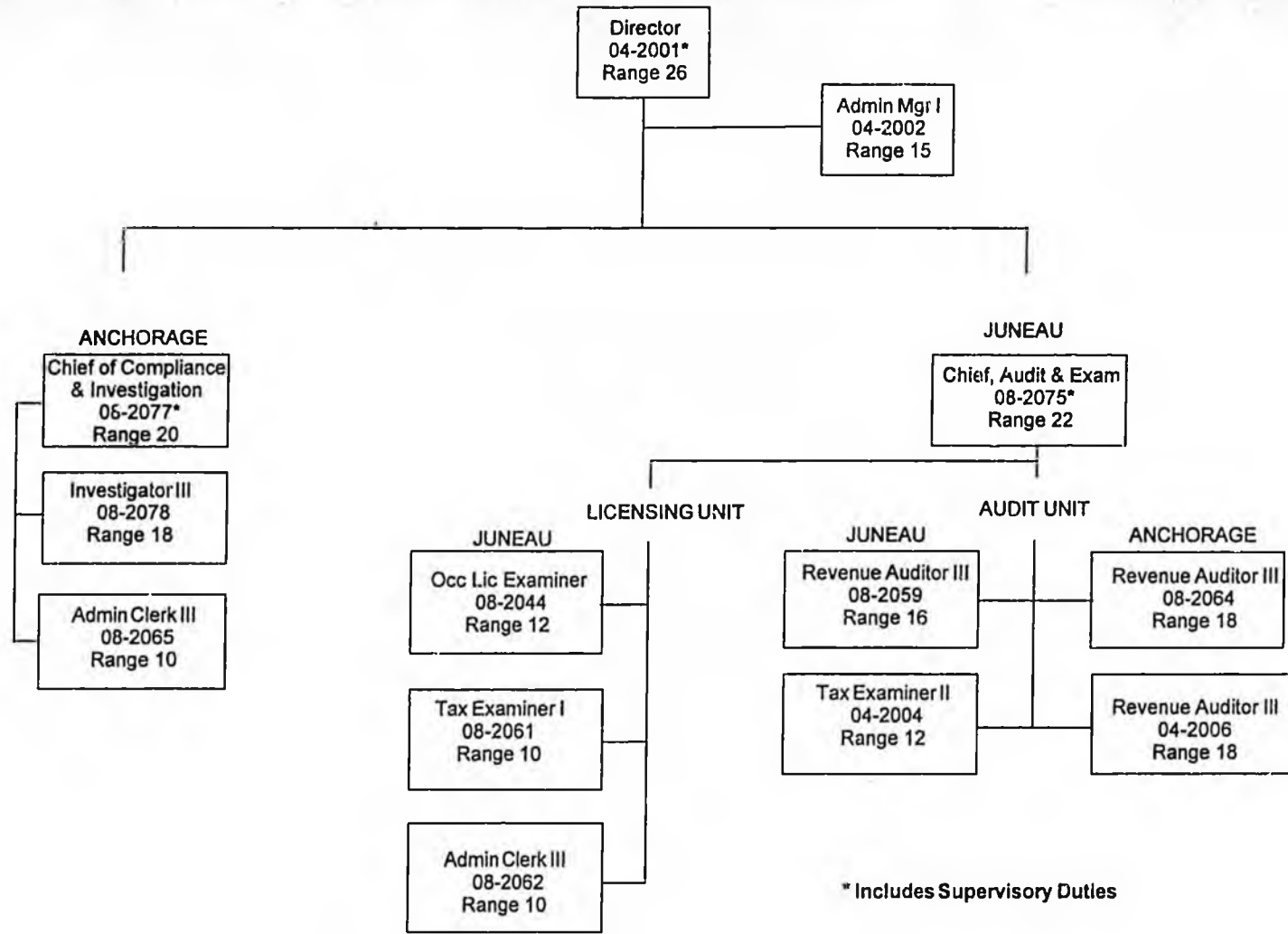
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Department of Revenue FY98 Budget Overview
Permanent Fund Dividend Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,832.3	2,899.7	3,098.1	3,071.3
Travel	25.6	30.0	30.0	30.0
Contractual	1,417.9	1,518.2	1,767.9	1,741.0
Supplies	72.4	57.4	33.2	64.2
Equipment	135.0	0.0	14.0	3.5
Lands/Buildings	0.0	0.0	0.0	0.0
Total	4,483.2	4,505.3	4,973.2	4,910.0
FUNDING:				
1007 Interagency Receipts	32.1	36.8	41.8	36.1
1050 PFD Fund	4,354.5	4,418.1	4,931.4	4,873.9
1061 CIP Receipts	96.6	50.4	0.0	0.0
POSITIONS:				
Permanent Full Time	48	48	55	56
Permanent Part Time	13	13	4	4
Temporary	62	62	66	62

FY92 - FY98 Summary





* Includes Supervisory Duties

**Alaska Department of Revenue
CHARITABLE GAMING DIVISION
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	5		8	
PPT				
TEMP				

Department of Revenue FY98 Budget Overview

Charitable Gaming Division

Overview

Certain kinds of gaming activities are permitted in the State of Alaska; only charitable organizations are permitted to conduct these activities. The Charitable Gaming Division administers the law pertinent to permitted gaming activities. Gaming in Alaska is a \$270 million enterprise. Of this, \$210 million is paid out in prizes; \$22 million goes to charities; \$1 million is paid to the state in taxes and fees; the remaining \$37 million goes for expenses, including money paid to gaming managers and operators.

The responsibilities of the division are to ensure that both the charities and the public treasury receive their shares of gaming proceeds. The division is also responsible for ensuring that gaming participants receive the prizes promised. To ensure that charitable organizations, gaming participants and the public treasury receive their respective proper shares, the division (1) issues permits and licenses; (2) conducts audits of charity and operator gaming activities; and (3) inspects gaming facilities and investigates charitable gaming activities.

Issues

The division plans to implement electronic filing of monthly reports for charitable gaming manufacturers and distributors. The division will also work to continue to decrease application processing times and to automate its review and audit efforts with the Gaming Management Computer System.

Changes from FY97 to FY98

The FY98 budget request for the division includes a general fund increase of \$13,400. This increase is the normal adjusted base increase. We limited the increase to personal services. Since the normal personal services increase was larger than the adjusted base increase, we have had to decrease other line items.

Department of Revenue FY98 Budget Overview

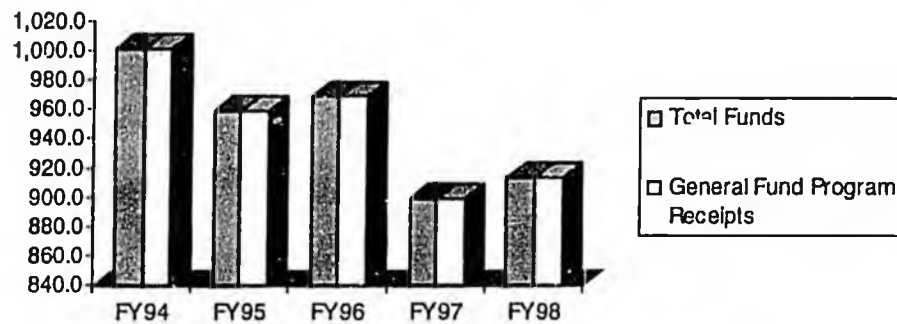
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Department of Revenue FY98 Budget Overview

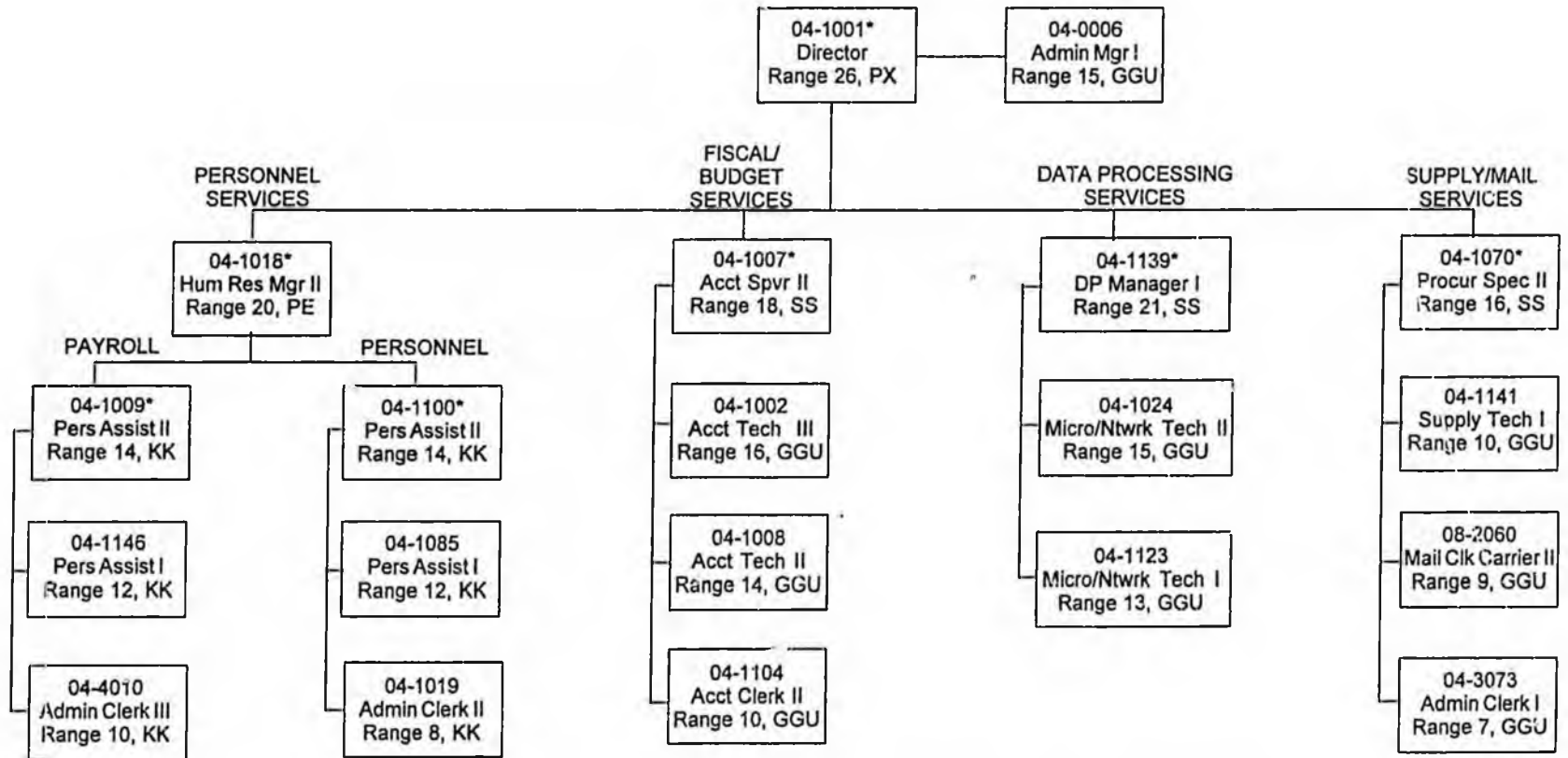
Charitable Gaming Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	764.7	799.7	747.5	771.9
Travel	40.9	30.0	30.0	24.2
Contractual	124.5	128.4	111.4	107.2
Supplies	9.5	7.0	7.0	6.0
Equipment	19.5	4.0	4.0	4.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	959.1	969.1	899.9	913.3
FUNDING:				
1005 GF/Program Receipts	959.1	969.1	899.9	913.3
POSITIONS:				
Permanent Full Time	15	15	13	13
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY94 - FY98 Summary



JUNEAU



* Includes Supervisory Duties

**Alaska Department of Revenue
ADMINISTRATIVE SERVICES DIVISION
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT			20	
PPT				
TEMP				

Department of Revenue FY98 Budget Overview

Administrative Services Division

Overview

The efficient internal operation of the Department of Revenue is the central goal of the Division of Administrative Services. The division provides centralized support services, helps formulate operating policies, and develops and implements management procedures for the department.

ASD has four sections. The Human Resources Section is responsible for a broad scope of human resource management services, including operation of the department's affirmative action program, employee assistance, training, personnel recruitment, grievance and payroll management activities. All department activities pertaining to the Americans with Disabilities Act and the Family and Medical Leave Act are coordinated through this section. The Fiscal and Budget Section provides a wide range of financial and management services, including administrative accounting (accounts payable and travel accounting), operating and capital budget development and coordination, operating budget administration, expenditure projections, professional contract review, and records management. The Purchasing and Mail Services Section implements the Department's purchasing policies and is responsible for general supply support. This section also provides central mail and courier services, office lease management assistance and property control. The Data Processing Section administers information technology services for several divisions in the department, including data administration, applications development, workstation support, data collection and technology planning. It is responsible for working with other divisions to develop and maintain a long-term information systems plan for the department.

Issues

ASD is proposing no increases to our current budget. The division is undergoing a change in how the division conducts business due to new delegations of duty from the Department of Administration. The Human Resource Section's workload has been increased to include the ordering and dispositioning of eligible lists; approving, establishing and extending non-permanent positions; and examining department-specific applications, which includes receipting applications, determining eligibility, scoring, and responding to appellants. Fiscal and Budget will feel the impact of delegated professional services contracting and requests for alternate procurement authority. With the new delegations, the Purchasing and Mail Services Section will be processing contract awards, invitations to bid, and competitive sealed bids and proposals, as well as implementing the improved bulk mailing processes. The Department of Administration is no longer able to administer information technology security, so the Data Processing Section has been given responsibility to plan, procure and support firewall services to protect information systems and networks from intrusion by non-authorized external sources. Because we are performing these new functions without additional resources, we are constantly evaluating how we can perform our workload in a more efficient and effective manner.

We are currently undertaking an indirect cost allocation study to address how ASD charges Department of Revenue divisions for our service. More stringent federal guidelines for CSED programs make it necessary to develop indirect cost chargeback methodologies which can withstand federal program audit requirements. The results of this study may dictate a change in the funding mix of our division.

Department of Revenue FY98 Budget Overview

In FY98, we plan to implement a quality improvement program which identifies ways to improve business operations. We will primarily use employee action teams to address these efforts.

Changes from FY97 to FY98

The Administrative Services Division is proposing a flat budget for FY98. Nominal increases for salary adjustments and health premium costs were added to FY98 adjusted base figures; a \$500 decrease for better business practices was also included.

Department of Revenue FY98 Budget Overview

Administrative Services Division

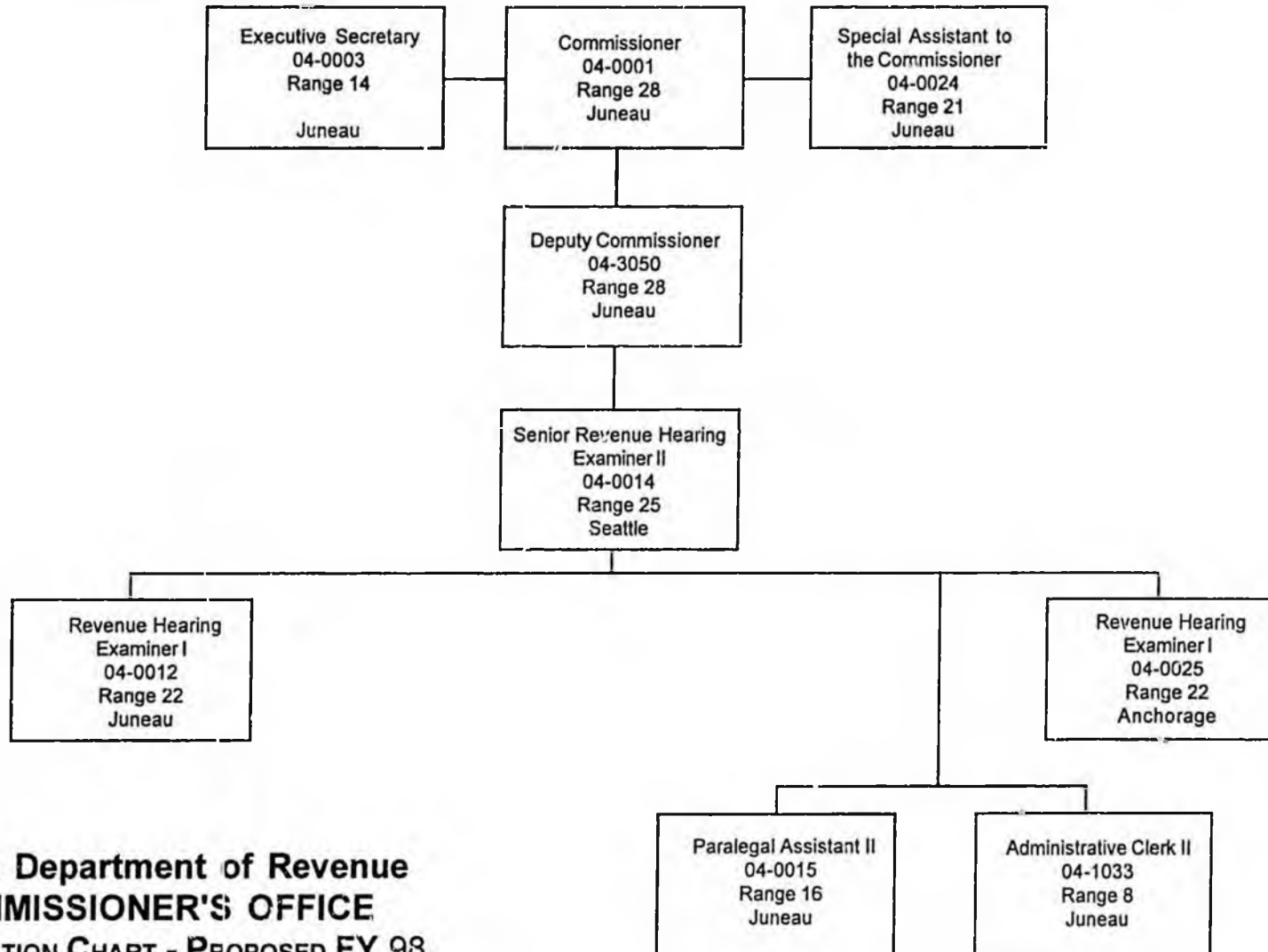
	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	934.6	959.3	1,053.6	1,077.1
Travel	4.0	4.0	5.1	5.0
Contractual	36.6	45.1	63.7	79.2
Supplies	15.4	12.4	14.9	17.0
Equipment	30.0	0.0	33.0	5.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	1,020.6	1,020.8	1,170.3	1,183.3
FUNDING:				
1002 Federal Receipts	300.0	300.0	302.2	306.1
1004 General Fund	372.0	372.1	456.8	460.7
1007 Interagency Receipts	348.6	348.7	411.3	416.5

POSITIONS:

Permanent Full Time	19	19	20	20
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





Alaska Department of Revenue
COMMISSIONER'S OFFICE
ORGANIZATION CHART - PROPOSED FY 98

TOTAL	ANCH	FBKS	JNU	SEA
PFT	1		7	1
PPT				
TEMP				

Department of Revenue FY98 Budget Overview

Commissioner's Office

Overview

The Commissioner's Office main role is twofold: first, to assist the operating divisions in the department in achieving their stated goals, and second, to assist the operating divisions in finding new and innovative ways to provide services to the public. In addition, the appeals section of the Commissioner's Office hears formal appeals for the Permanent Fund Dividend Division, the Child Support Enforcement Division, and the Charitable Gaming Division. On July 1, 1996, the responsibility for hearing formal tax appeals moved out of the Department of Revenue and into the Department of Administration.

The Commissioner of Revenue also sits on numerous boards -- the Alaska Permanent Fund Corporation, the Alaska State Pension Investment Board, the Alaska Housing Finance Corporation, the Alaska Industrial Development and Export Authority, the Alaska Municipal Bond Bank Authority, the State Bond Committee, the Alaska Royalty Oil & Gas Advisory Board, the Public School Fund Advisory Board, the State Assessment Review Board, and the Alaska Student Loan Corporation.

Issues

In FY98, the Commissioner's Office main goals include: reviewing and streamlining the process for permanent fund dividend and child support appeals; performing a complete review of the operations of the Permanent Fund Dividend Division and implementing changes to improve customer service; and continuing to lead the Executive Branch efforts on the proposed Alaska North Slope gas project.

The table below shows that the number of appeals to the Commissioner's Office for permanent fund dividend and child support enforcement matters remains very high, although it has diminished slightly. There will be no new tax cases in the section. The inventory of cases peaked at about 1,300 in October of 1995, and had been reduced to about 1,100 at the end of calendar 1996. The Commissioner's Office strives to issue decisions within the statutory 21 days for CSED and 6 months for PFD, and hopes to have inventory down to 700 by the end of FY98.

	Calendar Year - Cases Appealed				
	1992	1993	1994	1995	1996
Permanent Fund Dividend	639	747	848	1,059	934
Child Support Enforcement	243	297	452	648	586
Income & Excise Audit	15	10	7	18	5
Oil & Gas Audit	1	4	4	4	0
Charitable Gaming	0	7	3	1	1
TOTAL	898	1,065	1,314	1,730	1,526

Changes from FY97 to FY98

The Commissioner's Office is proposing a flat budget for FY98. Nominal increases for salary adjustments and health premium costs were added to FY98 adjusted base figures; a \$3,000 decrease for better business practices was also included.

Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

Commissioner's Office

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	571.3	772.7	683.5	683.0
Travel	30.6	30.6	30.6	28.1
Contractual	317.9	141.6	142.8	155.0
Supplies	17.4	17.4	17.4	17.4
Equipment	48.5	0.0	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	985.7	962.3	874.3	883.5

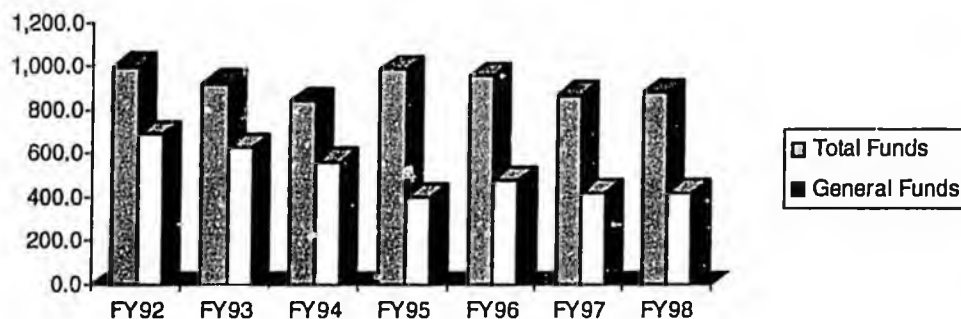
FUNDING:

1002 Federal Receipts	200.0	200.0	231.5	235.7
1004 General Fund	405.3	481.9	424.3	425.3
1007 Interagency Receipts	380.4	280.4	218.5	222.5

POSITIONS:

Permanent Full Time	9	9	9	9
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary



Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

Statutory Basis

COMMISSIONER'S OFFICE

AS 04	Alcoholic Beverages
AS 09.25.100	Disposition of Tax Information
AS 09.50	Escheat (included in Article 2)
AS 10.25.570	Electric and Telephone Cooperative Act
AS 14.25.180	Teachers' Retirement System
AS 16.10.265	Fisheries and Fishing Regulations
AS 16.10.290	Security for Collection of Wages & Raw Fish Payment
AS 18.26	Alaska Medical Facility Authority
AS 18.56	Alaska Housing Finance Corporation
AS 25.25	Uniform Reciprocal Enforcement of Support Act
AS 25.27	Child Support Enforcement Agency
AS 34.45	Unclaimed Property
AS 37.05.200	Pre-Audit of Receipts
AS 37.10	Alaska State Pension Investment Board
AS 37.10.050-087	Loans to Bond Construction Funds
AS 37.13	Alaska Permanent Fund
AS 37.14.110	Public School Trust Fund Established
AS 37.14.011	Mental Health Trust Income Account
AS 37.14.120	Public School Fund
AS 37.14.200	Alaska Childrens Trust Fund Established
AS 37.15	State Bonding Act
AS 37.17	Business Development Programs
AS 38.05.036	Net Profit Sharing Lease Audits
AS 39.35.110	Public Employees Retirement System, Investments
AS 43	Revenue and Taxation
AS 44.25	Duties of the Department of Revenue
AS 44.82	Alaska Gas Pipeline Financing Authority
AS 44.83.386	Power Development Fund
AS 44.85	Alaska Municipal Bond Bank Authority
AS 45.98.050	Historical District Revolving Loan Fund, Sale or Transfer of Mortgages and Notes

ADMINISTRATIVE SERVICES

2AAC 07.930	Administrative Services
AS 36.30	Procurement
AS 37.05.030	Financial Reports and Statements
AS 37.05.130-140	Accounting System
AS 37.10	Public Funds
AS 39.20.330	Leave Records
AS 39.25.150 (23)	Personnel Responsibilities
AS 43.05.010 (2)	Duties of the Commissioner
AS 43.23.055	Dividend Fund: Duties of the Department

CHILD SUPPORT ENFORCEMENT

AS 25.27	Child Support Enforcement Agency
AS 25.25	Uniform Reciprocal Enforcement of Support Act
Federal Law 93-647; 96-265; 96-35; 98-378; 100-485	Child Support Enforcement

Department of Revenue FY98 Budget Overview

Statutory Basis

OIL AND GAS AUDIT

15 AAC 05.001-05.320	Administration of Revenue Laws
15 AAC 21.001-21.9701	Oil & Gas Corporate Income Tax
15 AAC 55.010-55.9700	Oil & Gas Properties Production Tax
15 AAC 56.005-56.130	Oil & Gas Exploration, Production, & Pipeline Transportation Property Taxes
AS 38.05	Alaska Land Act
AS 43.56	Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes
AS 43.57	Oil and Gas Conservation Tax
AS 43.21	Oil and Gas Corporate Income Tax

TREASURY MANAGEMENT

AS 37.05.200	Cash Management: Preaudit of Receipts
AS 37.10.050	Cash Management: Charges for State Services, Collection, Accounting and Deposit of State Money
AS 43.05.150	Cash Management: Collection of Money
AS 37.10.060	Cash Management: Dept. of Revenue to Deposit Money to State Treasury
AS 43.05.170	Cash Management: Payment of Warrants
AS 43.05.180	Cash Management: Accounting for State Funds
AS 44.25.020	Asset Accounting: Duties of Department
AS 18.26	Asset Accounting: Alaska Medical Facility Authority
AS 14.25.180	Real Estate Management: Teachers' Retirement, Custody and Investment
AS 37.12	Real Estate Management: Alaska Resources Corporation
AS 39.35.080	Real Estate Management: Duties of the Commissioner of Revenue
AS 14.40.400	Portfolio Management: Univ. of AK Community Colleges, Fund for Money from Sale or Lease of Land Granted by Act of Congress
AS 14.25.180	Portfolio Management: Teacher's Retirement, Custody and Investments
AS 37.10.070-075	Portfolio Management: Investment of Residual Money, Investment Powers and Duties
AS 18.56.095	Portfolio Management: AHFC, Mortgage Insurance
AS 37.14	Portfolio Management: Trust Funds
AS 18.56.110	Debt Management: AHFC, Bonds and Notes
AS 37.15	Debt Management: Bonding
AS 14.40.803 - AS 14.40.805	Alaska Advance College Tuition Payment Fund
AS 39.30.155	Duties of the PERS Board
AS 37.10	Alaska State Pension Investment Board

PERMANENT FUND DIVIDEND

AS 43.23; 15 AAC 23..... Permanent Fund Dividends

INCOME AND EXCISE AUDIT

15 AAC 05.001 - 05.320	Hearing Procedures - Administration of Revenue Laws, General Procedures - Administration of Revenue Laws
15 AAC 19.001 - 19.1390	Multistate Tax Compact
15 AAC 20.010 - 20.390	Net Income Tax, Corporate
15 AAC 20.410 - 20.920	Net Income Tax, Oil & Gas Corporate

Department of Revenue FY98 Budget Overview

Statutory Basis

INCOME AND EXCISE AUDIT, Continued

15 AAC 35.010 - 35.100	Coin Operated Devices
15 AAC 40.010 - 40.900	Motor Fuel Tax
15 AAC 50.010 - 50.190	Cigarette Tax
15 AAC 60.010 - 60.310	Excise Tax on Alcoholic Beverages
15 AAC 65.010 - 65.990	Mining License Tax
15 AAC 75.010 - 75.300	Fisheries Business Tax
15 AAC 76.010 - 76.290	Salmon Enhancement Tax
15 AAC 77.005 - 77.990	Fishery Resource Landing Tax
15 AAC 80.010	Salmon Prices
15 AAC 116.010 - 116.700	Seafood Marketing Assessment
AS 04.11.610	Liquor License - Refund to Municipalities
AS 09.50	Escheat
AS 10.25	Electric and Telephone Cooperative Act
AS 16.51	Alaska Seafood Marketing
AS 34.45	Unclaimed Property
AS 43.05	Administration of Revenue Laws
AS 43.19	Multistate Tax Compact
AS 43.20	Alaska Net Income Tax Act
AS 43.31	Alaska Estate Tax
AS 43.35	Coin Operated Device Tax
AS 43.40	Motor Fuel Tax
AS 43.50	Tobacco Taxes
AS 43.60	Excise Tax on Alcoholic Beverages
AS 43.65	Mining License Tax
AS 43.75	Fisheries Taxes
AS 43.76	Salmon Enhancement Tax
AS 43.80	Average Wholesale Price of Canned Salmon
26 U.S.C. 38	Internal Revenue Code
AS 43.10	Enforcement and Collection of Taxes
AS 42.05	Alaska Public Utilities Commission Act
AS 42.06	Pipeline Act
AS 43.77	Fisheries Resource Landing Tax

CHARITABLE GAMING

AS 05.15	Games of Chance and Contests of Skill
15 AAC 160	Games of Chance and Contests of Skill

Department of Revenue FY98 Budget Overview

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Section 3.

Formula Funded Programs

**Alaska Department of
REVENUE**

January

1997

Formula Funded Programs

Shared Taxes Overview

Shared Taxes include Amusement and Gaming Tax, Aviation Fuel Tax, Electric and Telephone Cooperative Tax, Liquor Licenses Fees, Fisheries Business Tax, and Fishery Resource Landing Tax.

Amusement and Gaming Tax: 50% of the net tax collected in a fiscal year for the licensing of coin-operated devices is shared annually to the municipalities in which the revenue was collected.

Aviation Fuel Tax: 60% of the aviation fuel tax as reported on information returns is shared semi-annually to municipalities that either own and operate or lease an airport facility. The revenue shared is in the proportion that the revenue was earned at the municipal airport. The amount to be shared is derived from information returns submitted to the Department by fuel providers.

Electric and Telephone Cooperative Tax: 100% of the electric and telephone cooperative tax is shared annually to the organized city or borough in which the tax is collected. An electric cooperative is taxed on the number of kilowatt hours sold during the previous calendar year. A telephone cooperative pays a percentage of its gross revenue earned during the preceding calendar year. The tax rate for both types of cooperatives is based on the length of time the cooperative has been in existence.

Liquor License Fees: 100% of the net revenue collected from certain types of alcoholic beverage licenses is shared to incorporated cities semi-annually. This pertains only to those cities that have police protection and enforce local ordinances as well as state and federal laws.

Fisheries Business Tax: 50% of the tax collected within an organized municipality is shared to that municipality annually. If a municipality is incorporated within a borough and the tax is collected within that city, the tax will be shared equally between the city and the borough of which it is a part. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

Fishery Resource Landing Tax: 50% of the tax collected within an organized municipality is shared to that municipality annually. If a municipality is within a borough the amount shared is split equally between the municipality and borough. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

Statutory Basis

Shared Taxes

AS 43.35.050	Amusement and Gaming Tax
AS 43.40.010	Aviation Motor Fuel Tax
AS 10.25.570	Electric and Telephone Cooperative Tax
AS 04.11.610	Liquor License Fees
AS 43.75.130	Fisheries Business Tax
AS 43.77.060	Fishery Resource Landing Tax

Formula Funded Programs
Shared Taxes Summary
(In thousands of dollars)

Every year the Shared Taxes program is included in the front section of the budget bill. The Office of Management and Budget includes the amounts projected to fund these components in the FY98 governor's budget summaries. Funding for these programs is not included in the Department of Revenue's operating budget request but is detailed below for informational purposes.

	FY95 ACTUAL	FY96 ACTUAL	FY97 AGENCY ESTIMATE	FY98 AGENCY ESTIMATE
Amusement & Gaming Tax	47.0	32.2	35.0	35.0
Aviation Fuel Tax	142.8	158.6	160.0	160.0
Electric & Telephone Tax	2,286.7	2,454.8	2,500.0	2,500.0
Liquor License	900.2	886.2	900.0	900.0
Fisheries Business Tax	17,181.9	19,450.0	19,703.4 *	18,650.0
Fish Landing Tax	N/A	2,896.4	3,320.7 *	4,000.0
TOTAL	20,558.6	25,878.2	26,619.1	26,245.0

FUNDING:

1004 General Fund

N/A - Not Applicable - first year landing tax returns received in FY95. (FY96 appropriation for FY95 collections)

* Actuals - FY97 appropriation was for FY96 collections.

Department of Revenue FY98 Budget Overview

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Section 4.

**Boards,
Commissions
and
Authorities
Budget**

Alaska Department of
REVENUE

January

1997

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Department of Revenue FY98 Budget Overview

Boards, Commissions and Authorities Budget Summary

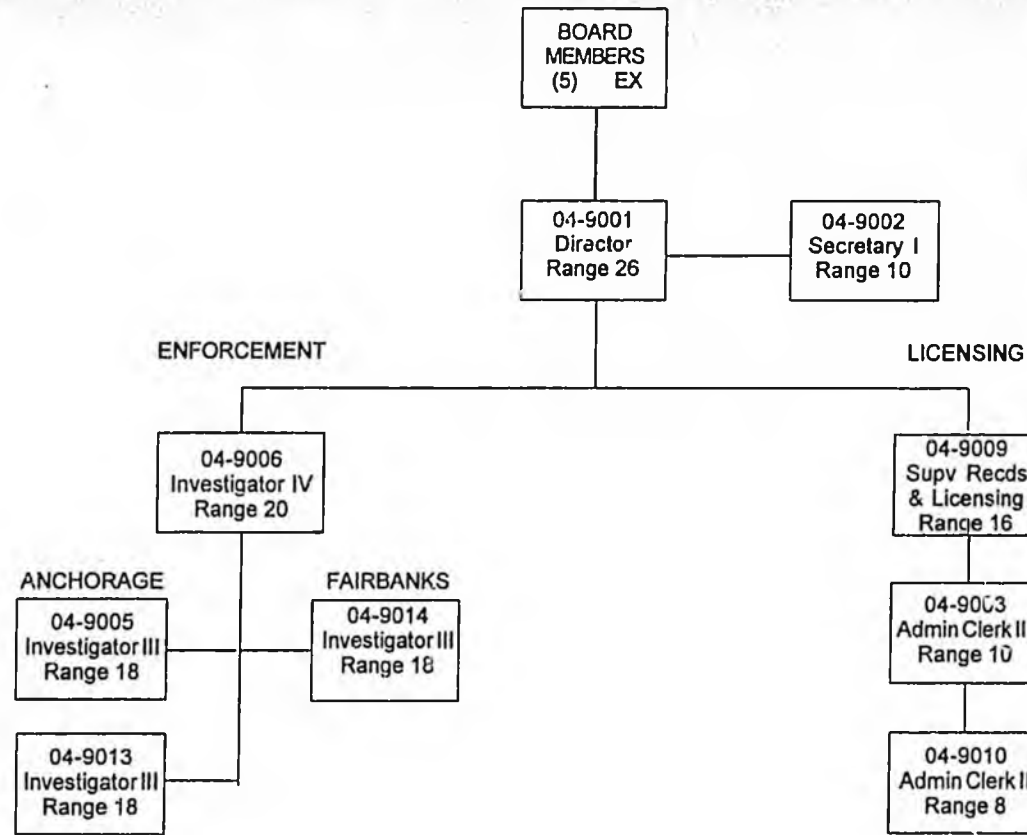
	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	21,166.3	20,306.8	21,623.6	22,771.7
Travel	1,634.9	1,435.1	1,436.1	1,386.5
Contractual	52,655.2	62,173.1	61,107.3	70,230.6
Supplies	1,543.5	1,270.6	1,271.2	1,334.1
Equipment	917.7	823.7	744.0	803.3
Lands/Buildings	2,425.0	1,457.0	232.0	0.0
Grants	0.0	0.0	700.0	615.0
Miscellaneous	0.0	0.0	0.0	0.0
Total	80,512.6	87,466.3	87,114.2	97,141.2

FUNDING:

1002 Federal Receipts	19,222.8	17,001.0	16,943.9	17,401.2
1005 GF/Program Receipts	654.3	639.3	644.4	653.5
1007 Interagency Receipts	712.3	613.5	629.6	600.0
1017 Deferred Compensation	148.0	45.9	75.4	3,205.3
1022 Corporation Receipts	41,182.9	46,215.7	41,639.8	43,286.1
1029 Public Employee Retire	10,891.6	12,885.1	15,817.6	19,219.4
1034 Teachers Retirement	7,255.7	7,852.8	9,076.7	10,423.5
1042 Judicial Retirement	90.9	100.7	103.4	156.2
1045 Military Retirement	29.1	35.4	16.4	44.0
1061 CIP Receipts	0.0	1,124.1	1,274.2	1,259.2
1092 Mental Health Trust	155.0	952.8	0.0	0.0
1094 Mental Health Trust Admin	0.0	0.0	892.8	892.8

POSITIONS:

Permanent Full Time	361	333	350	358
Permanent Part Time	40	40	27	26
Temporary	11	10	9	9



**Alaska Department of Revenue
ALCOHOLIC BEVERAGE CONTROL BOARD
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	8	1		
PPT				
TEMP				

Department of Revenue FY98 Budget Overview
Alcoholic Beverage Control Board

Overview

The Alcoholic Beverage Control Board (ABC) is responsible for control of manufacture, barter, possession and sale of alcoholic beverages within the State of Alaska. This control is exercised by board review and consideration of liquor license applications for renewal, issuance and transfer. As a quasi-judicial body, the Board may suspend or revoke licenses and deny applications. The board may also adopt regulations. The ABC Board is in the Department of Revenue for administrative purposes only, in accordance with statute.

Five board members are appointed by the Governor for overlapping three-year terms. The Board's staff is charged with enforcing compliance of alcoholic beverage statutes for over 1,800 licensees. Staff activity includes processing all license applications and fees, contacting local governments, inspecting all licensed premises, investigating alleged violations, and developing all agenda matters to be considered by the Board at its monthly meetings. Additionally, the staff conducts public interest hearings on licensing matters at the direction of the Board.

Changes from FY97 to FY98

There are no significant changes in ABC's budget from FY97 to FY98. A modest increase in contractual is necessary to increase the budget for hearing officers.

Department of Revenue FY98 Budget Overview

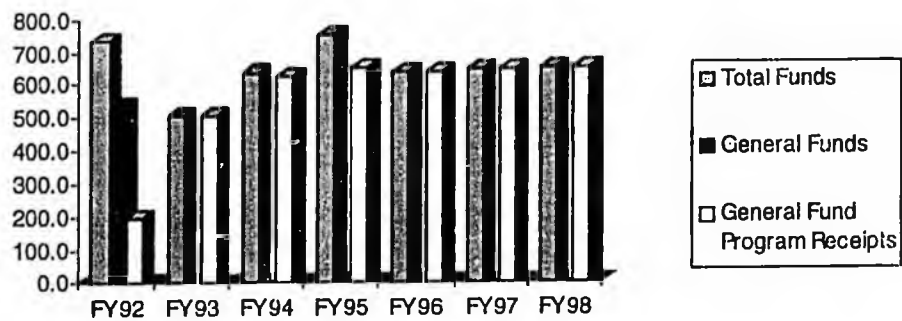
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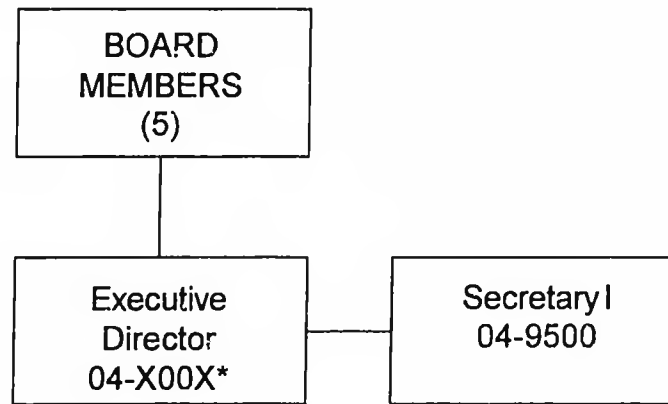
Department of Revenue FY98 Budget Overview

Alcoholic Beverage Control Board

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	564.6	567.0	563.1	566.1
Travel	29.0	28.0	32.0	31.1
Contractual	153.1	40.2	45.2	50.9
Supplies	3.1	4.1	4.1	4.1
Equipment	3.3	0.0	0.0	1.3
Lands/Buildings	0.0	0.0	0.0	0.0
Total	753.1	639.3	644.4	653.5
FUNDING:				
1005 G ⁷ /Program Receipts	654.3	639.3	644.4	653.5
1007 Interagency Receipts	98.8	0.0	0.0	0.0
POSITIONS:				
Permanent Full Time	9	9	9	9
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





* Includes Supervisory Duties

**Alaska Department of Revenue
ALASKA MUNICIPAL BOND BANK AUTHORITY
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	2			
PPT				
TEMP				

Department of Revenue FY98 Budget Overview
Alaska Municipal Bond Bank Authority

Overview

The Bond Bank is a public corporation created by statute. It has a legal existence independent of and separate from the State. The full faith and credit of the State is not pledged to secure bonds issued by the Bond Bank. The State has pledged its moral obligation for the maintenance of a debt service reserve for the majority of the Bond Bank's bonds.

The powers of the Bond Bank are vested in its Board of Directors. The Board of Directors is comprised of five members representing both the public and private sector. The three private sector members are appointed by the Governor and serve four-year terms. The other members are the commissioners of Revenue and Community and Regional Affairs. The Board appoints an Executive Director to manage the business of the Bond Bank.

The Bond Bank is established to assist small Alaskan municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. These communities are often at a disadvantage in the financial markets since they may not have issued bonds or notes, have little outstanding debt, and lack investor familiarity.

The Bond Bank generally sells its bonds on the national bond market and uses the proceeds of its sales to purchase the bonds of Alaskan municipalities, thereby providing these municipalities with the funds for the construction or purchase of their capital projects. Because the Bond Bank has an "A" rating from both Moody's and Standard and Poor's, it is able to borrow money at lower interest rates. As municipalities make principal and interest payments to liquidate their debt with the Bond Bank, the Bond Bank uses these funds to liquidate its debt to its bondholders.

The Bond Bank is organized to work with all Alaskan municipalities, especially new and infrequent issuers of debt for capital projects. From the time a municipality contacts the Bond Bank, legal and financial professionals with extensive experience in Alaskan financing begin working with municipal managers to develop the most advantageous financing program for the community. If it becomes clear that debt financing through the Bond Bank is neither possible nor appropriate, the Bond Bank will continue to work with the local governmental administration to find other means of meeting its financial objectives. In some instances, the Bond Bank is able to relieve municipalities from paying certain costs of issuing bonds, such as printing of official statements, trustee and paying agency fees.

An important reason for the Bond Bank's favorable bond rating and lower borrowing costs is that it secures many of its bonds with a reserve fund supported by the moral obligation of the State of Alaska. The reserve fund is available to cure defaults if they should occur. At least two-thirds of the reserve is from State appropriations; the remainder is funded from proceeds of the Bond Bank's bonds, known as Reserve Fund obligations.

Through the leverage provided by the Bond Bank's programs, a relatively small amount of State appropriated money supports a much greater amount for financing of local government capital

Department of Revenue FY98 Budget Overview

projects. The reserve fund is normally used to leverage debt at better than an eleven to one ratio. That is, for every \$1 million placed in the reserve fund, more than \$11 million of outside capital is attracted to the State. Using that leveraging factor, the Bond Bank has sufficient unpledged reserves on hand to issue over \$180 million of bonds under the 1976 Resolution.

Changes from FY97 to FY98

Due to a change in personnel, the personal services budget has been decreased slightly and the contractual budget has been increased slightly to defray additional bond sale costs.

Department of Revenue FY98 Budget Overview
Alaska Municipal Bond Bank Authority

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	147.7	150.2	144.8	143.7
Travel	11.2	8.3	10.1	10.1
Contractual	374.8	375.8	402.6	406.3
Supplies	6.7	4.0	3.8	3.8
Equipment	0.5	2.6	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	540.9	540.9	561.3	563.9

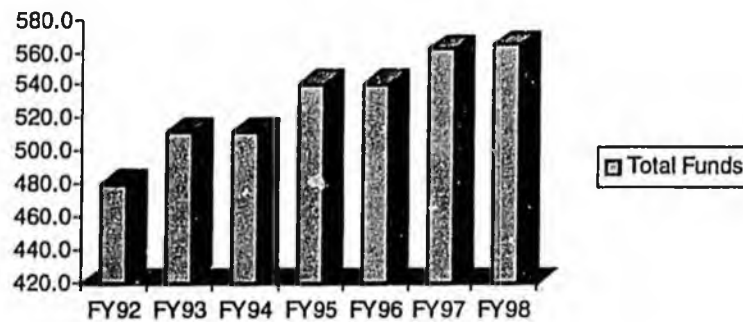
FUNDING:

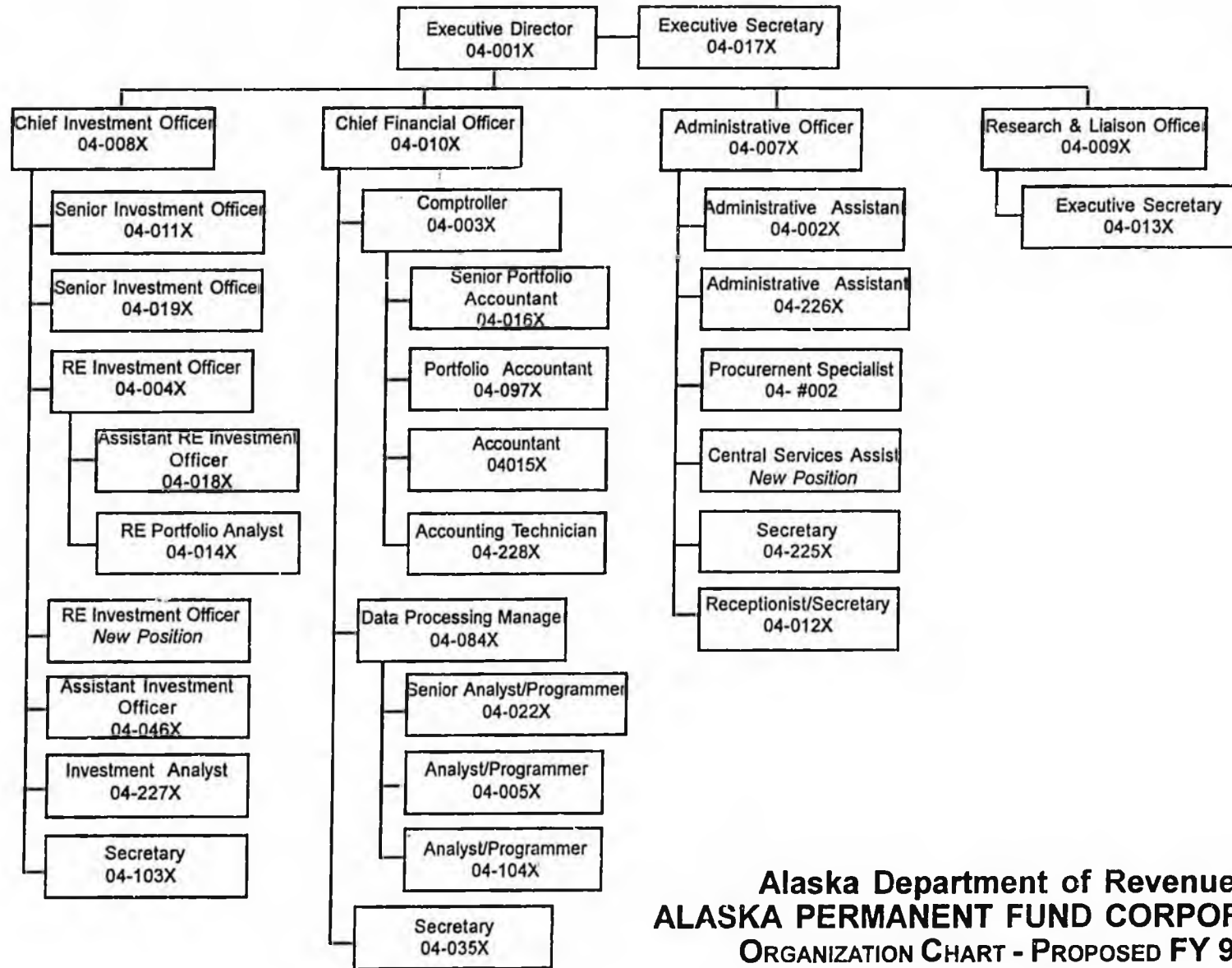
1007 Interagency Receipts	13.5	13.5	29.6	0.0
1022 Corporation Receipts	527.4	527.4	531.7	563.9

POSITIONS:

Permanent Full Time	2	2	2	2
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





**Alaska Department of Revenue
ALASKA PERMANENT FUND CORPORATION
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL ANCH FBKS JNU
PFT 32
PPT

Department of Revenue FY98 Budget Overview
Alaska Permanent Fund Corporation

Overview

The Alaska Permanent Fund Corporation (APFC) is charged with conserving a portion of the State's revenue from non-renewable mineral resources to benefit all generations of Alaskans. The APFC's objectives include: investing to preserve the Fund's principal while maximizing total return over time; maintaining liquidity to allow statutory use of the Fund's realized income; and managing the Fund's assets (currently at a market value of \$20 billion) and other assets with professional excellence and in accordance with fiduciary standards.

A six-member Board of Trustees establishes policy. The operations, administration, and implementation of policy are vested with an executive director and, through the executive director, the staff of the Corporation. Primary corporate functions are trustee and executive oversight and leadership, investment of Fund assets; accounting and control of Fund assets and corporate expenditures; communications and public accountability; data processing and technological support; and administrative and interagency support.

Issues

Based on the amount of assets under management at this time, the APFC's FY98 cost of operations is approximately 15 basis points. This level will provide sufficient resources to achieve the mission of the APFC and provide an adequate level of due diligence investment management, accounting and administrative support as well as reliable and objective information on all public policy and Fund-related investment issues.

Changes from FY97 to FY98

The APFC operating budget request for FY98 represents a 2.7% increase from FY97 principally in investment management fees, due to an increase on the market value of the Fund. An area of reduction in operations is projected from the consolidation of custody services, which partially offset the increase in management fees.

The personal services line item has increased for FY98 due to the identification of need for two permanent full-time positions; a real estate investment officer position is needed to manage public and private REITs and commercial mortgage-backed securities, and a central services assistant is requested to centralize certain administrative functions and provide support to the Investment Department. New programs not requiring overall budget increments are: an \$48.5 increase computer equipment for the new positions and to meet the 1/3 per year replacement cycle, \$14.2 for communications equipment (mail scale, postal machine, fax and phones), and \$9.0 for multi-media equipment for use in expanding a state-wide presence. The budget also contains \$140.0 for the codification of systems, associated policies and procedures to ensure adequate levels of internal control, management information, policy oversight, and overall efficiency and productivity.

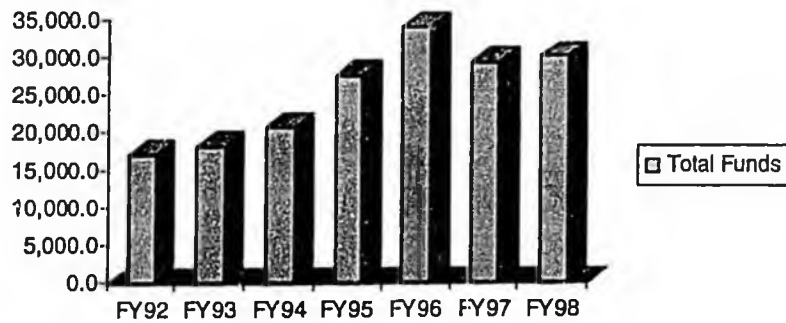
Department of Revenue FY98 Budget Overview

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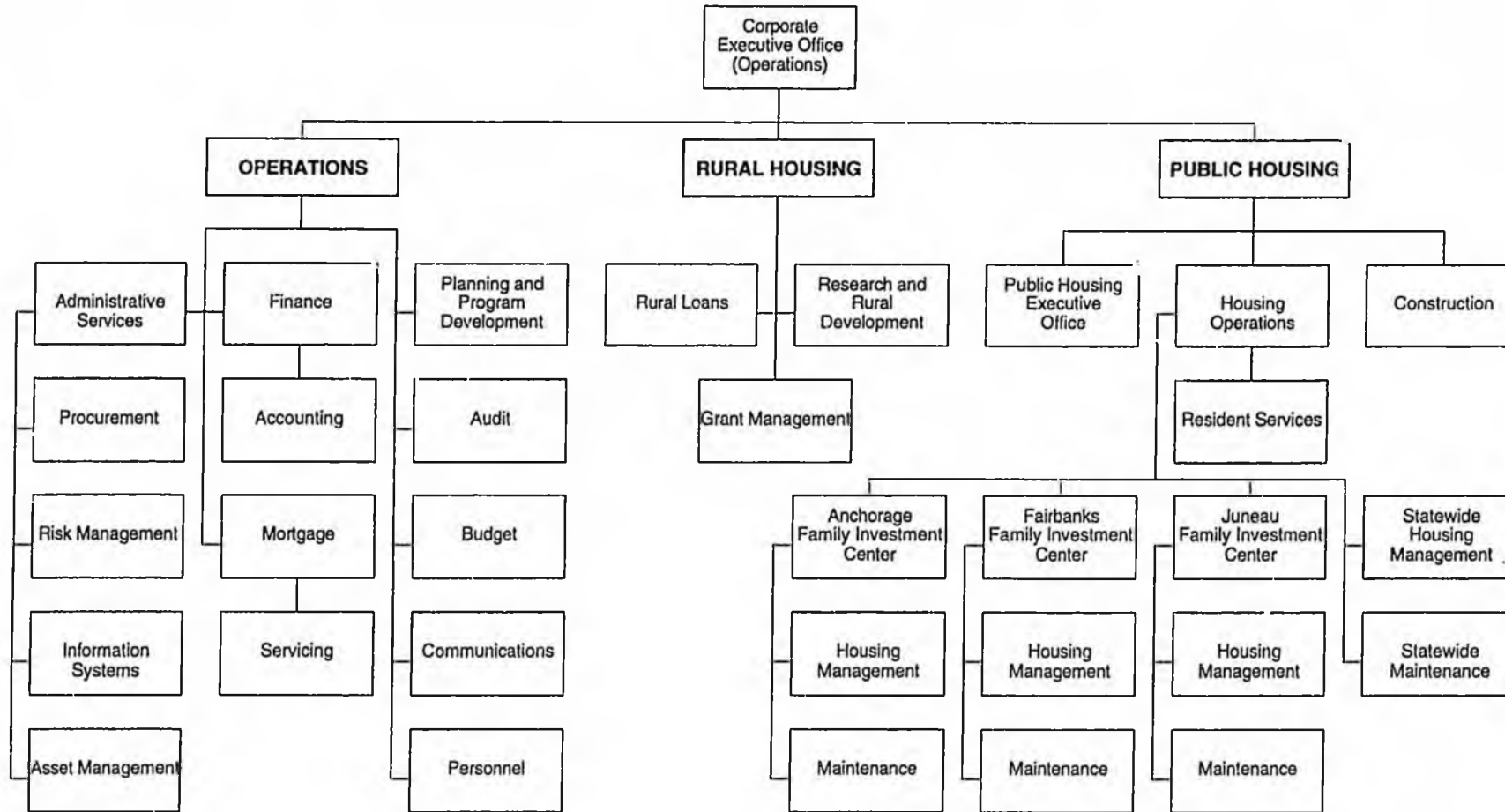
**Department of Revenue FY98 Budget Overview
Alaska Permanent Fund Corporation**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,130.2	2,221.9	2,421.6	2,676.4
Travel	270.6	297.7	290.1	305.0
Contractual	24,950.4	31,238.0	26,213.4	26,646.1
Supplies	44.9	41.2	39.6	59.9
Equipment	62.3	92.8	144.0	214.8
Lands/Buildings	0.0	0.0	0.0	0.0
Total	27,458.4	33,891.6	29,108.7	29,902.2
FUNDING:				
1022 Corporation Receipts	27,458.4	33,328.4	29,108.7	29,902.2
1061 CIP Receipts	0.0	63.2	0.0	0.0
POSITIONS:				
Permanent Full Time	27	27	30	32
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary

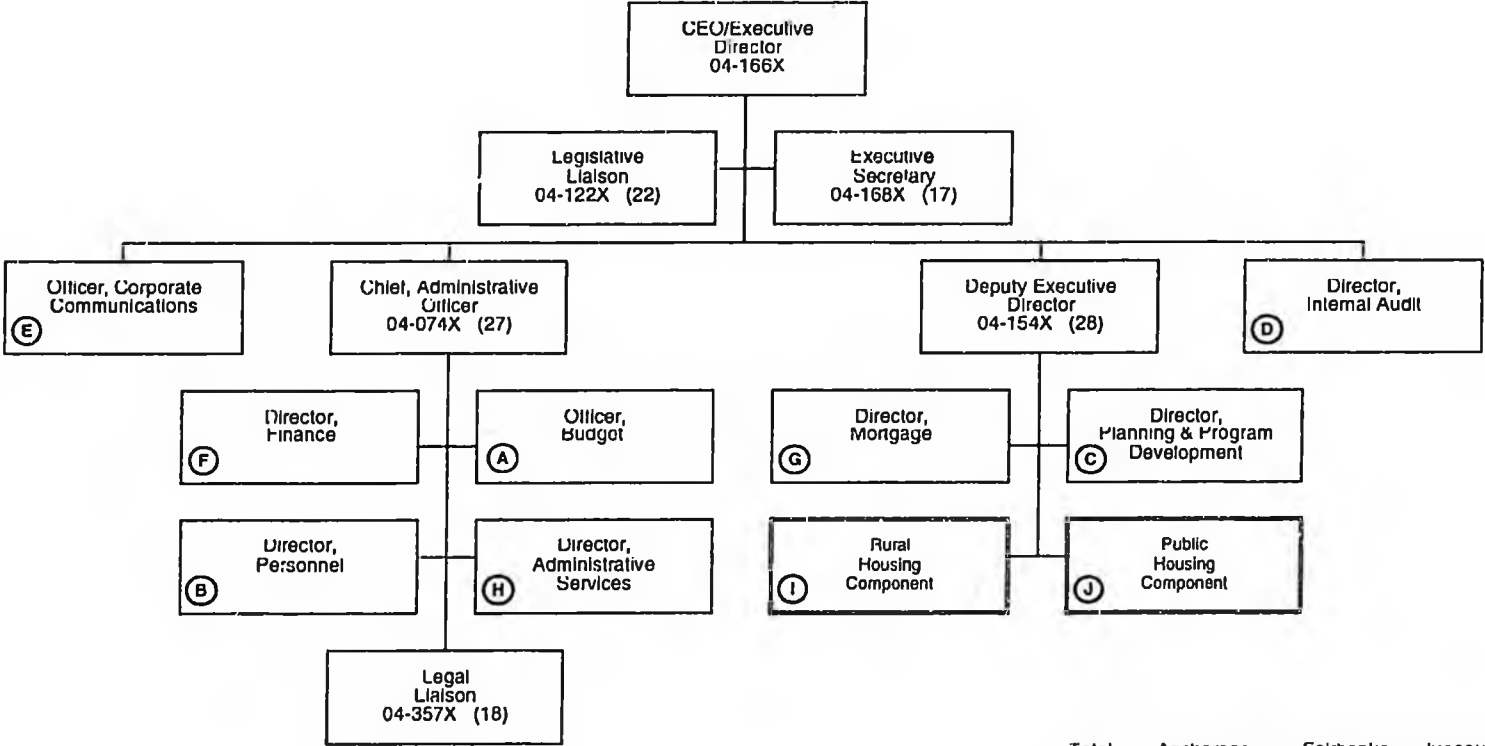


Alaska Housing Finance Corporation FY 1998



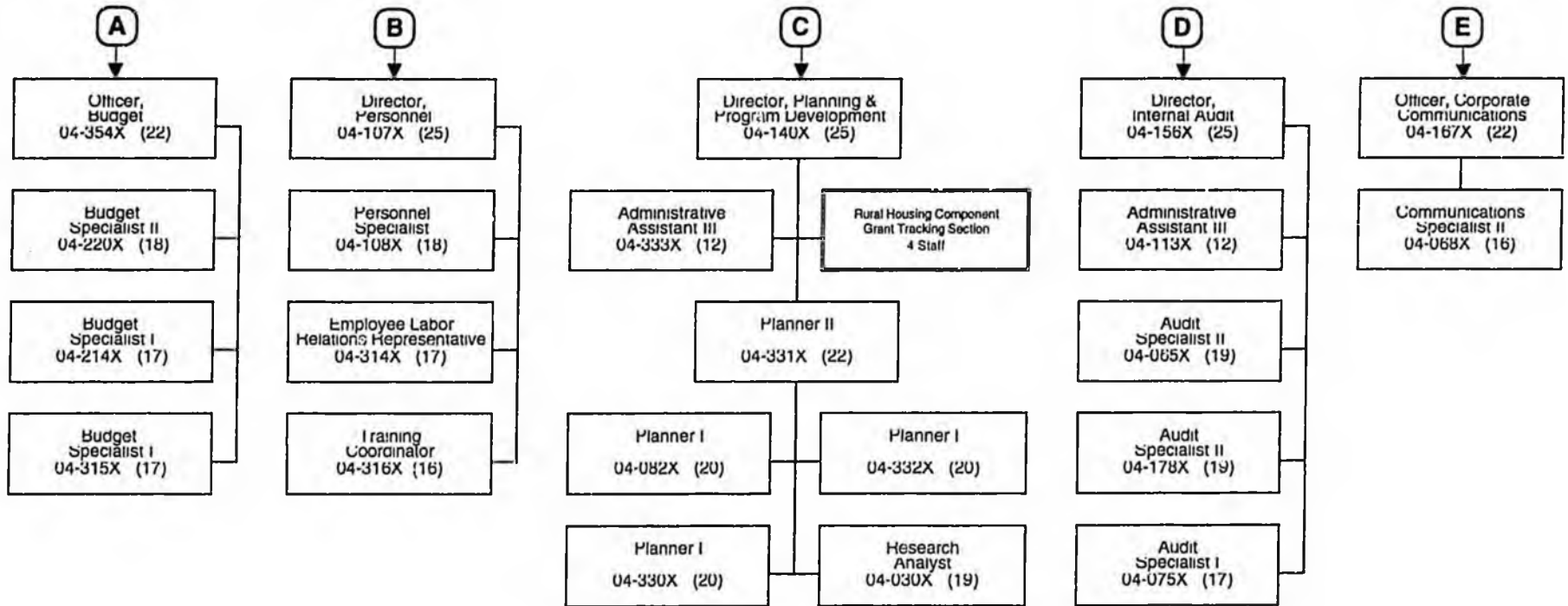
	Anchorage	Fairbanks	Juneau	Other	Total
PFT	248	17	13	31	309
PPT	7	3	1	15	26
Temp	6	1	2	0	9
Total	261	21	16	46	344

OPERATIONS COMPONENT FY 1998



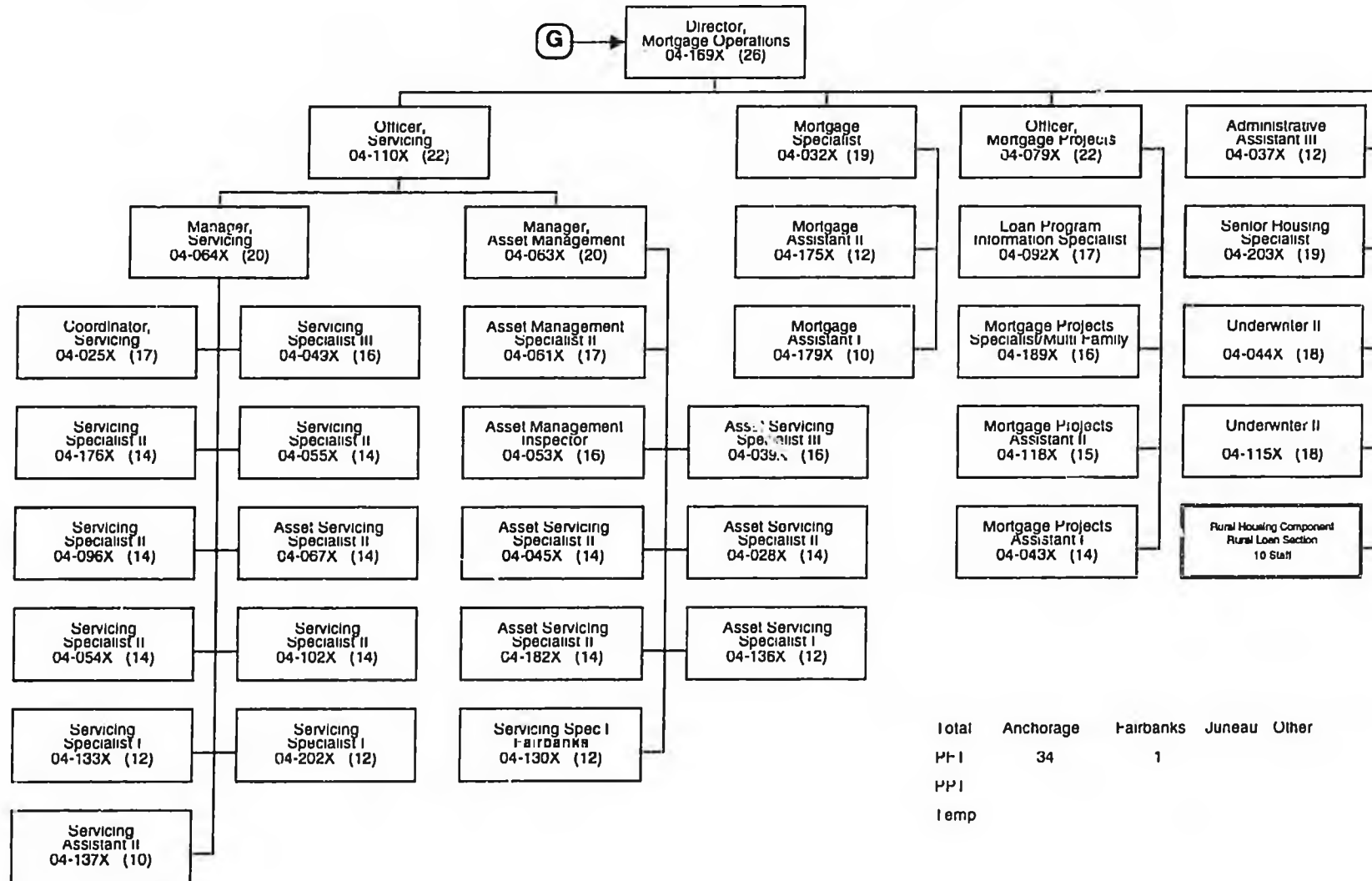
Total	Anchorage	Fairbanks	Juneau	Other
PFT	6			
PPT				
Temp				

OPERATIONS COMPONENT FY 1998



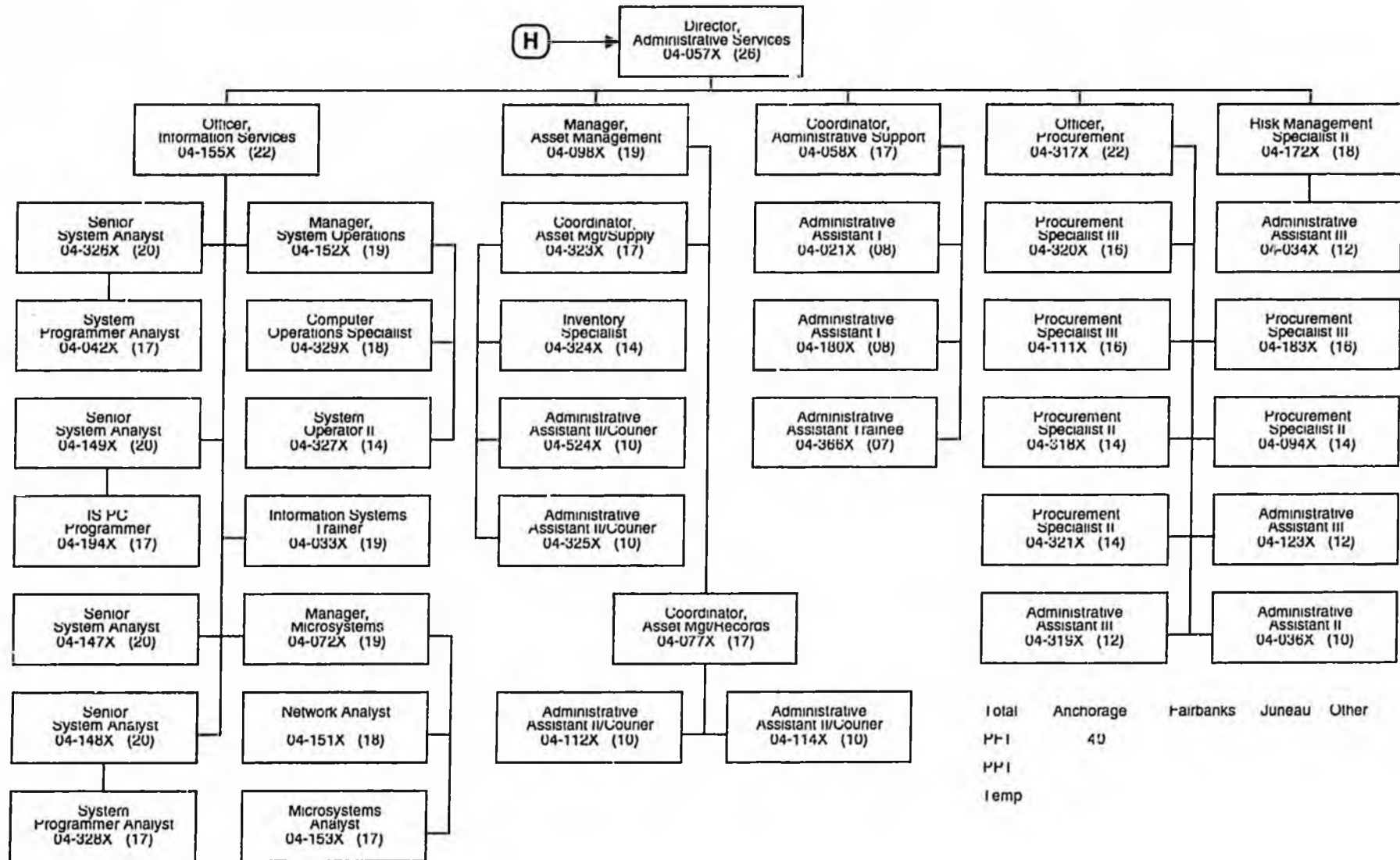
Total	Anchorage	Fairbanks	Juneau	Other
PF-I	22			
PP-I				
Temp				

OPERATIONS COMPONENT FY 1998



Total	Anchorage	Fairbanks	Juneau	Other
PF I	34	1		
PP I				
Temp				

OPERATIONS COMPONENT FY 1998

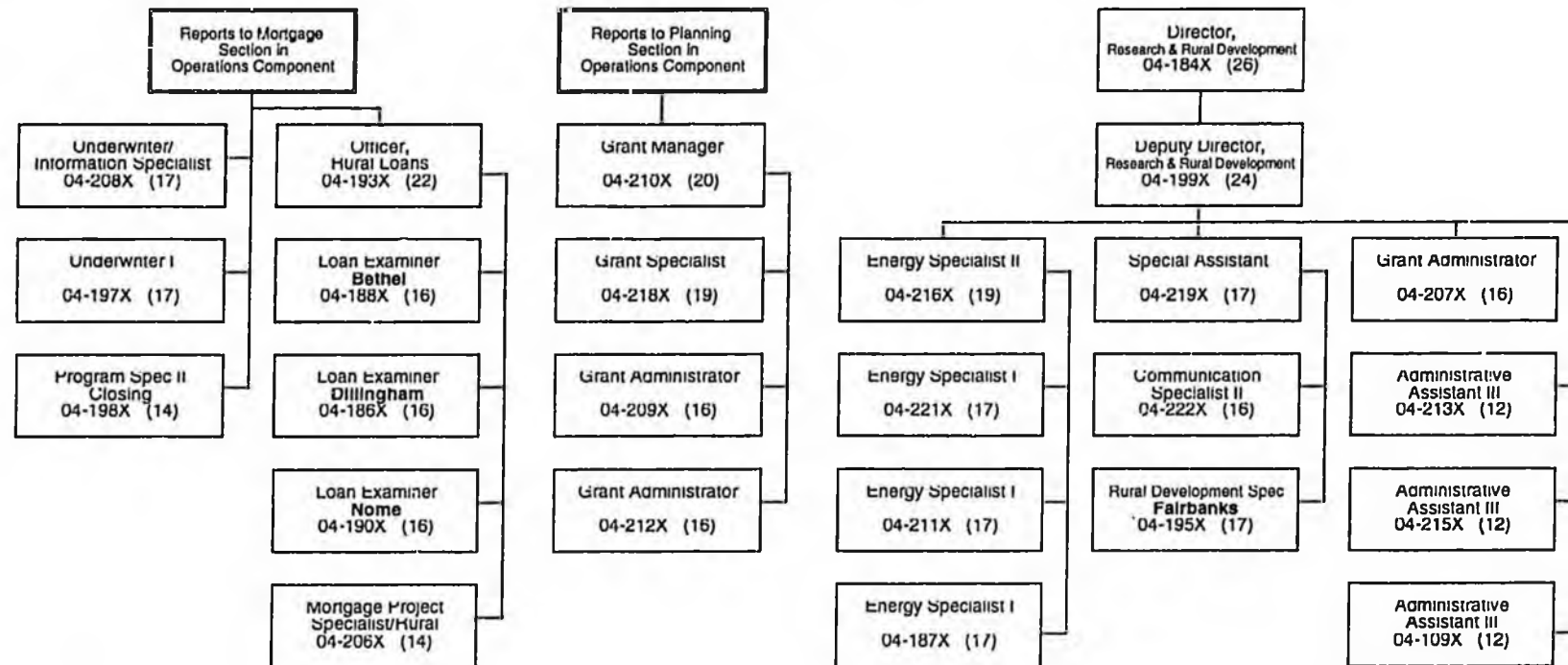


Total	Anchorage	Fairbanks	Juneau	Other
PF-I	40			
PP-I				
Temp				

RURAL HOUSING COMPONENT

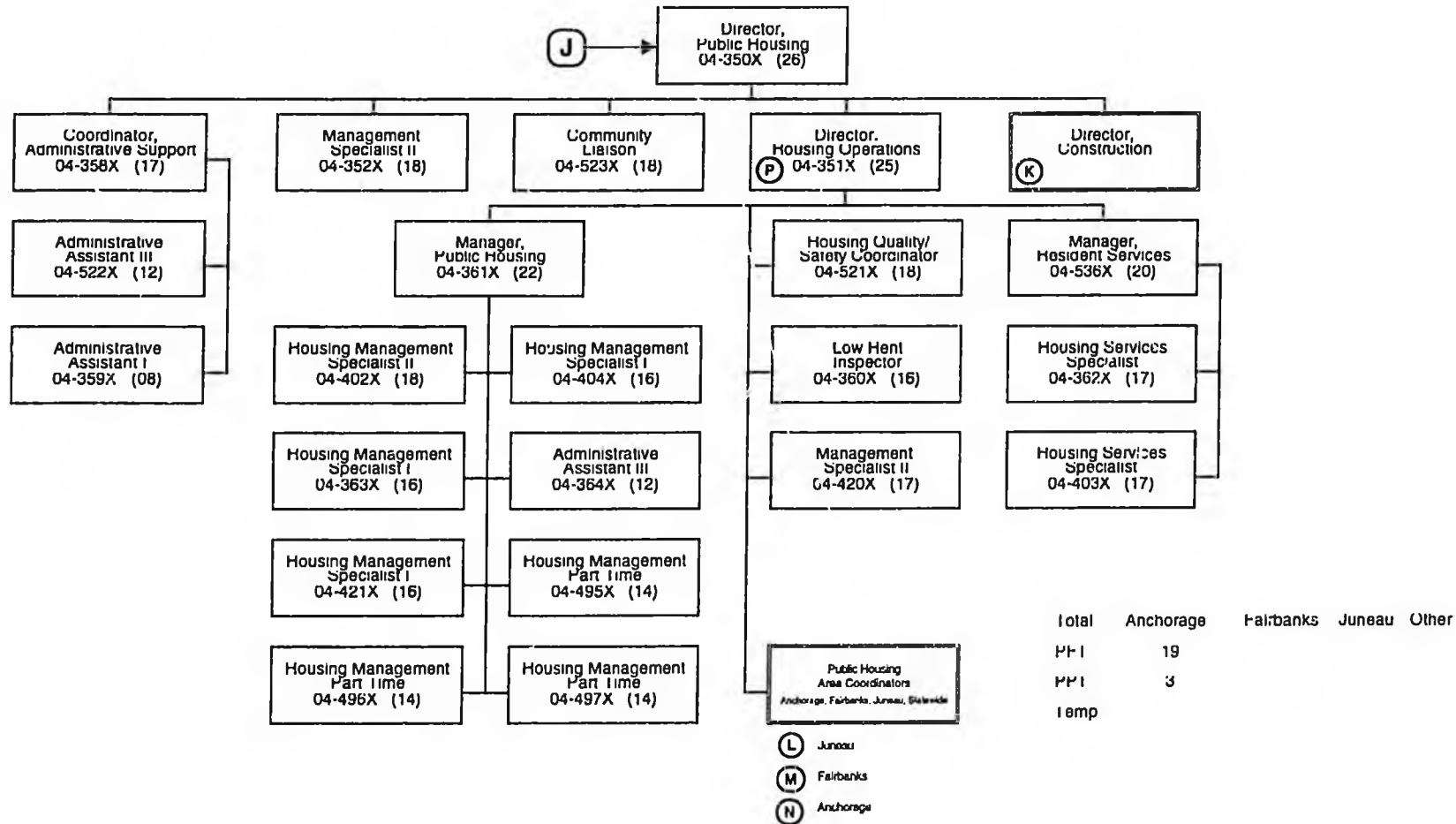
FY 1998

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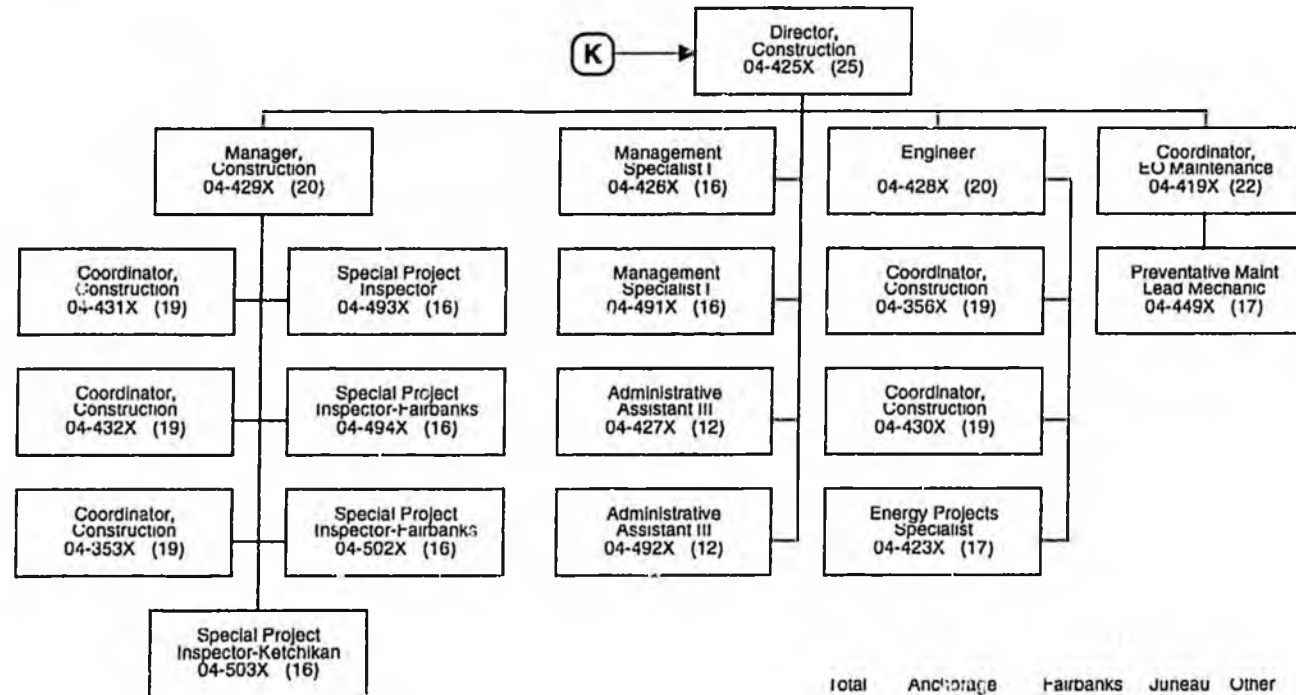


Total	Anchorage	Fairbanks	Juneau	Other
PFI	21	1		3
PPF				
Temp				

PUBLIC HOUSING COMPONENT
FY 1998



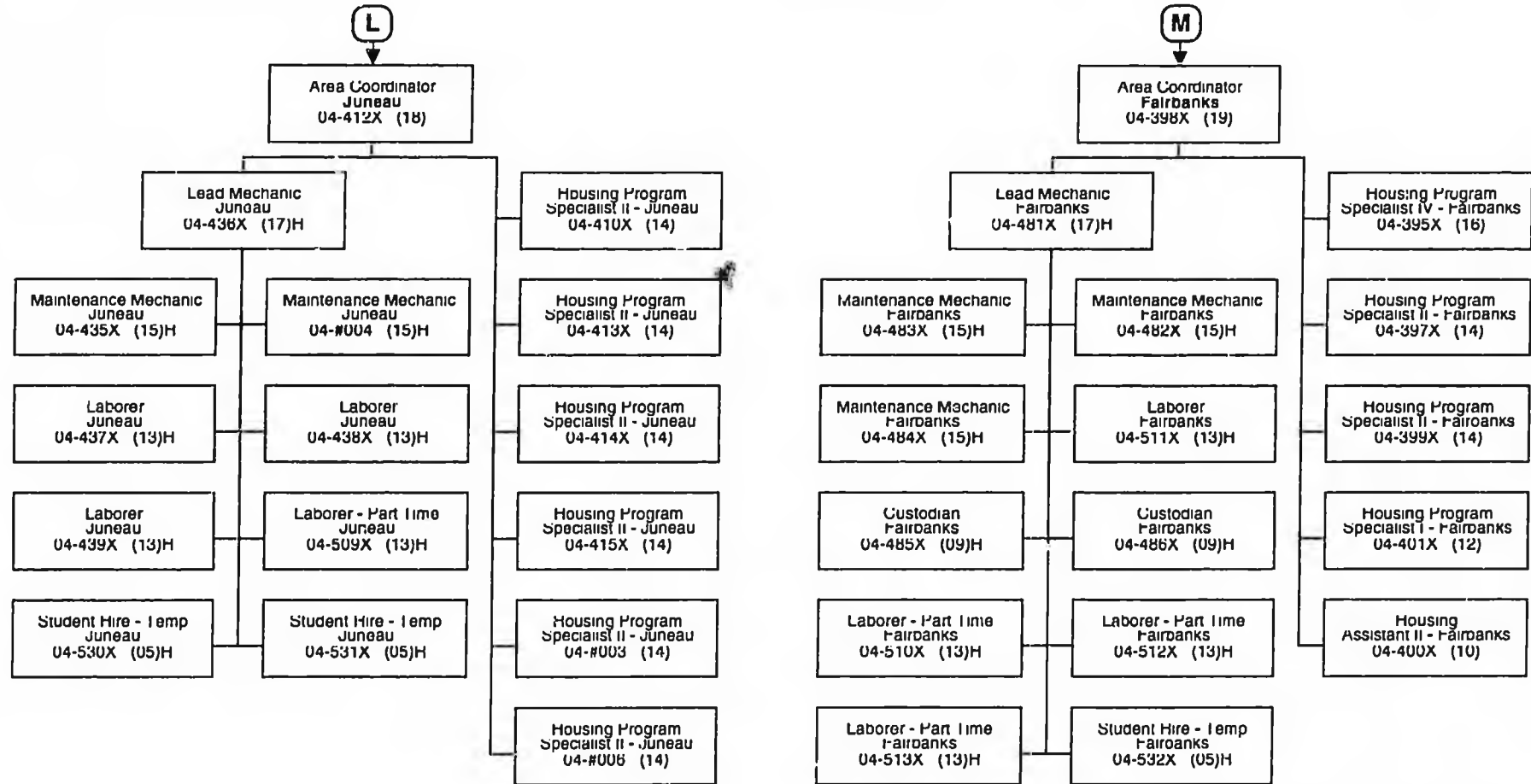
PUBLIC HOUSING COMPONENT FY 1998



Total	Anchorage	Fairbanks	Juneau	Other
PFT	16	2		1
PPT				
Temp				

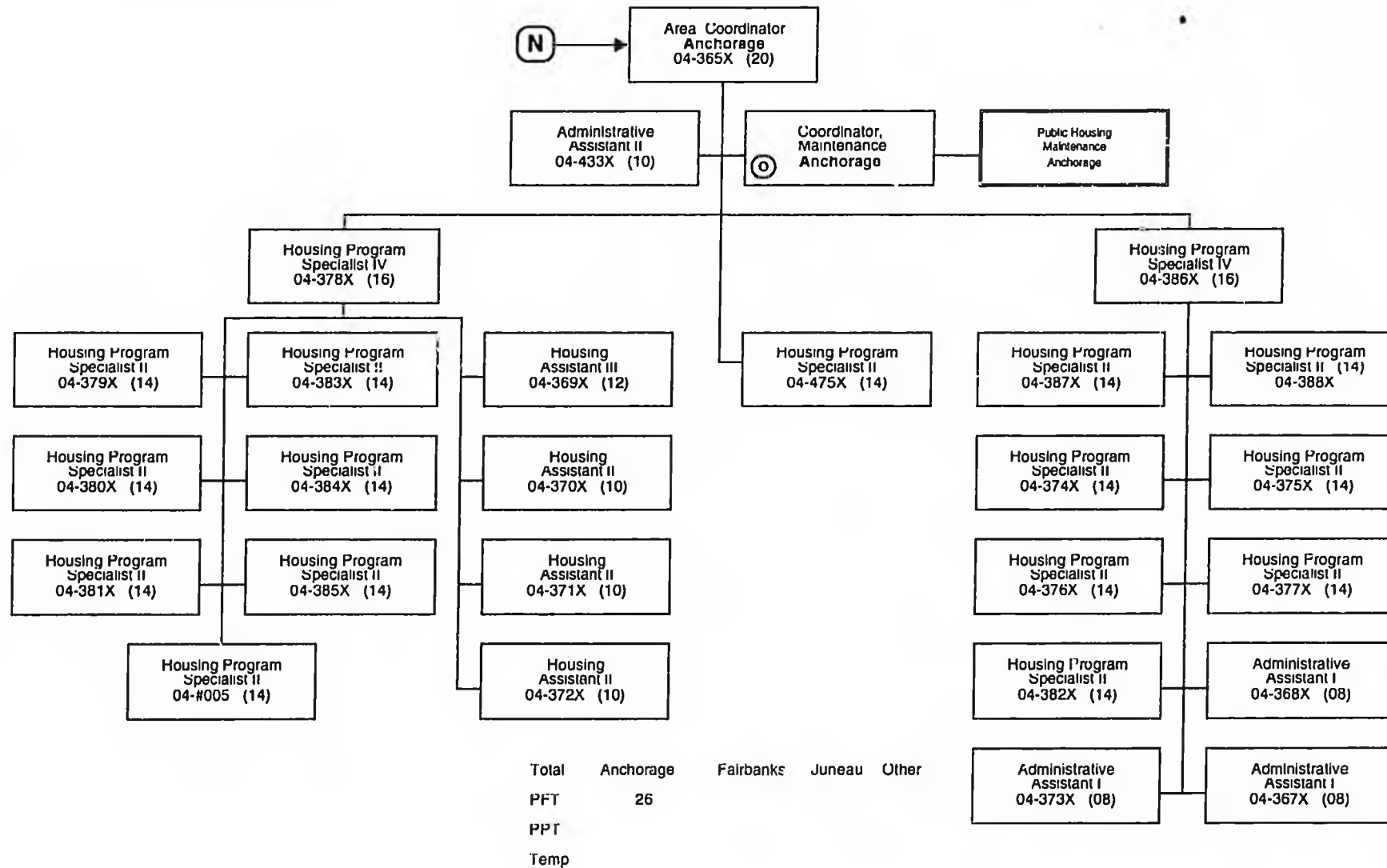
PUBLIC HOUSING COMPONENT

FY 1998



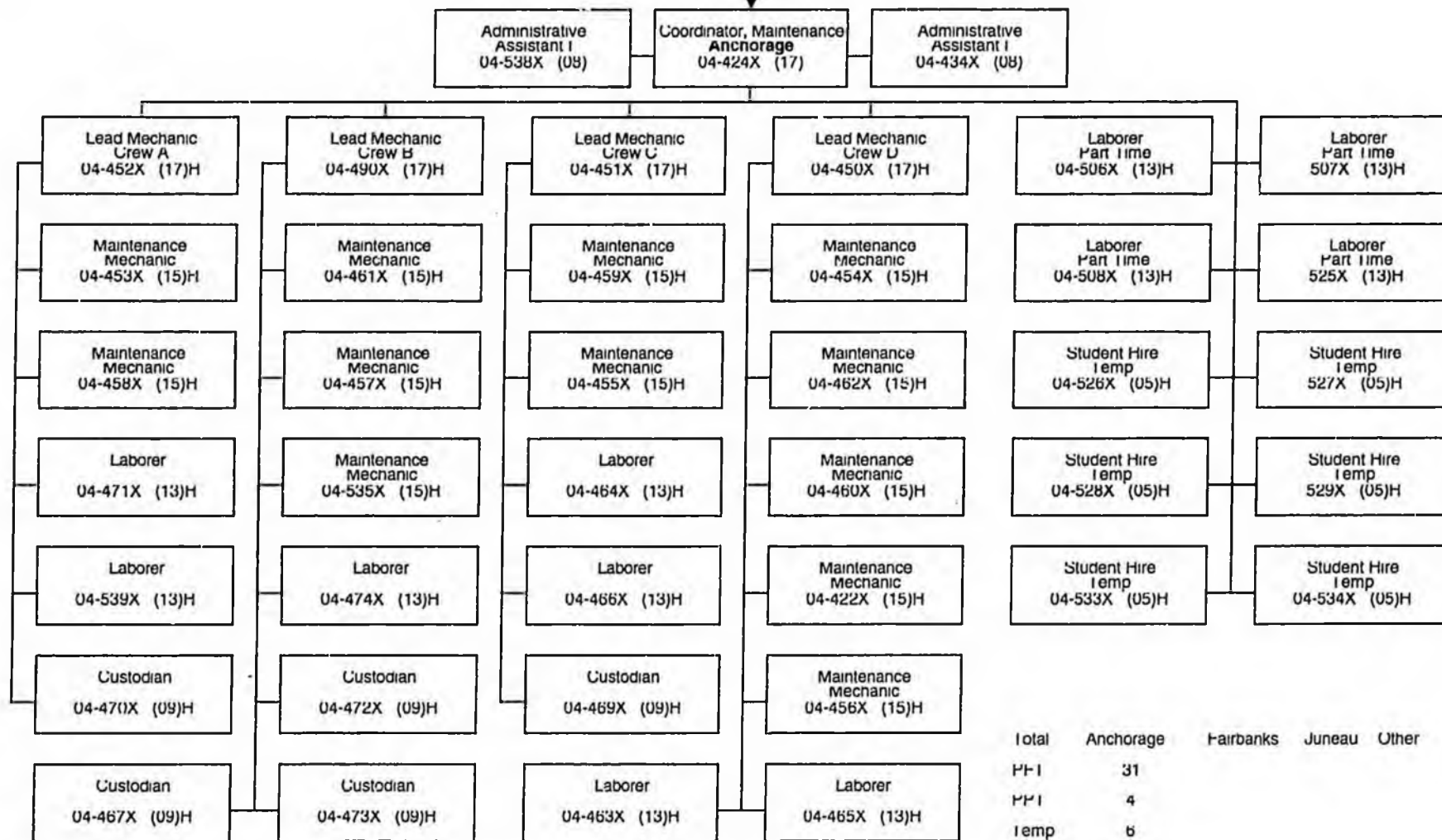
Total	Anchorage	Fairbanks	Juneau	Other
FFI		13	13	
PTI		3	1	
Temp		1	2	

PUBLIC HOUSING COMPONENT FY 1998



PUBLIC HOUSING COMPONENT

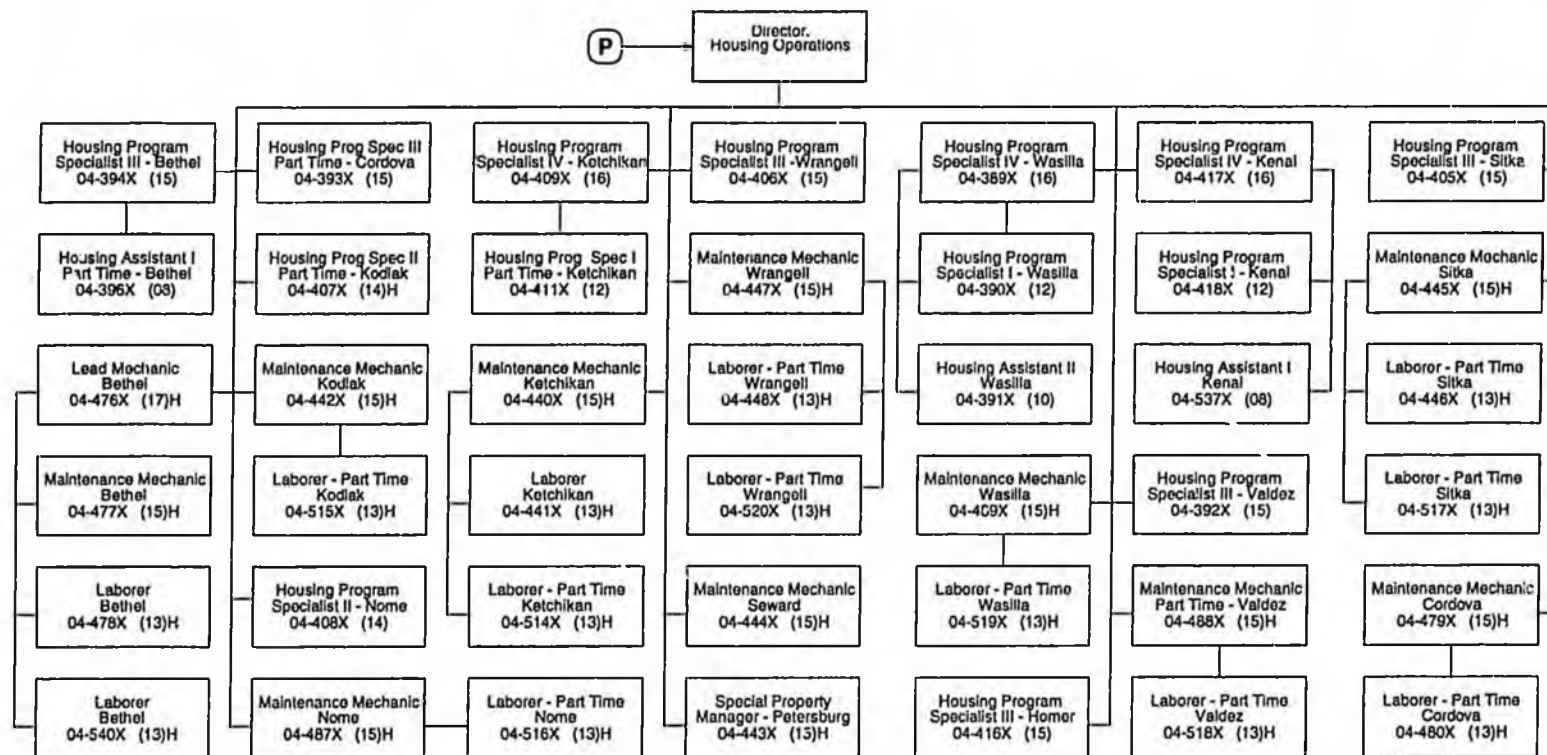
FY 1998



Department of Revenue FY98 Budget Overview

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PUBLIC HOUSING COMPONENT
FY 199.



Total	Anchorage	Fairbanks	Juneau	Other
PFT				27
PPT				15
Temp				

Department of Revenue FY98 Budget Overview
Alaska Housing Finance Corporation
Operations

Overview

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

Issues

The **Operations Division (OPD)** focus is to provide adequate, safe, and sanitary housing at the lowest possible cost to the public; protect corporate assets, including real estate owned (REO); assist borrowers; maximize access to federal, state, and other grant funds to facilitate development and delivery of affordable housing throughout Alaska. The Mortgage and Servicing Departments develop and participate in mortgage loan programs, while making loan programs available to the greatest number of Alaskans, and maintaining a quality portfolio; this includes senior housing mortgage loans or loans made for renovations and improvements. The Planning Department coordinates the state's housing strategy and homeless programs. OPD also provides essential technical and administrative support for the Rural and Public Housing Divisions.

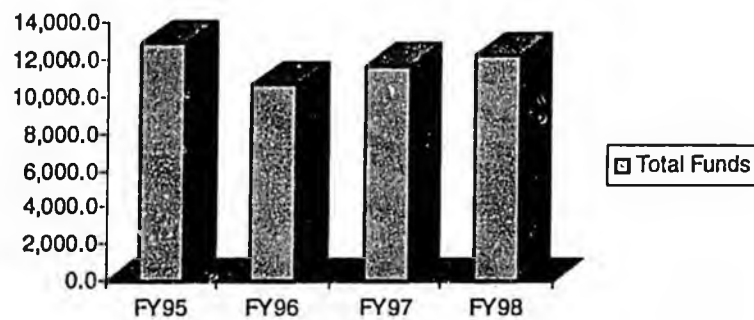
Changes from FY97 to FY98

Increases to personal services were offset by reductions in other line items, with the exception of fixed costs that the AHFC has little control over. In general, Operations Division departments were able to develop their budgets within these parameters. However, several shortfalls were identified in the following areas: Board costs, Legal fees, Building Rents and Leases, and Insurance Premiums. In addition to these items is an effort to reduce the vacancy factor to an actual historical figure for this component.

Department of Revenue FY98 Budget Overview
Alaska Housing Finance Corporation
Operations

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,293.7	6,761.3	8,076.8	8,501.7
Travel	275.7	278.8	242.3	274.1
Contractual	3,418.2	3,162.2	3,001.7	3,057.6
Supplies	425.4	249.7	268.5	272.9
Equipment	233.0	191.0	101.8	101.8
Lands/Buildings	250.0	25.0	0.0	0.0
Total	12,896.0	10,668.0	11,691.1	12,208.1
FUNDING:				
1002 Federal Receipts	1,591.8	1,264.7	1,708.0	1,792.7
1022 Corporation Receipts	11,304.2	9,403.3	9,983.1	10,415.4
POSITIONS:				
Permanent Full Time	145	125	136	136
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY95 - FY98 Summary



Department of Revenue FY98 Budget Overview
Alaska Housing Finance Corporation
Rural Housing

Overview

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

Issues

The Rural Housing Division's (RHD) focus is providing assistance by originating, purchasing, or participating in small community housing mortgage loans to rural residents and rural homesteaders; fostering the wise use of natural resources and economic development through energy efficiency; improving the energy efficiency of rural community facilities; and weatherization of homes occupied by low income, disabled, or senior citizens; the development and implement of home energy rating programs, energy education and curriculum development programs; and thermal efficiency of HUD homes in rural Alaska through the Supplemental Housing Development Grants.

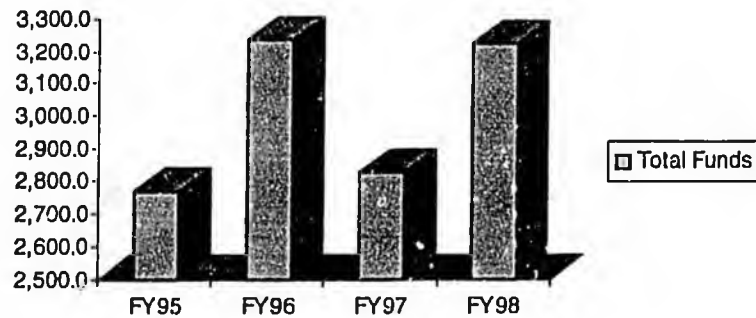
Changes from FY97 to FY98

AHFC has developed a Regional Housing Authority Exchange program. This will partner Regional Housing Authorities with AHFC to provide housing and mortgage finance services to residents of the housing authority's region. Regional Housing Authorities may act as agents for the Corporation initiating and servicing loans on AHFC's behalf in rural Alaska. Although the rural housing needs and demands are increasing, rural areas are often difficult to serve and cost prohibitive. An exchange program will help to promote and deliver housing services in areas not previously accessible to AHFC. The FY98 operating budget shows an increase for new program costs; however, this program is expected to increase future Corporate income by expanding its loan portfolio.

Department of Revenue FY98 Budget Overview
Alaska Housing Finance Corporation
Rural Housing

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	1,678.3	1,699.0	1,519.0	1,627.6
Travel	128.0	148.1	148.1	173.1
Contractual	207.4	646.1	420.8	761.1
Supplies	26.0	17.4	17.4	23.4
Equipment	30.0	22.5	22.5	20.0
Lands/Buildings, Grants	700.0	700.0	700.0	615.0
Total	2,769.7	3,233.1	2,827.8	3,220.2
FUNDING:				
1002 Federal Receipts	446.8	446.8	323.3	325.0
1007 Interagency Receipts	600.0	600.0	600.0	600.0
1022 Corporation Receipt	1,722.9	2,186.3	1,777.7	2,166.0
1061 CIP Receipts	0.0	0.0	126.8	129.2
POSITIONS:				
Permanent Full Time	33	30	24	25
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY95 - FY98 Summary



Department of Revenue FY98 Budget Overview

Alaska Housing Finance Corporation Public Housing

Overview

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

Issues

The **Public Housing Division (PHD)** of AHFC serves approximately 4450 families, disabled, and senior citizens throughout the state by utilizing funds provided through the Department of Housing and Urban Development (HUD). PHD provides low-income rental housing assistance under the following programs: Conventional Low Rent, Section 8 New Construction, Section 8 Certificates and Vouchers, Section 8 Additional Assistance, Tenant-Based Assistance, and Family Self-Sufficiency. These programs operate on rent paid by the residents (generally 30 percent of their adjusted gross income) and federal housing program subsidies. Many of AHFC's low-income projects are old and in need of major repair and based on a 10-year plan, AHFC's Construction Department oversees the upgrades, renovations, modernizations, and development of AHFC owned and operated rental properties, in an efficient and orderly manner. This Division also participates in many state and federal programs that facilitate housing for low-income Alaskans such as HOME, Shelter Plus Care, Housing Opportunities for Persons with Aids (HOPWA), and support programs, such as the Drug Elimination and Family-Self Sufficiency programs.

Changes from FY97 to FY98

The Public Housing Division (PHD) will bring on-line in FY98: Cedar Park, Riverbend, Adelaide, and an additional 120 Certificates from HUD's Section 8 Opt-out program. The income and expenses related to these additional projects are added to the FY98 Operating budget.

Cedar Park is a 50 unit Low Rent reconstruction project in Juneau. PHD expects to begin its Initial Operating Period (IOP) on July 1, 1997 and be on-line October 1, 1997.

Department of Revenue FY98 Budget Overview
Alaska Housing Finance Corporation
Public Housing

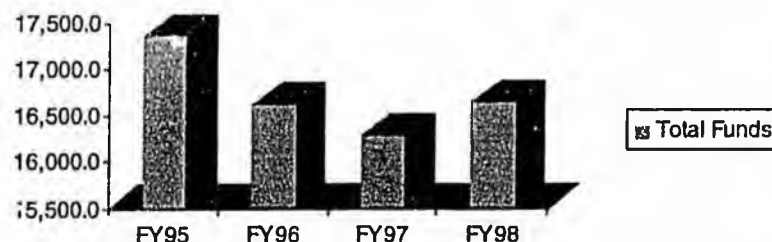
Riverbend is a new Low Rent project in Juneau expected to begin its Initial Operating Period (IOP) on April 1, 1998. This is a 45 unit complex which will require a new property manager and maintenance mechanic.

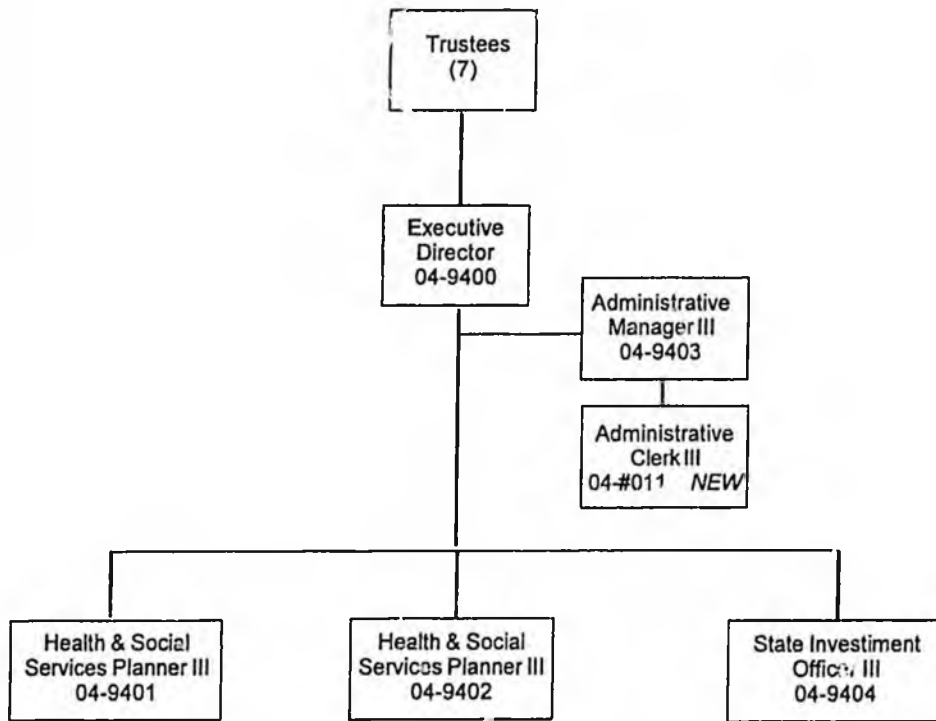
The Adelaide project is a partnership program with Anchorage Neighborhood Housing Services (ANHS). There are 70 Single Resident Occupancy (SRO) units operated by ANHS and administered by AHFC. This project will need a case manager to handle the increased workload involved with this housing project.

HUD has two Section 8 Project contracts in Juneau that have indicated they want to get out of the Certificate program through the Opt-out Program. Under this program, the Certificates would be transferred to AHFC, who would take on the administration of 120 certificates under the Section 8 Existing program. To take on this program, AHFC would need to add a case manager to handle the increased workload.

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,347.8	8,546.3	8,521.6	8,828.3
Travel	703.7	408.4	384.9	264.5
Contractual	5,283.6	5,539.2	5,888.8	6,263.9
Supplies	1,071.3	930.0	886.2	905.0
Equipment	552.8	464.8	385.1	390.4
Lands/Buildings, Grants	1,475.0	732.0	232.0	0.0
Total	17,434.2	16,620.7	16,298.6	16,652.1
FUNDING:				
1002 Federal Receipts	17,184.2	15,289.5	14,912.6	15,283.5
1022 Corporation Receipt	250.0	270.3	238.6	238.6
1061 CIP Receipts	0.0	1,060.9	1,147.4	1,130.0
POSITIONS:				
Permanent Full Time	140	135	144	148
Permanent Part Time	40	40	27	26
Temporary	11	10	9	9

FY95 - FY98 Summary





**Alaska Department of Revenue
Alaska Mental Health Trust Authority
ORGANIZATION CHART - PROPOSED FY 98**

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PFT 6
PPT
TEMP

Department of Revenue FY98 Budget Overview
Alaska Mental Health Trust Authority

Overview

The Alaska Mental Health Trust Authority (AMHTA), established as a result of the Mental Health Land settlement (Weiss v. State), is responsible for ensuring an integrated comprehensive mental health program for the State and ensuring the proper management of one million acres of land and \$200 million that comprise the Mental Health Lands Trust.

The AMHTA administers the Trust established in perpetuity and has the fiduciary responsibility to its beneficiaries to enhance and protect the Trust and to provide leadership in advocacy, planning, implementing, and funding of a comprehensive integrated mental health program to improve the lives and circumstances of its beneficiaries.

The AMHTA is responsible for the proper management of the Mental Health Land Trust; to provide support to the seven trustees; and coordinate with the four beneficiary boards and administrative agencies. This support includes Trust administrative functions, travel, meeting arrangements, management of contracts for professional services, management of the APFC Trust Fund, and RSAs with asset managers. The beneficiary groups are the mentally ill, the developmentally disabled, the elderly with Alzheimer's Disease and related dementia, and alcoholics suffering from psychoses through the advocacy boards (the Alaska Mental Health Board, the Governor's Council for Disabilities and Special Education, the Alaska Commission on Aging, and the Advisory Board on Alcoholism and Drug Abuse).

Issues

The AMHTA has four major tasks:

- 1) Develop appropriation recommendations for the State's integrated comprehensive mental health program for the Governor and Legislature.
- 2) Use a portion of the trust income (based on the Investment Policy Statement) to augment the mental health program provided by the State. Develop regulations to guide income use.
- 3) Develop a comprehensive integrated mental health plan in coordination with the Departments of Health and Social Services, Administration, and Corrections, and the four advocacy boards.
- 4) Establish and maintain a contractual relationship with the Department of Natural Resources for management of the mental health lands and with the Permanent Fund Corporation for management of trust cash assets.

Changes from FY97 to FY98

The AMHTA's FY98 budget is primarily a flat-line budget. There are no significant changes to programs requiring budget modifications.

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Department of Revenue FY98 Budget Overview
Alaska Mental Health Trust Authority

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	4.0	361.1	376.7	427.9
Travel	22.7	106.8	106.8	106.8
Contractual	56.2	424.9	399.3	338.1
Supplies	3.9	10.0	10.0	15.0
Equipment	68.2	50.0	0.0	5.0
Lands/Buildings, Grants	0.0	0.0	0.0	0.0
Total	155.0	952.8	892.8	892.8
FUNDING:				
1092 Mental Health Trust Inc	155.0	952.8	0.0	0.0
1094 Mental Health Trust Admin	0.0	0.0	892.8	892.8
POSITIONS:				
Permanent Full Time	5.0	5.0	5.0	6.0
Permanent Part Time	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0

FY95 - FY98 Summary



Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview
Alaska State Pension Investment Board

Overview

The Alaska State Pension Investment Board (ASPIB) acts as the sole fiduciary of the investments of the following 6 State pension funds:

Public Employees' Retirement Trust Fund (PERS)
Teachers' Retirement Trust Fund (TRS)
Judicial Retirement Trust Fund (JRS)
Military Retirement Trust Fund (MRS)
Deferred Compensation Plan
Supplemental Benefits System (SBS)

The Treasury Division provides staff to the ASPIB as follows:

The Deputy Commissioner is responsible for all administrative matters that come before the eight member board. These matters include, but are not limited to, preparing for and conducting Board meetings, review of budget documents, legal matters, legislation, professional education of the Board members, and direct oversight of the Treasury Division staff.

The Portfolio Management Section manages the retirement funds within statutory requirements and investment guidelines. Portfolio Management recommends investment policies and asset allocation and implements approved policies. The section directly manages all fixed income portfolios of the PERS, TRS, JRS and MRS. They oversee the activities of those funds' external equity and real estate managers as well as of the external managers of the Deferred Compensation Plan and the SBS.

The Accounting Section oversees the safekeeping and custody of the retirement systems' financial assets. Accounting maintains the accounting records and provides monthly reporting of all investment activity and completes special projects and analysis for the Board as requested. The section provides administrative and data processing support for the other sections of the Treasury Division. Accounting also prepares and monitors the budget for the ASPIB.

The Special Assistant to the Commissioner is the liaison between the ASPIB and the Treasury Staff. This position works closely with the Deputy Commissioner in preparing for and conducting Board meetings, monitoring legal matters, legislation, and coordinating professional education of the Board members.

The Cash Management Section provides banking services including the daily accounting and processing of contributions, investment income receipts and distribution of benefits.

Issues

In FY98, Treasury will focus on meeting or exceeding investment benchmarks for all funds managed by the Division.

Department of Revenue FY98 Budget Overview

Changes from FY97 to FY98

In FY98, contractals are increased due to increased custody and management fees. These fees are in direct relation to the proportion of the funds. As balances go up (due to higher rate of returns and additional payments into the fund), fees go up accordingly. This increase also includes a change in the method for payment of custody and management fees for the Supplemental Benefits Fund and the Deferred Compensation Plan. In the past payment on these funds were netted with the earnings. In FY 98 we plan on making all retirement funds consistent by showing actual costs incurred.

Also included in the increase of contractals are increases of the RSA with Treasury Management for personal services, outside audit fees, information services, performance measurement and audit of our computerized investment system.

The supplies budget has been increased for computer software updates and new software technology for the investment management of ASPIB funds.

The equipment budget has been increased for computer equipment updates and new technology for the investment management of ASPIB funds.

Department of Revenue FY98 Budget Overview
Alaska State Pension Investment Board

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	0.0	0.0	0.0	0.0
Travel	159.0	159.0	221.8	221.8
Contractual	18,211.5	20,746.7	22,360.5	32,706.6
Supplies	14.2	14.2	41.6	50.0
Equipment	30.6	0.0	40.6	70.0
Lands/Buildings	0.0	0.0	0.0	0.0
Total	18,415.3	20,919.9	22,664.5	33,048.4

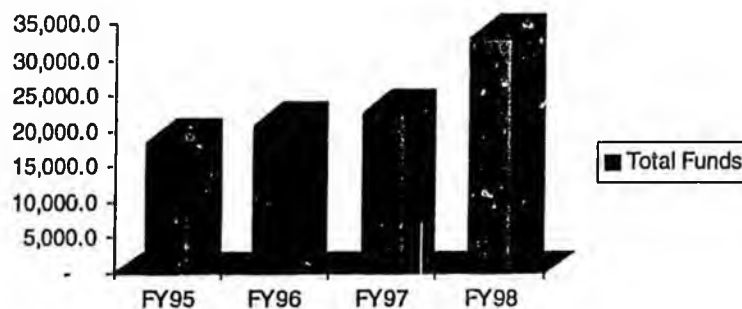
FUNDING:

1017 Deferred Compensation	148.0	45.9	75.4	3,205.3
1029 Public Employees Retire	10,891.6	12,885.1	14,241.3	19,219.4
1034 Teachers Retirement	7,255.7	7,852.8	8,228.0	10,423.5
1042 Judicial Retirement	90.9	100.7	103.4	156.2
1045 Military Retirement	29.1	35.4	16.4	44.0

POSITIONS:

Permanent Full Time	0	0	0	0
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY95 - FY98 Summary



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Boards, Commissions and Authorities

Statutory Basis

Alcoholic Beverage Control Board

AS Title 04 Alcoholic Beverages
15 AAC 104 ABC Board/Licensing

Alaska Municipal Bond Bank Authority

AS 44.85.020 Alaska Municipal Bond Bank Authority

Alaska Permanent Fund Corporation

AS 37.13 Alaska Permanent Fund Corporation
15 AAC 137 Alaska Permanent Fund

Alaska Housing Finance Corporation

AS 18.55 Housing, Public Building, Urban Renewal and Regional Housing Authorities
AS 18.56 Alaska Housing Finance Corporation
15 AAC 118 Article 2 Alaska Housing Finance Corporation
19 AAC 69 Energy Efficiency
10 CFR 420 State Energy Conservation Plan
10 CFR 440 Weatherization Assistance for Low-Income Persons
10 CFR 465 Energy Extension Service
24 CFR 41 Policies & Procedures for the Enforcement of Standards & Requirements for Accessibility by the Physically Handicapped
24 CFR 42 Uniform Relocation Assistance & Real Property Acquisition for Federal & Federally Assisted Programs
24 CFR 91 State & Local Housing Affordability Strategies
24 CFR 92 HOME Investment Partnerships Program
24 CFR 219 Flexible Subsidy Program - Capital Improvement Loans
24 CFR 574 Housing Opportunities for Persons with AIDS
24 CFR 575 Emergency Shelter Grants
24 CFR 576 Emergency Shelter Grants: Steward B. McKinney Homeless Assistance Act
24 CFR 582 Shelter Plus Care Program
24 CFR 583 Supportive Housing Program
24 CFR 600 Comprehensive Planning Assistance
24 CFR 850 Housing Development Grants
24 CFR 882 Section 8 Housing Assistance Payment Program - Existing Housing
24 CFR 886 Section 8 Housing Assistance Payment Program - Special Allocations
24 CFR 887 Housing Voucher Program
24 CFR 889 Grant Programs - Housing & Community Development, Low- and Moderate-Income Housing, & Rent Subsidies
24 CFR 901 Public Housing Management Assessment Program
24 CFR 941 Public Housing Development
24 CFR 961 Drug Abuse, Drug Traffic Control, Grants Programs - Housing & Community Development & Public Housing
24 CFR 963 Public Housing - Contracting with Resident-Owned Businesses
24 CFR 964 Tenant Participation & Management in Public Housing
24 CFR 965 FHA-Owned or Leased Projects-Maintenance and Operations
24 CFR 968 Comprehensive Grants Program
24 CFR 970 Public Housing Program - Demolition or Disposition of Public Housing Projects
24 CFR 990 Annual contributions for Operating Subsidy
45 CFR Subtitle B Family Self-Sufficiency Program

Boards, Commissions and Authorities

Statutory Basis

Alaska State Pension Investment Board

AS 14.25.180 Management & Investment of Fund
AS 22.25.048(c) Accounting & Investment
AS 26.05.228(c) Accounting & Investment - Military Retirement System
AS 37.10.071 Investment Power & Duties
AS 37.10.210 - AS 37.10.390 Alaska State Pension Investment Board
AS 39.35.080 Duties of the Alaska State Pension Investment Board

Alaska Mental Health Trust Authority

AS 37.14 Trust Funds / Mental Health Trust
AS 47.30 Mental Health

Section 5.

FY98

**Capital
Budget
Requests**

**Alaska Department of
REVENUE**

January

1997

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Department of Revenue FY98 Budget Overview

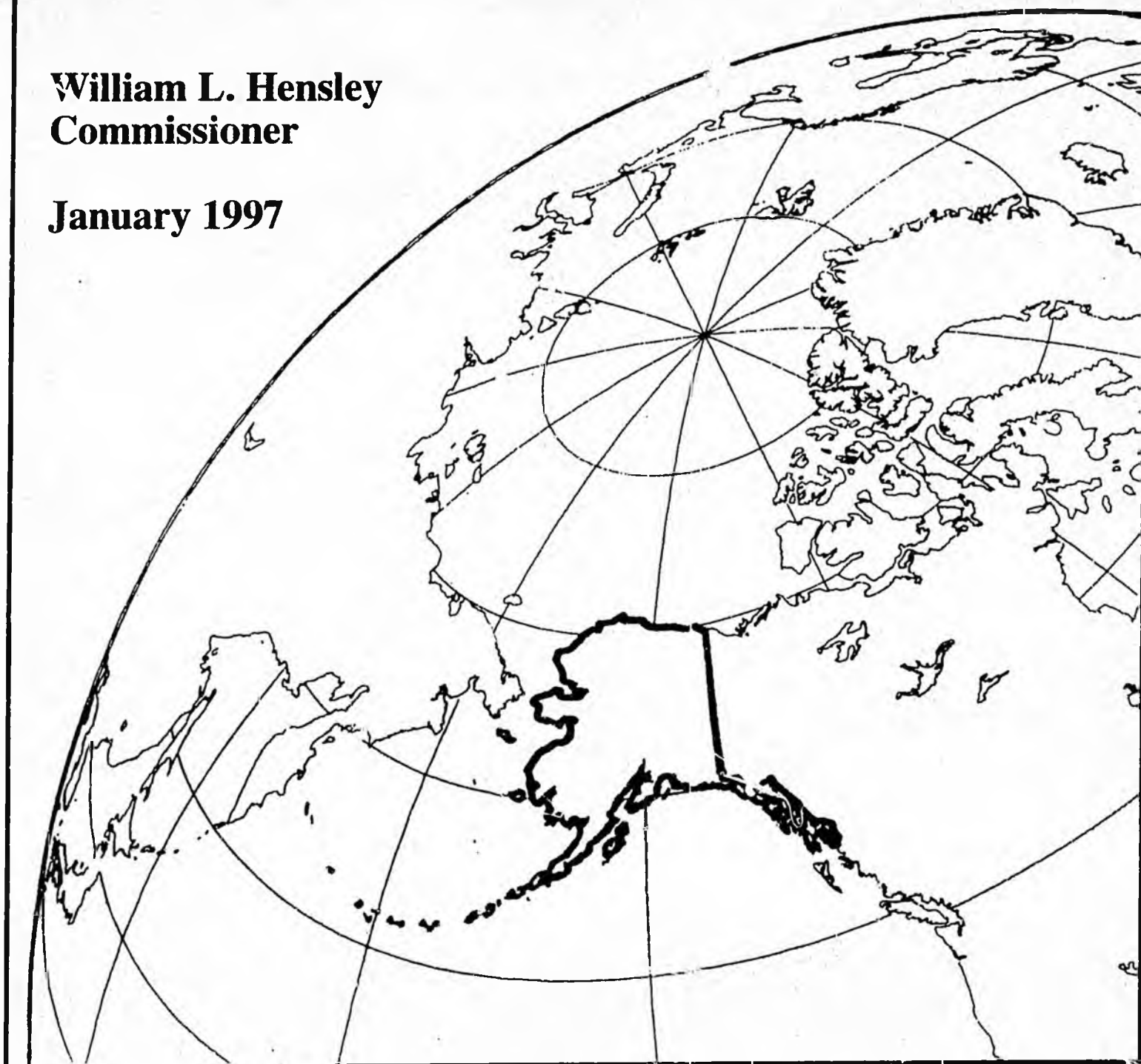
The FY97 Capital Budget has not yet been released, so our project summaries are not included at this time. We will present our request in a supplement.

Department of Commerce and Economic Development

FY 1998 OPERATING BUDGET OVERVIEW

William L. Hensley
Commissioner

January 1997



DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FY 1998 Operating Budget Overview

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INTRODUCTION

The department's total FY 98 operating budget request, representing all funding sources, is approximately \$60.8 million, down from \$69.6 million in FY 97. The department's unrestricted general fund budget request is \$11.7 million, approximately 1/2 of 1% of the total State unrestricted general fund budget.

The department's general fund budget falls into four categories: (1) designated program receipts for self-supporting agencies and programs - \$22.9 million (2) general fund program receipts for operations funded with fees for services - \$3.1 million; (3) general fund match for federal programs in the Alaska Seafood Marketing Institute - \$520.1 thousand; and (4) agency operations supported in whole or in part with unrestricted general fund appropriations - \$11.2 million.

The balance of the budget, \$23.1 million, is funded from non-general fund sources, including: federal funds - \$3.7 million; corporate receipts - \$4.9 million; Science and Technology Foundation Endowment earnings - \$9.5 million; loan funds - \$3.3 million; interagency receipts - \$1.3 million; Real Estate Surety funds - \$268.6 thousand; and CIP receipts - \$135.0 thousand.

The following pages provide an overview of the department's agencies and functions, summarize recent funding history, and list and explain the changes in the department's budget from FY 97 to FY 98.

AGENCIES AND FUNCTIONS

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT (AS 44.33.020)

The primary goal of the Department of Commerce and Economic Development is to promote an active, healthy and expanding business community. This goal is accomplished through two main tasks: consumer protection through regulation of business; and economic development through advocacy programs which develop, strengthen, and diversify Alaska's economic base, increase employment opportunities, and stimulate private enterprise.

Overview of Divisions/Agencies

The department directs Alaska's business regulatory, economic development and international trade programs, and is responsible for economic development advocacy and marketing in oil and gas, fishing, timber, minerals, tourism, international trade, and other services and industries. The department maintains international trade offices in eight (8) nations, provides infrastructure financing and regulates banking, securities, insurance, and professional occupations. The department is comprised of eight (8) line divisions and seven (7) independent organizations governed by boards and commissions. In addition, the Commissioner sits on twelve (12) boards and councils.

Public Protection Functions

- **The Division of Measurement Standards** (AS 44.33.020, 45.75, 42.30.200-.380) runs three programs:

The Weights and Measures Program requires the testing and certification of accuracy for weighing and measuring devices used in commercial transactions, and the testing of packaged commodities to verify labeled weight, measure, or count. Devices tested through this program include retail gasoline pumps, fuel meters, remote consoles, and scales used for grocery stores, airline baggage, personal vehicles, construction, rail freight, and wholesale fish purchase.

Through the Truck Size and Enforcement Program, the division issues oversize/overweight permits and operates the state's ten permanent (or "fixed") weigh stations. The program specifies the routes and conditions under which vehicles or loads that exceed legal dimension and weight limitations set by statute and regulation may move on the state highway system. Danger and inconvenience to the traveling public is minimized as a result of restrictions placed on overweight/oversize loads and vehicles, and potential damage to the highway is reduced. The Division's function is to detect and correct vehicles and loads that exceed the allowable limits.

The Air Carrier Program requires annual certification of all aircraft that transport passengers or freight commercially intrastate and requires that the operator demonstrate financial responsibility in accordance with statutory limits.

- **The Division of Insurance** (AS 21) is responsible for regulation of all aspects of the insurance industry in the state. The mission of the division is to protect and serve Alaska by developing, interpreting and enforcing the insurance statutes and regulations, protecting and educating the Alaskan consumer and enhancing the insurance business environment.

The division licenses approximately 8,500 qualified individuals, firms, and insurance companies to market insurance in Alaska. It reviews rate and form filings submitted by insurance companies and examines insurance companies' records to ensure the consumer is treated fairly and quality insurance is provided. The division also examines insurance companies' financial records in order to verify that each company is solvent and has sufficient reserves to protect Alaskan policyholders and that investments meet statutory requirements. It investigates and resolves close to 600 individual written consumer complaints each year in addition to answering routine queries received over the phone and from the general public that stop by the office. The division, as part of its service to Alaskans, has begun an outreach program to assist and educate both consumers and employers in becoming more knowledgeable insurance purchasers. This program has been very well received in the communities visited by staff.

The division administers and collects premium taxes on insurers of approximately \$28 million annually. The division is funded entirely through program receipts paid by the insurance industry. The division was accredited by the National Association of Insurance Commissioners (NAIC) on December 7, 1992. As of September, 1996, 49 states have met the NAIC's standards for financial solvency regulation of insurance companies. Alaska was the first west coast state to be accredited.

- **The Division of Banking, Securities and Corporations** (AS 06, 10, 32, 34.55, 44.33.020, 45.50, 45.55) regulates state-chartered financial institutions; administers and enforces state security laws, including enforcement of proxy solicitation rules for Alaska native corporations and the licensing of broker/dealers and investment advisors; and administers laws relating to the formation and filing of corporations, limited partnerships, limited liability companies and partnerships, BIDCO's, and other associations. The overall functions of the division supports the foundation for trade and commerce in Alaska. Availability of credit, capital markets, and business legal formations is the heart of the division's activity.

The Banking Section charters and supervises state-chartered banks, mutual savings banks, trust companies, bank holding companies, credit unions, consumer finance offices, and premium finance companies. The division acts to assure the safety and soundness of financial institutions, and encourages an adequate, competitive credit system.

The Securities Section protects the investing public by providing an investment environment that is free of fraud and misrepresentation. Through regulation, it provides a responsible marketplace which encourages the financing of legitimate business and industry in the state. The section seeks to increase small business access to capital while assuring that investor

protection is not compromised. The section also is responsible for proxy matters for Native corporations.

The Corporations Section files Articles of Incorporation and other documents in order to establish legal status for corporate and other entities, and issues Certificates of Authority for foreign corporations wishing to do business in Alaska. The section administers Alaska's Business Name and Trademark Law to ensure that those who wish to file their business names or trademarks are given protection against infringement.

- **The Division of Occupational Licensing** (AS 08, 05.15, 43.70, 44.33.020) issues all business licenses and serves as the central professional licensing agency for the state. The division is entirely funded by program receipts from license fees.

The division provides licensing, enforcement, administrative and budgetary services to 20 licensing boards and 16 occupational licensing programs without boards. The 36 programs are:

- | | |
|--|--|
| 1) Architects, Engineers and
Engineers & Land Surveyors | 19) Real Estate |
| 2) Athletic Commission | 20) Real Estate Appraisers |
| 3) Barbers & Hairdressers | 21) Acupuncture |
| 4) Direct Entry Midwives | 22) Audiologists & Hearing Aid Dealers |
| 5) Chiropractors | 23) Collection Agencies |
| 6) Clinical Social Workers | 24) Concert Promoters |
| 7) Dental | 25) Construction Contractors |
| 8) Dispensing Opticians | 26) Electrical Administrators |
| 9) Marine Pilots | 27) Geologists |
| 10) Marital & Family Therapy | 28) Guide-Outfitters |
| 11) Medical | 29) Mechanical Administrators |
| 12) Nursing | 30) Mortuary Science |
| 13) Optometry | 31) Naturopathy |
| 14) Pharmacy | 32) Nursing Home Administrators |
| 15) Physical/Occupational Therapy | 33) Storage Tank Workers |
| 16) Psychology | 34) Business Licensing |
| 17) Public Accountancy | 35) Nurse Aide Registry |
| 18) Veterinary | 36) Mobile Home Dealers |

The division's goal is to provide efficient licensing and enforcement services, so qualified professionals can work at their trades and incompetent and unethical professionals do not harm the public.

For that purpose, the division reviews individuals' qualifications for initial licensure and renewal, administers competency examinations, establishes qualifications and performance standards, investigates public complaints of incompetent professional service, conducts disciplinary hearings, and sets and collects license fees.

At the start of Fiscal Year 1997, the division was responsible for 35,402 professional licenses and 66,949 business licenses. The business licensing program generated \$2,000.3 in revenue during FY 96. Professional licens-

ing programs covered their costs with license fees as required by AS 08.01.065.

- **The Alaska Public Utilities Commission** (AS 42.05, 42.06, 42.45) regulates public utilities by certifying qualified providers of public utility and pipeline services; and ensuring that they provide safe and adequate services and facilities at just and reasonable rates, terms, and conditions. The commission also determines the eligibility and the per kilowatt-hour support for electric utilities under the Power Cost Equalization program.

A public utility or pipeline carrier must obtain a certificate of public convenience and necessity, which describes the authorized service area and scope of operations of the utility. A certificate may be issued only if the commission finds the applicant to be fit, willing, and able to provide the utility service requested.

The commission consists of five Commissioners appointed by the Governor and confirmed by the Legislature for six-year terms of office. It is funded by a regulatory assessment on the revenues of regulated utilities and pipeline carriers.

General Government Functions

- **The Division of Administrative Services** serves the internal administrative needs of the department through management guidance, accounting, budget development, purchasing, property control, data processing, and human resources services.

Economic Development Functions

- **Commissioner's Office** The overall administration and management responsibilities for the department are vested in the Office of the Commissioner. The Commissioner sets the policies and direction for the department, and by statute serves on twelve (12) boards and commissions. In addition, the Commissioner participates in many other state policy forums, including the Alaska Human Resources Investment Council, Welfare Reform Task Force and *Marketing Alaska*. Staff in this office support the Commissioner in the overall management and coordination of department activities, including strategic planning, policy direction, management oversight, and legislative coordination.

The major goals of the Commissioner are to work with the private sector to strengthen Alaska's competitiveness in the world marketplace, and protect Alaska's citizens and businesses by maintaining a fair and consistent business regulatory environment.

As chair of the *Marketing Alaska* Executive Committee, the Commissioner leads the implementation of the Governor's *Marketing Alaska* initiative. This initiative is a long-term public-private partnership designed to tailor government economic development programs to meet private sector needs and assist the private sector in meeting the competitive challenges of the global marketplace.

There are two primary components of the *Marketing Alaska* initiative. First, the Governor, Commissioner, and other Alaska leaders are communicating directly with key decision-makers in our major industries to let them know that they are welcome here. We also want to stay abreast of what the competition is doing around the world, and what we can do to add value to our products — basically following the model developed by the Governor when he, the Commissioner and members from the *Marketing Alaska* executive committee met with the CEO's of the major oil industry companies. Second, the administration has an ongoing dialogue with members of the key industries — including seafood, timber, cultural resources, small business, mining and minerals, oil and gas, and tourism — with one goal in mind: to identify how the State of Alaska and the industry can work together to improve each sector's market share in the world economy.

- The mission of the **Division of Trade and Development (DTD)** (AS 44.33.020, 44.33.800, 44.67.010, 36.30.322-338) is to encourage investment and sound economic development throughout Alaska. DTD's efforts are a key part of the State of Alaska's overall economic development strategy to increase employment and diversify our economic base. The division accomplishes its mission by:
 - **increasing and enhancing demand for Alaska products and services.** Division activities include providing up-to-date market information to Alaskan businesses and communities; providing technical assistance for product and market development; and promoting Alaska products and services domestically and abroad.
 - **ensuring a supportive business climate in Alaska.** Division activities include advocating for business-sensitive regulations and permitting processes; developing state policies to entice business expansion; improving communication between the state and private sector; and helping business and industry access capital.
 - **stimulating economic growth statewide.** Division activities include supporting the expansion of value-added processing; removing trade barriers overseas; helping communities develop needed infrastructure; and assisting training efforts.

Governor Knowles' *Marketing Alaska* initiative — a partnership comprised of members of the Knowles Administration, the Alaska Legislature, and the private sector — is the cornerstone of DTD's work program. DTD staff is responsible for implementing many of the more than 200 recommendations developed through the *Marketing Alaska* process.

- **The Division of Investments** (AS 16.10, 26.15, 27.09, 44.33, 44.88, 45.88-.89, 45.95, 45.98) promotes economic development through direct state lending within those industries that are not adequately serviced by the private sector. The division administers three (3) loan programs that are actively lending: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development; and services outstanding loans in eight (8) other loan programs for the department: Veterans, Small Business, Historical

District, Child Care Facility, Residential Energy Conservation, Alternative Energy, Mining, and Water Resources.

The division also provides loan servicing in ten portfolios for five investors: The Alaska Industrial Development and Export Authority, and the Departments of Revenue, Environmental Conservation, Health and Social Services, and Military and Veterans Affairs.

The division administers the Fisheries Enhancement Tax Receipts program, distributing to the regional aquaculture associations the tax collected by the Department of Revenue on the sale of salmon in areas where regional aquaculture associations are supported by local fishers.

- **The Division of Tourism** (AS 44.33.119-135) supports the growth of Alaska's private tourism industry by fostering a climate for doing business that is positive; developing new markets for potential visitors; conducting research into visitor demographics, opinions and expenditures as well as the size and scope of Alaska's travel industry; creating opportunities for Alaska businesses to make business contacts that would otherwise have been impossible to make; and providing information to potential visitors that will assist them in their trip planning. To achieve these goals, the Division of Tourism encompasses the following program elements:

Development and maintenance of travel trade relationships in German-speaking Europe and Japan; developing travel trade relationships in Australia and the United Kingdom; development and maintenance of travel trade relationships in niche markets within the United States; answering written and telephonic inquiries from potential visitors; developing special promotions that will stimulate travel to Alaska; development and maintenance of a commercial film industry in Alaska; and design, production and distribution of printed materials to support the efforts above. Additionally, the Division of Tourism serves as an advocate for Alaska tourism businesses by providing input to other state and federal agencies concerning the potential impact to the travel industry through their regulatory and budgetary actions. Finally, the Division of Tourism works closely with the Alaska Tourism Marketing Council in the direct marketing of Alaska as a visitor destination to consumers.

- **The Alaska Tourism Marketing Council (ATMC)** (AS 44.33.700-735) is a public/private partnership whose mission is to stimulate economic growth, diversification, and employment by promoting Alaska as a visitor destination in domestic consumer markets. To achieve this mission, the ATMC conducts a targeted national marketing program aimed at U.S. and Canadian markets determined to have the greatest potential for producing new and repeat visitors.

Primary elements of the program include media advertising, public relations, research, direct response campaigns, and distribution of trip planning information such as the State Vacation Planner. The program not only motivates people to visit, it provides Alaska businesses and local organizations the opportunity to access a national marketplace which they could not otherwise afford.

The ATMC is a public corporation of the state governed by a twenty-one (21)-member board, ten (10) appointed by the Governor, ten (10) appointed by the Alaska Visitors Association, and the Director of the Division of Tourism. This cooperative marketing effort combines the financial resources and marketing expertise of the state and private sector, and benefits all segments of Alaska through increased visitor industry spending.

- **The Alaska Industrial Development and Export Authority (AIDEA)** (AS 44.88) is a public corporation which provides capital to finance economic growth in Alaska. Through a variety of programs AIDEA provides financing assistance to industrial, manufacturing, and other business enterprises to further AIDEA's overall mission of developing and diversifying the state's economic base, thereby creating additional employment opportunities for Alaskans.

Historically, AIDEA accomplishes its mission by acting as a secondary market for financing institutions, making no direct loans, but rather purchasing a major portion of business loans from financial institutions. The participations are funded through the sale of bonds or internal assets.

In an effort to produce more private sector employment, AIDEA has placed greater emphasis on infrastructure and resource development projects through the Development Finance (owner/operator) program, created in 1986. AIDEA has the ability to own and operate specific projects that support private sector employment in the state and advance the authority's mission.

AIDEA has a business assistance loan guaranteed program, which was created to help stimulate new business and to help businesses by providing a guarantee on new loans or loans to refinance existing debt; and an export assistance loan guarantee program, which is designed to facilitate the export of Alaskan goods, services, and raw materials on loans made for eligible export transactions.

Since 1993, AIDEA also has oversight responsibility for projects owned by the Alaska Energy Authority.

AIDEA is governed by a five-member board consisting of the Commissioners of the Departments of Commerce and Economic Development, Revenue, and one (1) additional commissioner (currently the Commissioner of the Department of Transportation and Public Facilities), and two (2) public members.

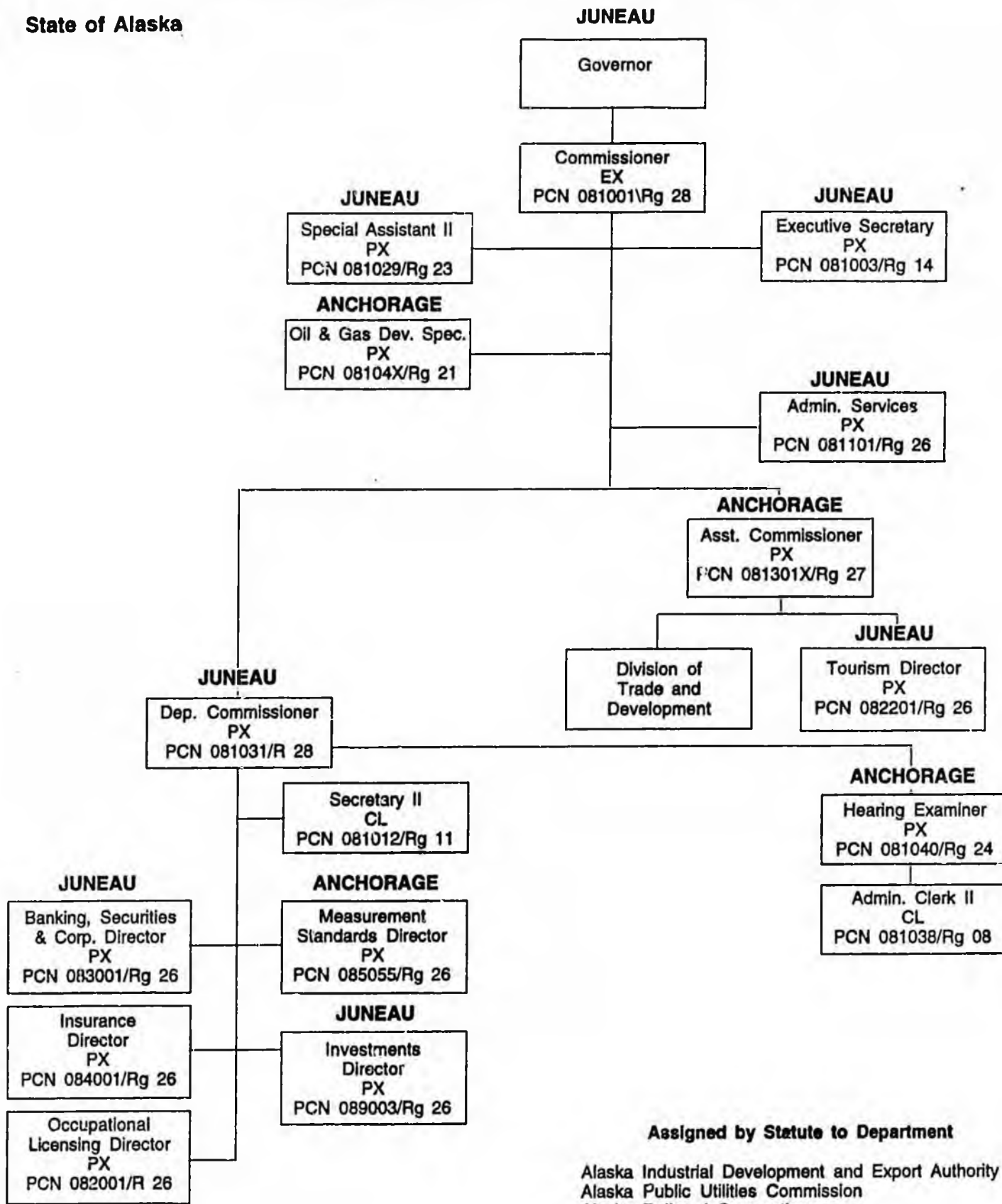
- **The Alaska Seafood Marketing Institute** (AS 16.51) generically promotes all species of Alaska seafood worldwide and works to improve seafood quality to enhance profitability and growth for the Alaska seafood industry. The Communications, Export and Domestic Marketing programs utilize advertising, publicity, public relations, and promotions to increase awareness of, and preference for, Alaska seafood products. The quality programs are aimed at teaching fishermen, processors, retailers and restaurateurs about proper handling of Alaska seafood products.

The quasi-independent commodity commission consists of twenty-five (25) board members appointed by the Governor, including twelve (12) seafood processors, twelve (12) commercial fishers, and one (1) lay person. The board has established six (6) standing committees: executive, quality, salmon, shellfish, whitefish, and export promotions.

- **The Alaska Aerospace Development Corporation (AADC)** (AS 14.40.821-.990) is a public corporation created by the Alaska State Legislature to develop aerospace related economic and technical opportunities. AADC is working with private corporations, government agencies, and universities to develop a comprehensive low earth orbit launch complex and full service satellite ground station facilities. The Kodiak Launch Complex will be located on Kodiak Island and ground station activities will be concentrated in Fairbanks. Additionally, AADC is working to promote satellite assembly, test, and distribution facilities in Anchorage as well as educational opportunities throughout the state.
- **The Alaska Science and Technology Foundation (ASTF)** (AS 37.17) is a public corporation of the State of Alaska formed to promote the development and application of science and technology for the direct benefit of Alaskans. To achieve this mission, the Alaska Science and Technology Endowment has been established. Endowment income provides the Foundation's operating expenses and grants for eligible projects. ASTF is governed by a nine member policy making Board of Directors appointed by the Governor.
- **The Alaska Railroad Corporation** (AS 42.40) operates and manages the Alaska Railroad, which the federal government sold to the state in 1985. It is a public corporation with a legal existence independent of and separate from the state, and is governed by a board of directors consisting of the Commissioners of the Departments of Commerce and Economic Development and Transportation and Public Facilities, and five members appointed by the Governor.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

State of Alaska



Assigned by Statute to Department

- Alaska Industrial Development and Export Authority
- Alaska Public Utilities Commission
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Alaska Tourism Marketing Council
- Alaska Aerospace Development Corporation
- Alaska Science & Technology Foundation

(Rev. 1/97)

CL: Classified
 PX: Partially Exempt
 EX: Exempt

FUNDING HISTORY AND ORGANIZATIONAL CHANGES

Funding History

<u>Fiscal Year</u>	<u>Auth.</u>	<u>Gen. Fund</u>	<u>GF-Prog. Rec.</u>	<u>Fed. Funds</u>	<u>Other Funds</u>
FY 98 Governor	60,795.1	11,716.7	25,952.6	3,694.1	19,431.7
FY 97 Auth	69,619.9	11,711.1	27,246.9	5,275.0	25,386.9
FY 96 Auth	61,209.6	13,969.4	23,044.1	6,401.1	17,795.0
FY 95 Auth	65,479.2	14,211.9	25,353.0	7,558.1	18,356.2
FY 94 Auth	84,486.2	36,244.3	29,211.9	7,591.3	11,438.7
FY 93 Auth	78,313.4	36,657.5	22,458.0	8,805.9	10,392.0
FY 92 Auth	68,365.1	37,010.2	15,780.9	5,217.0	10,357.0
FY 91 Auth	69,054.3	37,996.7	14,779.7	5,381.5	10,896.4
FY 90 Auth	70,404.4	43,756.7	13,737.4	3,527.5	9,382.8
FY 89 Auth	67,516.6	37,542.6	20,044.6	1,475.0	8,454.4

Excludes Fisheries Enhancement Tax Receipts program, supplementals and RPL's.

GF-Prog. Rec. Includes General Fund Program Receipts and Designated Program Receipts.

Other funds include Loan Funds, IA Receipts, State Corporate Receipts, AK Science & Technology Endowment Earnings, and CIP Receipts.

Organizational Changes

- o Executive Order #98, transferring the Division of Measurement Standards to the Department of Transportation and Public Facilities (DOT/PF), has been submitted to the Legislature. The Executive Order will consolidate the State's commercial vehicle safety functions under DOT/PF.

Budget Structure Change

- o There are no budget structure changes in the FY 98 operating budget request.

Department of Commerce and Economic Development
FY 1998 Governor's Budget

	DCED Total	Measurement Standards	Bank, Sec & Corp	Insurance	Occ Lic Operations	Occ Lic Boards	APUC
UNALLOCATED	0.0			0.0	0.0		
100 PERS SVCS	23,701.3	2,534.8	1,487.6	2,941.7	3,333.8		2,639.6
200 TRAVEL	1,975.6	150.5	76.3	187.5	110.7	168.0	53.5
300 CONT SVCS	26,089.2	271.4	107.7	1,018.8	1,257.4	7.0	1,336.1
400 SUPPLIES	604.6	26.1	18.9	59.2	68.0		62.5
500 EQUIPMENT	232.2	18.3	6.8	34.2	88.7		25.8
700 GRANTS	8,192.2				100.0		
EXPENDITURES	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
FUNDING	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
1002 FED REC	3,694.1	44.1					
1003 GF MATCH	520.1						
1004 GEN FUND	11,196.6	1,618.1					
1005 PROG REC	3,070.7	1,314.5	1,653.7				
1007 IA REC	1,334.3		29.1	26.0	318.1		
1022 CORP REC	4,890.0						
1025 SCI/TECH	9,529.9						
1035 VRLF	234.7						
1036 CFRLF	2,579.7						
1040 RESF REC	268.6				268.6		
1057 SBRLF	2.5						
1061 CIP REC	135.0						
1067 MRLF	5.0						
1068 CCFRLF	5.5						
1069 HDRLF	3.0						
1070 FERLF	289.2						
1071 AERLF	154.3						
1072 RECRLF	0.0						
1091 DES PROG REC	22,881.9	24.4	14.5	4,215.4	4,371.9	175.0	4,117.5
FULL TIME	390	45	25	51	63		42
PART TIME	16	7			2		

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Department of Commerce and Economic Development
 FY 1998 Governor's Budget

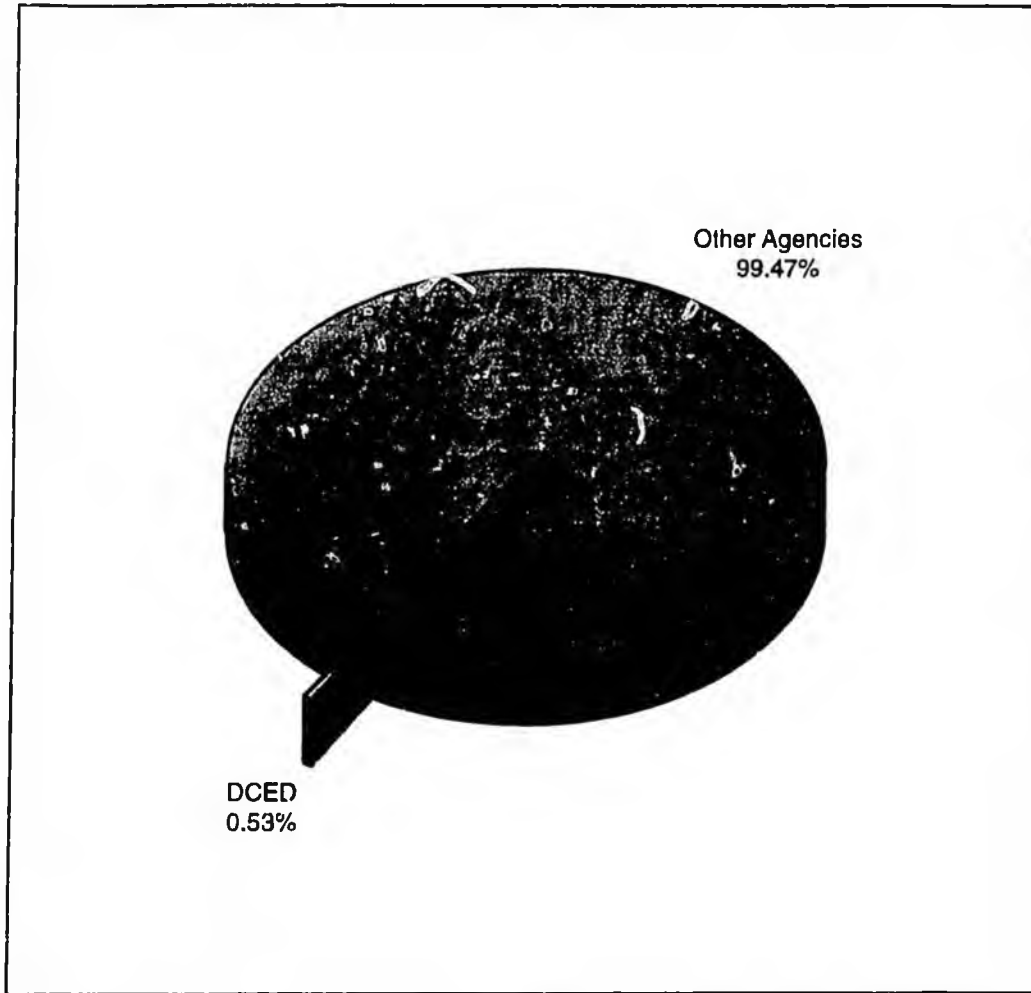
-14-

	Commissioner's Office	Administrative Services	Trade & Development	Investments	Tourism Development	ATMC	AIDEA Operations
UNALLOCATED							
100 PERS SVCS	490.3	1,065.4	1,300.1	2,408.2	786.1	196.2	2,067.5
200 TRAVEL	22.4	6.6	200.2	31.2	100.7	53.4	68.2
300 CONT SVCS	79.6	118.4	918.5	628.8	2,029.2	5,325.1	1,598.4
400 SUPPLIES	5.0	8.1	43.5	37.9	24.0	4.0	38.9
500 EQUIPMENT			6.1	4.8		5.0	15.5
700 GRANTS			60.0	220.0	98.0		
EXPENDITURES	597.3	1,198.5	2,528.4	3,330.9	3,038.0	5,583.7	3,788.5
FUNDING	597.3	1,198.5	2,528.4	3,330.9	3,038.0	5,583.7	3,788.5
1002 FED REC			150.0				
1003 GF MATCH							
1004 GEN FUND	458.7	748.2	1,952.8		2,331.6	4,087.2	
1005 PROG REC			62.0		40.5		
1007 IA REC	138.6	450.3	214.1	57.0	101.1		
1022 CORP REC							3,788.5
1025 SCI/TECH							
1035 VRLF				234.7			
1036 CFRLF				2,579.7			
1040 RESF REC							
1057 SBRLF				2.5			
1061 CIP REC			135.0				
1067 MRLF				5.0			
1068 CCFRLF				5.5			
1069 HDRLF				3.0			
1070 FERLF				289.2			
1071 AERLF				154.3			
1072 RECRLF				0.0			
1091 DIFS PROG REC			14.5		564.8	1,496.5	
FULL TIME	7	17	20	44	13	3	28
PART TIME		1	1		3		

Department of Commerce and Economic Development
 FY 1998 Governor's Budget

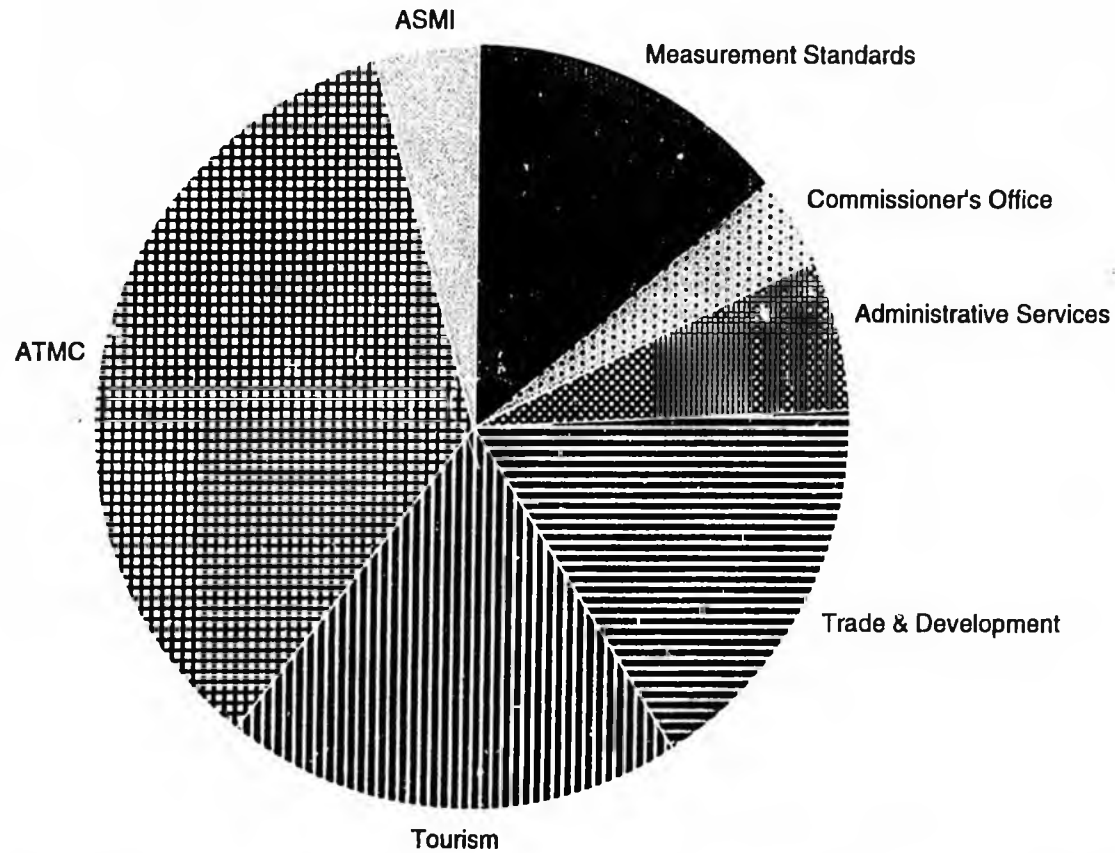
	AIDEA AEA O&M	ASMI	AADC	ASTF
UNALLOCATED				
100 PERS SVCS	312.1	1,208.7	325.7	603.5
200 TRAVEL	30.0	582.4	50.0	84.0
300 CONT SVCS	703.2	9,922.4	172.3	594.9
400 SUPPLIES	8.0	180.0	4.0	16.5
500 EQUIPMENT	5.0	14.0	8.0	
700 GRANTS				7,714.2
EXPENDITURES	1,058.3	11,907.5	560.0	9,013.1
FUNDING	1,058.3	11,907.5	560.0	9,013.1
1002 FED REC		3,500.0		0.0
1003 GF MATCH		520.1		
1004 GEN FUND				
1005 PROG REC				
1007 IA REC				
1022 CORP REC	1,058.3		43.2	
1025 SCI/TECH			516.8	9,013.1
1035 VRLF				
1036 CFRLF				
1040 RESF REC				
1057 SBRLF				
1061 CIP REC				
1067 MRLF				
1068 CCFRLF				
1069 HDRLF				
1070 FERLF				
1071 AERLF				
1072 RECRLF				
1091 DES PROG REC		7,887.4		
FULL TIME	4	18	4	6
PART TIME		1		1

State of Alaska
FY98 Governor's Operating Budget
Unrestricted General Fund Authorization



	DCED	Other Agencies
Total General Fund	\$11,716.7	\$2,198,249.2
1003 General Fund Match	520.1	223,491.3
1004 General Fund	11,196.6	1,865,861.4
1037 General Fund/Mental Health		108,896.5

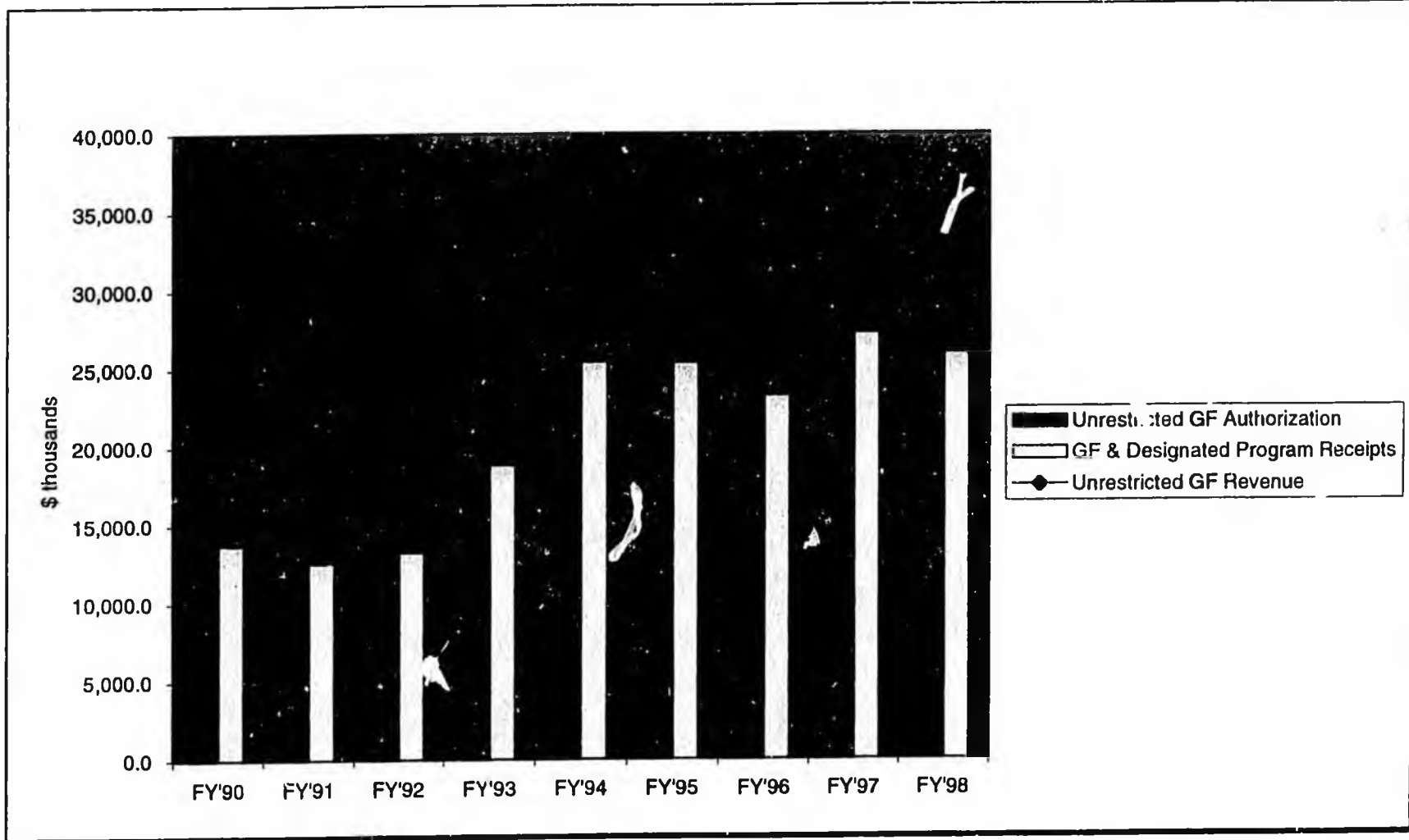
DCED FY 98 Unrestricted General Funds by Agency



	DCED	Measurement Standards	Commissioner's Office	Administrative Services	Trade & Development	Tourism	ATMC	ASMI
FUNDING	11,716.7	1,618.1	458.7	748.2	1,952.8	2,331.6	4,087.2	520.1
GF MATCH	520.1	0.0	0.0	0.0	0.0	0.0	0.0	520.1
GEN FUND	11,196.6	1,618.1	458.7	748.2	1,952.8	2,331.6	4,087.2	0.0

**Department of Commerce and Economic Development
General Fund and GF/Designated Program Receipts History**

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	FY'90	FY'91	FY'92	FY'93	FY'94	FY'95	FY'96	FY'97	FY'98
Unrestricted GF Authorization	28,930.0	23,329.8	21,963.7	18,678.1	18,339.8	14,212.1	14,030.6	11,711.1	11,716.7
GF & Designated Program Receipts	13,737.4	12,549.5	13,264.6	18,792.2	25,397.1	25,353.0	23,238.1	27,246.9	25,952.6
Unrestricted GF Revenue	26,908.6	27,180.8	31,342.0	31,163.9	34,742.6	34,426.3	35,839.2		

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
Multiple Agencies		
<u>FY98 COLA</u> Cost of living allowance for all employees.	229.5	303.6
<u>Health Insurance Adjustment</u> Additional health insurance costs.	86.9	115.3
Division of Measurement Standards		
<u>NMFS and Third Party Receipts Increase</u> Of this total, \$44.1 is federal receipts to support a new program to inspect off shore fishing industry weighing devices on request of the U.S. Department of Commerce, National Marine Fisheries Service (NMFS). The balance of \$7.0 is for additional authority to receive and expend designated program receipts to allow third party billings for device inspections and other reimbursable activities.	7.0	51.1
Division of Insurance		
<u>FY 97 Carry Forward Funds</u> SLA 1996 Chapter 123 Section 47(a) appropriated the unexpended FY 96 balances and receipts to the division for expenditure in FY 97. This amount totaled \$901.0, which is comprised of \$111.0 in unexpended authority and another \$789.7 in excess revenues. In FY98, the division has received approval to include the following carry-over funds in the adjusted base totaling \$304.9. \$178.3 in Personal Service to allow full staffing, enabling the division to increase the numbers of financial and market conduct examinations. These examinations are critical to assuring a fair and equitable insurance market for the Alaskan consumer. \$75.0 To add an Investigator II/III. The current staff of two investigators cannot adequately address all reports of alleged wrongdoing in a timely manner and it is imperative that the division respond quickly to such reports to protect consumers, the industry and employers. Additionally, timely action can serve as a powerful fraud prevention tool.	(596.1)	(596.1)

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>\$51.6 increases the division's share of administrative support to the Commissioner's Office (\$25.1) and (\$26.5) to the Division of Administrative Services.</p> <p>The inclusion of these amounts from the carry-over in the adjusted base results in a decrement of (\$596.1) for FY 98.</p>		
<p><u>Division of Occupational Licensing</u> <u>FY 97 Carry Forward Funds</u></p> <p>SLA 1996, Chapter 117, Section 17, authorized excess receipts to roll forward to fund operating costs. Excess receipts in FY 96 that carried forward into FY 97 totaled \$1,386.4. Following discussions with the Office of Management and Budget, Division of Budget Review, the division received approval to include \$368.6 for service cost adjustments described below to be funded from the roll forward receipts. This decrement reduces the balance of the roll forward authorization in the amount of \$1,017.8 as a reduction from the FY 98 base. The \$368.6 service cost adjustments from the roll forward consist of the following:</p> <ol style="list-style-type: none"> 1. Administrative Services Support, \$26.5: The BRU's share of departmental administrative services support costs such as personnel, mailroom, fiscal, data processing, ...etc. 2. Commissioner's Office Support, \$25.1: The BRU's share of departmental support from the Commissioner's Office. 3. Department of Labor, \$100.0: Provides increased RSA funding for an administrative clerk and an investigator to increase enforcement of construction contractor and electrical/mechanical administrator licensing laws. 4. Investigator II, \$25.0: Provides funding to increase an existing part-time investigator position to permanent full-time to focus work on unlicensed activity. 5. Investigator III, \$75.0: Provides funding for a second permanent full-time investigator for the 	<p>(1,017.8) (1,017.8)</p>	

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>State Medical Board. There is a serious backlog of medical complaints, and the board feels its mandate to protect the public cannot be met by the one investigator presently responsible for approximately 140 citizen complaints as well as application and malpractice investigations.</p>		
<p>6. Executive Secretary, Board of Registration for Architects, Engineers, and Land Surveyors, \$73.3: This position would be filled by an individual knowledgeable about AELS issues who could assist the board in policy development and create a more comprehensive AELS program. With 5,000 licensees, AELS is one of the division's most demanding programs and the existing range 12 licensing examiner position cannot meet the board's goals.</p>		
<p>7. Administrative Clerk II, \$43.7: This position would support the Executive Secretaries of the State Medical Board and the Board of Nursing. Each position receives a large volume of administrative-clerical inquiries daily, and this position would allow the Executive Secretaries to use their expertise more appropriately and improve licensing services.</p>		
<p><u>AK Public Utilities Commission</u> <u>Paralegal Support</u></p> <p>The Alaska Public Utilities Commission is requesting two new Paralegal I positions, range 13A. These positions are essential to timely production of Commission orders.</p> <p>The Commission is required by law to publish its decisions by orders that contain the decision, the findings and the basis for the findings. There is considerable interest and support from the public, especially the regulated utilities and pipeline carriers, in obtaining timely Commission decisions. As the level of competition in telecommunications and other regulated utility sectors grows, the need for quick Commission decisions is much greater. Delays can interfere with the competitive market, as well as individual utility's plans.</p>	97.1	97.1

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>Commission paralegals assist Commissioners in the preparation of formal Commission orders by researching, writing and editing. They are present during the Commission's hearings, pre-hearing conferences and adjudicatory meetings. They are trained to capture the information required to draft orders that meet the legal requirements of AS 42.05.191. These drafts are then reviewed and revised by each Commissioner participating in the decision.</p>		
<p>Office of the Commissioner</p>		
<p><u>Allocation of Department Management and Policy Costs</u> In addressing the reality of shrinking General Fund dollars, the department is requesting to allocate some of the cost of overall department management to the regulatory agencies that allocate their costs to their respective industries. The divisions of Insurance and Occupational Licensing are funded with Designated Program Receipts, and are providing additional funding to the Commissioner's Office in FY 97 and FY 98.</p>	0.0	50.2
<p>Division of Administrative Services</p>		
<p><u>Allocate Centralized Administrative Support Costs</u> The Division of Administrative Services provides centralized administrative support to the agencies within the Department of Commerce and Economic Development.</p> <p>To meet the General fund reductions allocated in FY 97, certain cost savings were implemented, and the balance of the reductions made up through increased allocation of costs to the Divisions of Insurance and Occupational Licensing. The division is also sharing its Human Resources Manager with the Department of Community and Regional Affairs (DCRA) with DCRA funding 40% of the position.</p> <p>This increment is an increase in the allocation of costs the Division of Administrative Services charges to the Divisions of Insurance and Occupational Licensing, and the Department of Community and Regional Affairs.</p>	0.0	86.5

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
Division of Trade and Development		
<u>Taiwan Contract Support</u>	0.0	23.1
<p>DTD's contractor in Taiwan provides service to the Division of Tourism and the Alaska travel industry by: disseminating and distributing information on destinations and attractions in Alaska; serving as liaison between the Division of Tourism and the travel trade and press; arranging meetings, seminars and travel workshops; coordinating visiting state representatives and private sector activities; and serving as an information source about Alaska for the press and trade of Taiwan and as a source of market information for Alaska. The Division of Tourism is providing additional Interagency Receipts funding for these services.</p>		
<u>Korea Office Support</u>	0.0	33.1
<p>The Korean travel market is growing at a rate of 19.9% a year. The Division of Tourism is increasing its annual RSA to DTD \$13.0, in order to further stimulate this market and to maintain the direct air service from Seoul to Anchorage currently enjoyed by the state. DTD's contractor in Korea provides service to the Division of Tourism and the Alaska travel industry by: disseminating and distributing information on destinations and attractions in Alaska; serving as liaison between the Division of Tourism and the travel trade and press; arranging meetings, seminars and travel workshops; coordinating visiting state representatives and private sector activities; serving as an information source about Alaska for the press and trade of Korea and as a source of market information for Alaska.</p> <p>DTD's contractor in Korea provides services to the Anchorage International Airport, including but not limited to: disseminating information to appropriate Korean industry/government officials on airport news and developments; working with Korean officials to expand their air cargo operations at Anchorage Airport; and working with U.S. and Korean officials to eliminate visa requirements for U.S.-bound Korean travelers. For the Alaska Railroad Corporation, the Korea contractor's efforts include: providing intelligence</p>		

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>and assistance, where needed, to support the shipment of Alaska coal to Korea; and marketing Alaska and the Alaska Railroad as a tourism destination to Korean travelers and travel professionals. The Anchorage International Airport and the Alaska Railroad Corporation are providing \$20.0 additional Interagency Receipts funding for these services.</p>		
<p><u>Eliminate Juneau Mining Development Specialist</u> In order to meet budget reduction requirements, the division's Juneau mining and minerals development specialist position is being eliminated. The division has two mining and mineral development specialists, the other is based in Fairbanks. Since the Fairbanks position serves as the division's only Fairbanks representative, the Juneau position is being eliminated.</p>	(82.7)	(82.7)
<p>The Fairbanks mining and minerals development specialist will have to absorb the responsibility as the lead staff to implement the mining and minerals recommendations of the Marketing Alaska initiative. Other division staff will be reassigned to fulfill special economic development or transportation project assignments on an as-required basis.</p>		
<p><u>Community Development Quota (CDQ) Program</u> DCED, ADF&G and DCRA jointly administer the CDQ program. It is the responsibility of this multi-agency team to insure that CDQ groups comply with state and federal CDQ regulations and that they conform to the development plans submitted and approved by the state and federal governments.</p>	0.0	23.5
<p>The Department of Community and Regional Affairs is providing more Interagency Receipts funding for DCED's participation in the CDQ Program.</p>		
<p><u>Division of Tourism</u> <u>Reduction of Alaska Film Program</u> This action eliminates one position in Anchorage (Development Specialist II) and reduces contrac-</p>	(157.3)	(157.3)

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
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tual spending on film promotion from \$123.4 to \$50.0.

Eliminating this position and much of the associated funding for the Film Office will reduce the state's ability to respond to industry inquiries as comprehensively and quickly as we now do. Execution of some elements of the current film promotional program would be carried out by Juneau-based Division of Tourism staff members, using the remaining \$50.0. Program elements maintained would include trade publication advertising, participation in two to three Location Scouting expositions, and hosting of several in-state location scouts and product development trips for producers.

A significant reduction in service will occur in support provided within Alaska to Alaskan film companies and to outside film companies needing assistance once they are in the state. Our approach to this reduced service level would be to pass that responsibility on to local destination marketing organizations, much the same as we do currently when handling tour operators. We also anticipate that Alaska's home film industry has now grown to a point that it needs significantly less direct support than in the past. Many private companies now provide services substantially similar to those provided by the Film Office during FY96 and before. As with all of our tourism promotional efforts, we will confine our work to those activities that are not or cannot be done by the private sector or community-based destination marketing organizations.

Publications Technician Services

0.0 6.1

The department's Publication Technician II provides graphic services for all of the line agencies within the department.

The agencies that will contribute to the cost of this position are Division of Insurance, Division of Occupational Licensing, Division of Investments, and the Division of Banking, Securities, and Corporations.

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p><u>Alaska Marine Highway System</u> In FY 97, two Reimbursable Service Agreements (RSA) were established between the Division of Tourism and the Alaska Marine Highway System (AMHS). One represents a 10% commission on AMHS bookings made by Division of Tourism staff at the Tok Visitors Center. This pilot program, started in mid-July of 1996, netted nearly \$9,000. We're anticipating that a full season's booking cycle will result in commissions of \$25,000.</p> <p>The second is as a result of the revised Tourism North program, one element of which is to include the summer AMHS schedule in the publication North! To Alaska. The overwhelming majority of AMHS schedules to be distributed will be contained in this publication. The AMHS contribution to the printing cost of this publication will be \$50,000.</p>	0.0	75.0
<p><u>"Marketing Alaska's Cultural Resources" Support to DTD</u> The Division of Tourism's Development Specialist II has been working with Division of Trade and Development (DTD) staff on the "Marketing Alaska's Cultural Resources" project since October 1996. This project is funded through DTD's federal EDA grant. The project entails working with communities and community leaders throughout Alaska to identify and assess the state's cultural resources and to develop strategies to develop the state's cultural assets into viable economic resources. The project will wrap up by the end of September 1997. DTD is providing Interagency Receipts funding for these services.</p>	0.0	20.0
<p><u>AK Tourism Marketing Council</u> <u>Television Advertising Enhancement</u> This increment adds \$200.0 in General Funds and \$66.7 in Designated Program Receipts.</p> <p>Under the FY 98 base advertising budget ATMC's network cable television efforts would remain minimal at best -- with approximately 9 weeks, using 6 networks (CNN, Discovery/The Learning Channel, TBS/TNT, The Travel Channel) spending \$681,400 generating 128,617,000 gross impressions.</p>	266.7	266.7

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>This increment will increase our network cable television advertising 5 weeks, using roughly 7 networks, garnering an additional 72,660,291 gross impressions.</p>		
<p>AK Seafood Marketing Institute <u>Federal Market Access Program</u></p> <p>This decrement reduces Federal Receipts for the Market Access Program (MAP) to \$3.5 million to match the anticipated FY98 award of \$3.0 to \$3.5 million.</p> <p>The federal MAP funds finance Alaska's seafood marketing activities in the United Kingdom, European Union, Japan, Australia, Hong Kong, China, and Taiwan.</p>	0.0	(1,500.0)
<p>AK Science and Technology Foundation <u>Pass-Through Federal Funding</u></p> <p>ASTF receipt authority to pass-through federal funding from the U.S. Department of Energy, Sandia National Laboratory to an ASTF grantee, Hybrid Renewable Microgrid Power Plant, ended in FY 97.</p>	0.0	(125.0)

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