

**SCOMM**

**122:40**



Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

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November 17, 1999

Commission on Privatization and Delivery of Government Services  
Senator Jerry Ward, Co-Chair  
Representative John Cowdery, Co-Chair  
716 West 4<sup>th</sup> Ave.  
Anchorage, AK 99501

Re: DCED Response to Subcommittee Recommendations

Dear Commission Members:

The Department of Community and Economic Development submits these comments in response to the draft Subcommittee Report on the Department of Community and Economic Development that was received by the department on November 16, 1999. Because of the limited time given to the department for this response, it is necessarily only a preliminary response to the many recommendations made. I will be in attendance at the Commission meeting tomorrow, November 18, when these recommendations are scheduled to be taken up, and I will be available at that time to answer any questions and assist the commission in whatever way I can in its deliberations. I have organized our comments in the order the various agencies and divisions are addressed in the draft report.

### TOURISM

We agree that State tourism functions should be carried out in the manner set forth in the new legislation, passed in 1999. The bill that was passed is fairly clear about the respective roles of the State of Alaska, through the Department of Community and Economic Development (DCED) and Division of Tourism. DCED is responsible for identifying components of the marketing plan and approving the plan. Pursuant to state statute, the Department will enter into a contract, *not a grant*, with a qualified trade association (QTA), to implement a tourism marketing plan. We anticipate that the Alaska Travel Industry Association (ATIA, incorrectly identified as the Alaska Tourism Information Association in the report) will be the QTA. This contractual relationship requires a reasonable amount of responsibility and oversight over the use of public funds including the identification of deliverables and performance measures. Many of the issues regarding implementation of the tourism program, such as



whether the QTA will choose to perform a particular function, will be addressed through the contract negotiation process. If there are any components of the plan that the QTA refuses to accept and perform as part of the contract, DCED can and will look elsewhere to have that portion of the plan conducted. Any speculation at this time on the results of the contract negotiations and the details of the respective responsibilities of the QTA and the state under that contract is premature at this time.

Tourism marketing in Alaska is currently primarily conducted via multiple contracts with the private sector. Under this new legislation, these contracts will be consolidated into a single contract with the QTA. There will continue to be the need for the Division of Tourism to conduct research, transportation and land use planning, and business and community tourism development technical assistance, especially in rural areas. These roles were clearly maintained in the legislation that was passed.

#### **ALASKA FILM COMMISSION**

The administration fully supports the continuation of an Alaska film program. As there has never been a "film commission" in Alaska, it is unclear whether or not this recommendation envisions anything different than the current structure.

#### **SEAFOOD MARKETING**

Implementation of this recommendation is impossible given current legal and practical limitations on the activities of the Alaska Seafood Marketing Institute (ASMI). Under federal law governing the funding of its export program, ASMI is permitted to operate overseas only in countries approved by the US Department of Agriculture. By statute, ASMI cannot promote the seafood products of a particular company, brand or region of the state. Also, because ASMI's board is comprised of representatives of several private seafood companies and fishermen engaged in all aspects of Alaska's fishing industry, ASMI cannot engage in activities that might arguably favor one company over another.

Therefore, ASMI's main focus and statutory mandate is seafood marketing and quality enhancement. ASMI promotes all species of Alaska seafood to retailers, food service (hotels, restaurants and institutions) and consumers in the United States and certain countries overseas. The organization promotes Alaska seafood in a "generic" manner, creating the opportunity for all industry members to sell through ASMI promotions.

In contrast, the main focus for DCED, through the Division of Trade and Development (DTD), is export promotion, which ASMI is precluded from doing. DTD works to connect Alaska exporters with overseas importers, primarily in Asia. DTD is able to work with individual companies as well as organizations seeking to market a "regional" brand of fish products. The division also works closely with individual companies to find markets for their value-added fish products through trade shows, trade missions, catalogs, and visits to companies. All of these promotional activities would be eliminated if the proposed recommendation is implemented.

## **INTERNATIONAL TRADE**

Virtually every state in America has a state-funded, state-conducted international trade program. The legislatures and administrations support strong international trade programs because they understand how important trade is to the economic well being of their states. A reduced or weakened trade program by the State of Alaska would automatically place Alaska companies at a competitive disadvantage to competitors from other states (and countries) who can call upon not only their own corporate resources but also strong support from their government trade agency.

The Division of Trade and Development (DTD) possesses unique capabilities to assist Alaska companies identify and pursue trade opportunities in the markets most important to Alaska. The division has three in-state trade specialists who focus their efforts on specific markets. Markets covered are Japan, Korea, China, Taiwan, Canada and Russia. DTD's specialists have knowledge on how to do business in these markets and can provide both information and assistance to companies seeking to initiate or expand exports to those countries. While there are several other organizations in Alaska that provide trade services, we are not aware of any other that provides the country-specific expertise provided by the division. Also, only official State representatives can provide government-to-government support often necessary for private industry to succeed in foreign countries.

Those who benefit most from these services are the small and medium size companies that are seeking to grow their business and expand into new markets. These are the companies that DTD works with on a daily basis. Typically, these companies lack the research and marketing resources of larger companies and thus rely upon the State to provide these important services.

It should also be noted that the efforts of DTD's in-state country specialists are complemented by the work of the State's contract trade representatives in Alaska's key export markets. It is an effective combination providing convenient in-state access to information and service matched with knowledgeable in-country assistance.

The State of Alaska has made a significant investment in developing these capabilities. The recommendation by the subcommittee that the State remove itself from day-to-day trade assistance by eliminating these functions would represent an unnecessary waste of money and years of gained expertise. It would serve to deny these services to the companies who need them most as they strive to be globally competitive. Further, the State has an obligation to provide services to all Alaskans, not only to those who are members of private membership organizations.

## **MUNICIPAL AND REGIONAL ASSISTANCE DIVISION**

Two of the recommendations relating to the Municipal and Regional Assistance Division (MARAD), numbers three and five, are not consistent with the Department's understanding of what was adopted by the sub-committee. Recommendation number three is that "DCED contract out to the private sector some services now performed by personnel within its divisions." Although this recommendation makes reference to the department and multiple



divisions, this particular recommendation is under the heading of MARAD, and we therefore assume it relates to this division's activities.

A discussion around this issue did occur while the committee reviewed MARAD's operations. Initial discussion was favorable to the concept. However, when it was explained that less than 2 FTE's are associated with this service and that the division presently contracts with the private sector for such services, the recommendation was not adopted.

Recommendation number five is that the National Flood Insurance Program be privatized. Again, our understanding of what transpired was a discussion of the nature of the program, recognition that it was federal, and that the state had no ability to privatize the program. It was also noted that flood insurance is issued by private insurance companies.

Recommendation numbers one, two and four are consistent with the Department's understanding of what the sub-committee adopted and are endorsed by the department.

## **ECONOMIC DEVELOPMENT**

The department does not object to the recommendations to eliminate the various Alaska product preference programs. However, it should be noted that this will not result in any budget reductions, since the department has no budgeted staff allocated to the programs at this time.

## **ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

The subcommittee never talked to AIDEA. It is clear that they do not have adequate information about AIDEA's programs (or the programs that AIDEA manages for AEA) and its outstanding bonds or financial covenants to make a recommendation to merge AIDEA into AHFC without having a serious negative impact. Assuming the purpose of the proposal is not to curtail the mission of AIDEA or AHFC, before the recommendation is seriously considered it needs to be studied fully.

The number the committee recommends that can be freed up for other purposes is AIDEA's net worth on its 1999 Financial Statements. Net worth does not correlate to liquidity. The actual liquidity that could be freed up, if any, depends on bond covenants and long term contractual arrangements. The two corporations have hundreds of millions of dollars of bonds outstanding. The bonds are held by investors in Alaska and throughout the Lower 48. If this level of cash were extracted, it could have a major negative impact on the corporations, including a potential rating decrease. This decrease would not only affect outstanding bonds, but would also affect any future issuances, which in turn would decrease the ability to finance future projects because of the higher cost of capital. In turn, it would negatively affect the fulfillment of the missions of the corporations.

Additionally, AIDEA is not a lender but is a financier and owner of business and industrial enterprises and industrial projects that create jobs for Alaskans and help diversify the economy. We also manage the State's energy programs and projects, both small and large.

## **DIVISION OF INVESTMENTS**

Like the situation with AIDEA, we have never been afforded the opportunity to discuss the functions of the Division of Investments (ADI) with the subcommittee or any of its members. The recommendations of the subcommittee, therefore, are based on inaccurate information and misunderstandings of the functions and operations of the division.

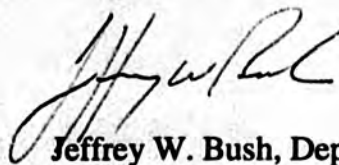
No Investments Division exists in the Department of Revenue. The Treasury Division in Revenue, which handles some investment functions for the State, does not perform direct lending and loan servicing. In fact, ADI currently services loans for the Treasury Division, as well as several other state agencies.

The operations of ADI are fully funded by the loan programs administered and serviced. The ADI administers and services primarily small business loan programs that were designed to strengthen and diversify Alaska's economic base through direct state lending in industries not adequately serviced by the private sector. Private sector financing is generally not feasible due to constraints on the types of collateral available or because of the high risk nature of these loans. These programs are unique to this division within state government; the Alaska Housing Finance Corporation, for example, is not a direct lender or loan servicer, instead using private banks to perform these functions with mostly home mortgages.

On several occasions, Alaska banks have been queried regarding the purchase of portions of ADI's loan portfolios, without much success. Private financial institutions are not interested in purchasing these loans because they involve high risk ventures, difficult to access collateral, junior lien positions, complicated statutory requirements, small loan amounts, risky credit histories, or federal reporting requirements. Therefore, privatization of this fully self-supporting service is impossible and would result in the elimination of this important economic development engine.

Thank you in advance for your consideration of these comments.

Sincerely,



Jeffrey W. Bush, Deputy Commissioner

Cc: Deborah B Sedwick, Commissioner  
Mike Abbott, Office of the Governor



**Privatization Subcommittee  
CED**

**8-24-99 3:30PM  
Anchorage LIO Building  
Chair: Craig Johnson**

**AGENDA**

- 1) Call to Order
- 2) Review Department Material
  - a) Material provided 8/24/99
  - b) Additional Questions
- 3) Subcommittee Request and Assignments
  - a) Department contacts
  - b) Timeline for review
- 4) Schedule next meeting
- 5) Adjourn

# MEMORANDUM

State of Alaska

TO: Privatization Subcommittee on the  
Department of Community and  
Economic Development

DATE: August 23, 1999

FILE NO:

TELEPHONE NO:

FROM: Tom Lawson, Director  
Division of Administrative Services  
Department of Community and  
Economic Development

SUBJECT: Requested Materials

Per your request, attached is the following information:

1. FY2000 Component Summary & Line Item/Funding Source Detail for the Department of Community and Economic Development. This information combines the budget information for the two departments you received at the first meeting and includes the new budget totals for the Commissioner's Office and Administrative Services components within the Executive Administration and Development BRU, as a result of the merger. Please note that the Renter's Equivalency Rebate BRU is not listed since this program was eliminated by the legislature.
2. Department of Commerce and Economic Development Department Overview. This material is excerpted from the FY2000 budget request and includes the following information on all the department's divisions and agencies: mission, services provided, goals and strategies, key issues, major accomplishments, and statutory and regulatory authority references. Please note that in some cases the legislature revised missions statements through the adoption of SB169, included as the last attachment of this packet.
3. Organizational charts for the Department of Commerce and Economic Development. Please note that organizational charts have not yet been updated to reflect changes made during the 1999 legislative session.
4. Overview of the Department of Community and Regional Affairs. This overview summarizes all of the functions of the department.
5. Excerpts from the Department of Community and Regional Affairs FY2000 Budget Request. The following information is included for the BRU and components that were merged into the new department: BRU overview, component goals and services, component objectives and accomplishment measures, and organizational charts (if staff are budgeted within the component). Again, please note that in some cases missions statements may have been revised through the adoption of SB169.
6. Senate Bill 169. Includes missions and measures (in some cases) for the departments of Commerce & Economic Development and Community & Regional Affairs.

Marco Pignalberi requested information on how the Department of Community and Regional Affairs positions were allocated to other departments. After five positions were deleted in the merger bill fiscal note, the remaining positions were allocated as follows:



| <b>Department</b>                             | <b>PFT<br/>(Permanent Full<br/>Time)</b> | <b>PPT<br/>(Permanent<br/>Part Time)</b> |
|-----------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Community and Economic<br/>Development</b> | <b>102</b>                               | <b>2</b>                                 |
| <b>Labor and Workforce<br/>Development</b>    | <b>56</b>                                | <b>1</b>                                 |
| <b>Education and Early<br/>Development</b>    | <b>22</b>                                |                                          |
| <b>Total</b>                                  | <b>180</b>                               | <b>3</b>                                 |

**Component Summary**  
**Department of Community & Economic Development**

**DRAFT**

| <b>Budget Request Unit /<br/>Component</b> | <b>DCED FY2000<br/>Authorized</b> |
|--------------------------------------------|-----------------------------------|
|--------------------------------------------|-----------------------------------|

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**Insurance**

|                      |         |
|----------------------|---------|
| Insurance Operations | 4,364.5 |
| BRU Total:           | 4,364.5 |

**Banking, Securities and Corporations**

|                              |         |
|------------------------------|---------|
| Banking, Securities and Corp | 1,722.8 |
| BRU Total:                   | 1,722.8 |

**Occupational Licensing**

|                        |         |
|------------------------|---------|
| Occupational Licensing | 5,519.3 |
| BRU Total:             | 5,519.3 |

**Alaska Public Utilities Commission**

|                 |         |
|-----------------|---------|
| APUC Operations | 4,699.2 |
| BRU Total:      | 4,699.2 |

**Executive Administration and Development**

|                         |         |
|-------------------------|---------|
| Commissioner's Office   | 703.6   |
| Trade and Development   | 2,972.6 |
| Administrative Services | 2,630.8 |
| BRU Total:              | 6,307.0 |

**State Facilities Maintenance**

|                              |     |
|------------------------------|-----|
| State Facilities Maintenance | 6.7 |
| BRU Total:                   | 6.7 |

**National Forest Receipts**

|                          |          |
|--------------------------|----------|
| National Forest Receipts | 10,000.0 |
| BRU Total:               | 10,000.0 |

**Municipal Revenue Sharing**

|                       |          |
|-----------------------|----------|
| State Revenue Sharing | 14,389.2 |
| Municipal Assistance  | 17,504.2 |
| BRU Total:            | 31,893.4 |



**Component Summary**  
**Department of Community & Economic Development**

**DRAFT**

| <b>Budget Request Unit /<br/>Component</b> | <b>DCED FY2000<br/>Authorized</b> |
|--------------------------------------------|-----------------------------------|
|--------------------------------------------|-----------------------------------|

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**Local Government Assistance**

|                             |         |
|-----------------------------|---------|
| Local Government Management | 2,752.4 |
| State Assessor              | 150.2   |
| Local Boundary Commission   | 248.3   |
| Statewide Assistance        | 6,750.8 |
| National Petroleum Reserve  | 50.0    |
| BRU Total:                  | 9,951.7 |

**Community and Economic Development**

|                             |         |
|-----------------------------|---------|
| Community & Economic Develo | 1,769.3 |
| BRU Total:                  | 1,769.3 |

**Tourism Development**

|                     |         |
|---------------------|---------|
| Tourism Development | 2,063.5 |
| BRU Total:          | 2,063.5 |

**Alaska Science and Technology Foundation**

|                               |         |
|-------------------------------|---------|
| AK Science & Tech. Foundation | 8,984.6 |
| BRU Total:                    | 8,984.6 |

**AK Tourism Marketing Council**

|                             |         |
|-----------------------------|---------|
| Alaska Tourism Mktg Council | 4,611.1 |
| BRU Total:                  | 4,611.1 |

**Investments**

|             |         |
|-------------|---------|
| Investments | 3,295.5 |
| BRU Total:  | 3,295.5 |

**Alaska Industrial Development and Export Authority**

|                               |         |
|-------------------------------|---------|
| AIDEA                         | 3,952.2 |
| AIDEA Facilities Maintenance  | 73.0    |
| Alaska Energy Auth Op & Maint | 1,049.5 |
| BRU Total:                    | 5,074.7 |

**Component Summary**  
**Department of Community & Economic Development**

**DRAFT**

| <b>Budget Request Unit /<br/>Component</b> | <b>DCED FY2000<br/>Authorized</b> |
|--------------------------------------------|-----------------------------------|
|--------------------------------------------|-----------------------------------|

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**Alaska Seafood Marketing Institute**

|                               |          |
|-------------------------------|----------|
| Alaska Seafood Marketing Inst | 10,517.3 |
| BRU Total:                    | 10,517.3 |

**Alaska Aerospace Development Corporation**

|                              |       |
|------------------------------|-------|
| AK Aerospace Development Cor | 823.4 |
| BRU Total:                   | 823.4 |

**Rural Energy Program--Energy Operations**

|                         |          |
|-------------------------|----------|
| Energy Operations       | 2,151.3  |
| Power Cost Equalization | 12,100.0 |
| BRU Total:              | 14,251.3 |

**Circuit Rider Program**

|               |       |
|---------------|-------|
| Circuit Rider | 300.0 |
| BRU Total:    | 300.0 |

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|                     |                  |
|---------------------|------------------|
| <b>***Totals***</b> | <b>126,155.3</b> |
|---------------------|------------------|

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|                |          |
|----------------|----------|
| General Funds: | 58,928.4 |
| Federal Funds: | 18,964.6 |
| Other Funds:   | 48,262.3 |



**Department Line Item / Fund Source Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario: DCED FY2000 Authorized**

| Fund Source              | Totals           | Personal Services | Travel         | Contractual     | Supplies     | Equipment    | Land/ Buildings | Grants/ Claims  | Misc.      | Non Specific | PFT        | PPT       | NP       |
|--------------------------|------------------|-------------------|----------------|-----------------|--------------|--------------|-----------------|-----------------|------------|--------------|------------|-----------|----------|
| <b>Department Totals</b> | <b>126,155.3</b> | <b>27,633.7</b>   | <b>2,077.4</b> | <b>26,078.3</b> | <b>657.3</b> | <b>176.0</b> | <b>0.0</b>      | <b>69,632.6</b> | <b>0.0</b> | <b>0.0</b>   | <b>466</b> | <b>10</b> | <b>1</b> |
| 1002 Fed Rcpts           | 18,914.6         | 638.5             | 143.2          | 3,990.6         | 23.6         | 5.0          | 0.0             | 14,113.7        | 0.0        | 0.0          |            |           |          |
| 1003 G/F Match           | 604.9            | 567.9             | 12.0           | 24.0            | 1.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1004 Gen Fund            | 39,784.9         | 4,894.7           | 331.7          | 5,604.0         | 93.6         | 2.5          | 0.0             | 28,858.4        | 0.0        | 0.0          |            |           |          |
| 1005 GF/Prgm             | 18,638.6         | 8,634.2           | 979.6          | 8,299.6         | 329.5        | 95.7         | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1007 VA Rcpts            | 5,602.9          | 2,065.9           | 64.8           | 487.9           | 17.7         | 5.7          | 0.0             | 2,960.9         | 0.0        | 0.0          |            |           |          |
| 1025 Sci/Tech            | 9,639.8          | 920.3             | 134.0          | 742.8           | 20.5         | 8.0          | 0.0             | 7,714.2         | 0.0        | 0.0          |            |           |          |
| 1035 Vet Loan            | 147.8            | 102.7             | 2.0            | 40.3            | 2.4          | 0.4          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1036 Cm Fish Ln          | 2,608.9          | 1,825.3           | 24.7           | 505.1           | 30.0         | 3.8          | 0.0             | 220.0           | 0.0        | 0.0          |            |           |          |
| 1040 Surety Fnd          | 270.6            | 122.1             | 7.5            | 137.5           | 3.5          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1051 Rural Dev           | 98.0             | 81.3              | 8.4            | 7.0             | 1.3          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1054 Empl Trng           | 3,400.0          | 0.0               | 0.0            | 0.0             | 0.0          | 0.0          | 0.0             | 3,400.0         | 0.0        | 0.0          |            |           |          |
| 1057 Small Bus           | 3.3              | 2.7               | 0.0            | 0.6             | 0.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1061 CIP Rcpts           | 1,495.3          | 1,162.5           | 78.0           | 233.5           | 6.3          | 15.0         | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1062 Power Proj          | 802.6            | 445.5             | 93.8           | 245.2           | 13.0         | 5.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1063 NPR Fund            | 50.0             | 0.0               | 0.0            | 0.0             | 0.0          | 0.0          | 0.0             | 50.0            | 0.0        | 0.0          |            |           |          |
| 1067 Mining RLF          | 6.0              | 3.8               | 0.1            | 1.0             | 0.1          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1068 Child Care          | 5.8              | 4.5               | 0.1            | 1.1             | 0.1          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1069 Hist Dist           | 2.6              | 2.0               | 0.0            | 0.6             | 0.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1070 Fish En Ln          | 325.6            | 260.7             | 2.9            | 58.0            | 3.5          | 0.4          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1071 Alt Energy          | 148.7            | 116.3             | 1.4            | 29.0            | 1.8          | 0.2          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1074 Bulk Fuel           | 49.0             | 49.0              | 0.0            | 0.0             | 0.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1089 Power Cost          | 12,100.0         | 0.0               | 0.0            | 0.0             | 0.0          | 0.0          | 0.0             | 12,100.0        | 0.0        | 0.0          |            |           |          |
| 1101 AERO Rcpts          | 43.2             | 0.0               | 0.0            | 43.2            | 0.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1102 AIDEA Rcpt          | 3,705.9          | 2,000.3           | 68.2           | 1,583.0         | 38.9         | 15.5         | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1107 AEA Rcpts           | 1,049.5          | 0.0               | 30.0           | 1,009.5         | 8.0          | 5.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1108 Stat Desig          | 1,299.9          | 0.0               | 0.0            | 1,299.9         | 0.0          | 0.0          | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |
| 1110 APUC Rcpts          | 4,699.2          | 3,267.0           | 35.0           | 1,300.9         | 62.5         | 13.8         | 0.0             | 0.0             | 0.0        | 0.0          |            |           |          |

State of Alaska

**Department Line Item / Fund Source Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario: DCED FY2000 Authorized**

| <b>Fund Source</b>       | <b>Totals</b>    | <b>Personal<br/>Services</b> | <b>Travel</b>  | <b>Contractual</b> | <b>Supplies</b> | <b>Equipment</b> | <b>Land/<br/>Buildings</b> | <b>Grants/<br/>Claims</b> | <b>Misc.</b> | <b>Non<br/>Specific</b> | <b>PFT</b> | <b>PPT</b> | <b>NP</b> |
|--------------------------|------------------|------------------------------|----------------|--------------------|-----------------|------------------|----------------------------|---------------------------|--------------|-------------------------|------------|------------|-----------|
| <b>Department Totals</b> | <b>126,155.3</b> | <b>27,533.7</b>              | <b>2,077.4</b> | <b>26,078.3</b>    | <b>657.3</b>    | <b>176.0</b>     | <b>0.0</b>                 | <b>69,632.6</b>           | <b>0.0</b>   | <b>0.0</b>              | <b>466</b> | <b>10</b>  | <b>1</b>  |
| 1111 FishFndInc          | 100.0            | 0.0                          | 0.0            | 0.0                | 0.0             | 0.0              | 0.0                        | 100.0                     | 0.0          | 0.0                     |            |            |           |
| 1115 InT/BuEnIn          | 759.0            | 146.5                        | 60.0           | 437.1              | 0.0             | 0.0              | 0.0                        | 115.4                     | 0.0          | 0.0                     |            |            |           |

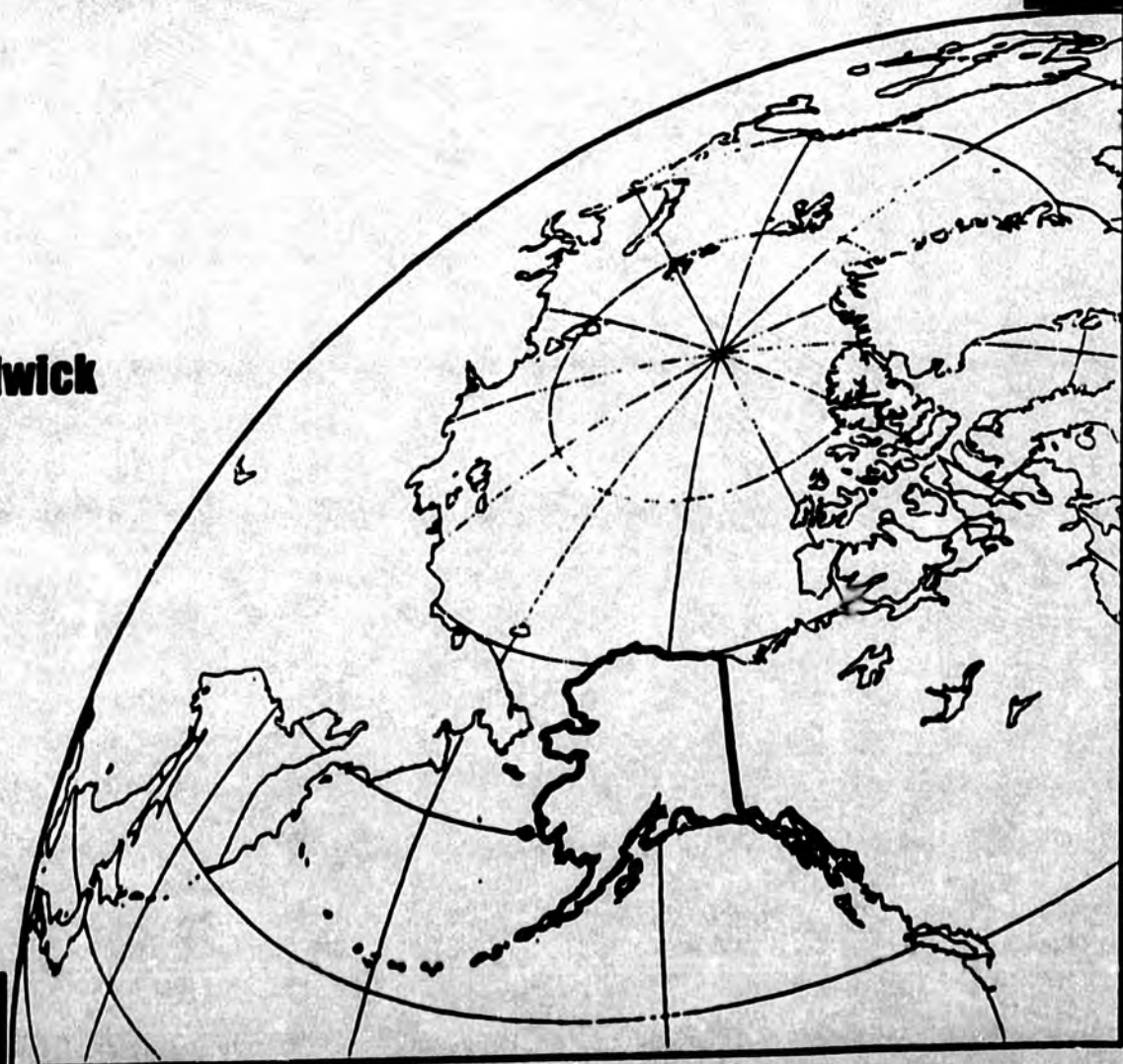




**Commerce and  
Economic Development**

# **Department Overview**

**Deborah B. Sedwick  
Commissioner  
February 1999**



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**Commissioner: Deborah Sedwick**

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**Department Mission**

To work with the private sector and our communities in creating new jobs for Alaskans, strengthening Alaska's competitiveness in the world marketplace, and maintaining a fair and consistent business regulatory environment in the state.

**Department Goals and Strategies for FY2000**

1. Work with the private sector and communities in creating new jobs for Alaskans.
  - Facilitate the exchange of information between Alaska exporters and potential customers through business intelligence services and trade practice assistance.
  - Partner with other state agencies, private businesses and local governments to identify and develop opportunities for regional and local economic development.
  - Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.
  - Help restore the financial health of the Alaska salmon industry by implementing recommendations from the Governor's Salmon Forums and the Salmon Cabinet work plan.
  - Encourage new international and domestic air carriers to use Alaska as a passenger and freight delivery point.
  - Increase the use of Alaska's highways and roads by independent visitors.
  - Develop and implement targeted tourism marketing programs to expand Alaska's tourist season and increase visits to rural Alaska.
  - Assist with special team efforts in economically distressed regions of the state, including participating in the economic recovery phase of the State's response to the Western Alaska economic disaster.
2. Marketing Alaska-Sell Alaska's goods and services throughout the world.
  - Raise national and international awareness of Alaska as a tourist destination and increase the consumption of Alaska seafood products through generic and targeted marketing.
  - Continue the Governor's Business Opportunities Program under which the Governor, Commissioner and other Alaskans visit corporate boardrooms to solicit investment in Alaska.
  - Participate in special promotions and presentations, trade shows and seminars to raise the visibility of - Alaska as a good place to do business.
  - Organize and conduct business trade missions to expand product sales in current markets and develop new markets.
  - Make information on Alaska's economy, goods and services, investment opportunities, and departmental databases available on the Internet.
  - Expand public's ability to obtain department services through the Internet.
3. Maintain a fair and consistent business regulatory environment in the state.
  - Assist businesses and consumers by placing the database of licensed professionals, corporations, and insurance carriers on the Internet, including information about disciplinary actions.
  - Expedite the conversion of Alaska's telecommunications industry from a monopoly-based to a competitive, market-based industry structure, while guaranteeing universal access to service.
  - Create simple, self-explanatory securities, corporations, insurance, and occupational licensing applications and forms available on the Internet to reduce requests for staff assistance.



**Key Department Issues for FY1999 - 2000**

**Investments**

The lack of fish during the 1997 and 1998 seasons in many parts of the state, especially Bristol Bay and the Yukon/Kuskokwim region, has resulted in many Commercial Fishing Revolving Loan and Fisheries Enhancement Revolving Loan extension requests. The division will continue to provide outreach in communities offering a range of financial and technical assistance services.

**Trade and Development**

The division will focus on seafood and other natural resource markets in Japan, Korea and the People's Republic of China, with increased emphasis on Taiwan. The division will seek to identify and facilitate export opportunities in other markets within Asia, Europe and with Canada. Activities in Sakhalin, Russia will continue to emphasize oil and gas support services. The division will target new and emerging markets for Alaska goods and services, particularly from rural Alaska, while strengthening established domestic and overseas markets.

**Tourism**

The division will emphasize increased road and marine highway traffic and air access to Alaska, elimination of trade barriers, increased winter visitation and promotions, and greater access to Alaska's public lands to disperse the effects of tourism. The Alaska Tourism Marketing Council will again have a limited broadcast schedule (70% less than FY94) so that distribution of the State Vacation Planner can continue.

**Alaska Seafood Marketing Institute**

As worldwide farmed salmon production and marketing efforts increase, ASMI will use innovative and creative methods to generate international awareness of the intrinsic qualities, health benefits, and sustainable management of wild and natural Alaska salmon. ASMI will work with the Alaska seafood industry to form a long-term partnership of commitment to improve product quality, work towards new product forms, develop new markets (i.e., China/Hong Kong and Taiwan), and maintain strong relationships with existing markets.

**Alaska Aerospace Development Corporation**

The Kodiak Launch Complex will be completed for commercial launches in the Fall of 1999.

**Alaska Public Utilities Commission**

The APUC will work closely with designated legislative committees to study the feasibility of reducing electric costs by restructuring the market for electric utility service in Alaska. The Commission will hire and make available to the legislature a neutral outside consultant to assist the work.

**Banking, Securities, and Corporations**

In 1996, Congress passed the National Securities Markets Improvement Act (NSMIA). This Act results in significant changes in both the registration of securities (creating a new class of federally regulated securities) and those who market them. States are required to amend their securities laws to conform to these federal changes by October 1999, and the division will seek changes to the Alaska Securities Act required by federal law in the legislative session beginning in January 1999. These changes to State law are required to enable Alaska to continue to collect approximately \$5 million annually in notice fees.

**Major Department Accomplishments for FY1998**

- Conducted first launch from the Kodiak Launch Complex for the US Air Force's atmospheric interceptor technology program in November 1998.
- Began generating clean coal-fired electricity for Alaskans at the Healy Clean Coal Project while operating in the demonstration testing phase.
- Acquired the Snettisham Hydroelectric Project from the federal government, helping to ensure a stable energy source for long-term economic growth in the Juneau area. Snettisham provides 85% of Juneau's electrical energy.
- Increased number of requests for Alaska travel information by roughly 75% without increasing budget.
- Created the Bristol Bay/Kuskokwim Disaster Loan Program with federal money providing small loans to permit holders who needed help covering living expenses because of a disastrous salmon season.



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Department of Commerce and Economic Development

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- Began issuing and renewing business licenses via the internet. Applicants may obtain a business license instantly using a credit card at the Division of Occupational Licensing "Business Online" web site.
- Completed the Marketing Alaska project. Based on the project report recommendations, changes were made throughout state government to support the private sector and help strengthen the state's economy. A final status report was prepared.
- Organized and held the Second Annual Salmon Forum, to help the salmon industry develop strategies for coping with changing world markets and industry conditions.
- Worked with other agencies to organize and hold successful Procurement Conferences in Anchorage, Juneau, and Fairbanks to show the private sector how Alaska businesses can sell goods and services to the state government.
- Attracted "junior" mining companies to Alaska. The number increased from four the previous year to 13.
- Introduced potential customers to Alaskan goods and services through missions and trade shows in Alaska, Japan, Korea, and Taiwan.
- Produced first-ever national television commercial for the Alaska Marine Highway System.
- Adopted first-ever comprehensive Internet strategy for marketing tourism to Alaska.

**BRU/Component: Banking, Securities and Corporations**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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**Component Mission**

**Mission:** Our overall Mission is Public Protection

**Banking:** Maintain a stable financial network in Alaska for the safe conduct of financial services.

**Securities:** Protect Alaskan investors in their purchase of securities and advice from others and protect ANCSA corporations shareholders from false and misleading proxy solicitations.

**Corporations:** Provide Alaska and out-of-state businesses a legal structure in which they can transact commerce as a legal entity in Alaska.

**Component Services Provided**

**Banking Section:** regulates financial institutions which are chartered or licensed under state law.

- Charters, licenses, and supervises state-chartered commercial banks, mutual savings banks, credit unions, trust companies, bank holding companies, interstate branching, small loan offices, premium finance companies, Commercial Fishing and Agriculture Bank(CFAB), and Business and Industrial Development Corporations(BIDCOS); and accepts filings under the Model Foreign Bank Loan Act.
- Monitors all aspects of the regulated financial industry, including various financial ratios and management policies through examinations and from information gathered through other reporting by institutions. Suggestions are made for improvement of weak practices and policies. The division may require an institution to take corrective actions when material safety and soundness concerns are found. The division seeks industry ideas on ways to improve banking services.

**Securities Section:** administers the Alaska Securities Act which deals with broker/dealers, investment advisers, and the securities and advice they sell.

- Regulates the offer and sale of securities in Alaska. Enforces the anti-fraud and disclosure requirements of the Alaska Securities Act. Regulation and enforcement provides a responsible marketplace that encourages the financing of legitimate business and industry in the state. Seek to increase small business access to capital while assuring that investor protection is not compromised.
- Regulates proxy solicitations for certain ANCSA corporations, affecting thousands of Alaska natives who are shareholders of corporations with billions of dollars of assets. The Alaska Securities Act provides for the filing of proxy statements and remedial action authority for violations of the act and regulations.

**The Corporations Section:** provides legal recognition to a business by serving as a filing agency, assisting the private sector in processing documents in compliance with state law. The section also fulfills requests for information and provides copies of documents on file. The section examines and files organization documents of corporations (domestic and foreign; non-profit and for profit), Limited Liability Companies, Limited Liability Partnerships, Partnerships, Cooperatives, and Professional Corporations along with registration of Trademarks and Trade Names.



### **Component Goals and Strategies for FY2000**

**Build a stable and responsible state-chartered financial institution system to serve all of Alaska's communities, especially where they draw their deposits and support.**

- Monitor and where possible recommend ways to improve the strength and responsiveness of state-chartered financial institutions, and increase banking services.

**Efficiently serve the Alaska business and finance community and to provide effective public protection against financial loss due to fraudulent and other illegal activities in the securities business.**

- Seek to improve investor protection by examining the sales practices of broker-dealers and investment advisers, investigating complaints, and taking appropriate formal and informal action.
- Encourage capital formation by providing information regarding issuing securities in Alaska, and by expanding the number of exemptions from registration through changes to the Alaska Securities Act in proposed legislation.

**Create and maintain a friendly, helpful service for business organizations of all types and origins that want to organize and do business in Alaska.**

- Reduce the bureaucratic barrier with increased assistance in filling out forms for those who wish to establish businesses or qualify to do business in Alaska.

**Reduce bureaucratic and regulatory burdens and provide for a more favorable economic and business climate.**

- Increase the public's accessibility to file and receive corporate documents by accepting faxed documents and credit cards, publishing forms on Internet, and imaging public documents for all three sections of the division.
- Improve efficiency in processing filed paperwork by installing automated equipment, such as E-Commerce.

### **Key Component Issues for FY1999 – 2000**

**Banking Section:** The major challenge facing the division for the next couple of years is to minimize potential impact of Y2K on Alaska's financial industry and maintain a steady flow of financial services for all Alaskans. The division has initiated surveys and examinations concerning the financial institution's computers. There is still concern, however, about service corporations and other computers (commercial and private) which now have direct communication with the institution's computers. Some failures are being experienced this year with credit cards having 00 as an expiration date.

- There are two new trust Companies now doing business in Alaska. It will become necessary for the division to make a special effort to train examiners for this specialty. During the interim, the division can call on FDIC or the State of Washington to assist.
- Other challenges facing the Banking Section include the division's role and responsibility in the changing structure of financial institutions and the goods and services they offer. We have seen interstate banking, interstate branching, and now Internet (online) banking. What will be the challenge are the proliferation of those who offer loans and financial services that are outside the view of any regulatory agency. Mortgage Equity Loans is a good example.

**Securities Section:** Congressional action has changed the emphasis on securities regulation, nationwide. While some areas have been preempted in the registration and regulation, others emphasize enforcement and oversight. More effort will be necessary on State Investment Advisers. The registration of mutual funds is now a function of the SEC, but sales practice complaints and problems will be the responsibility of the division. Congress provided that registration fees would not be taken away from the states in order to fund enforcement provided that the states amend their securities act to comply with federal law. The division will seek changes to the Alaska Securities Act in the legislative session beginning January 1999.



- The division resources are being challenged by the increased costs associated with regulating Alaska Native Claims Settlement Act (ANCSA) corporations' proxy matters. In 1998, there were 523 entries into the complaint database, an increase of 118% over 1997. ANCSA entries account for about half of the complaint entries. Total entries related to ANCSA corporations filings and complaints were 534 in 1998, down from 631 in 1997, but up sharply from 188 in 1996.
- The increase in complaints, the increase in registered persons, and the change in responsibility for State Investment Advisers all have contributed to a dramatic increase in workload in recent years. Unfortunately, this has caused the section to reduce regular examinations of broker-dealers and investment advisers, which leads to a reactive rather than a proactive approach to investor protection. Without some additional resources, the increased workload could have an adverse impact on the ability of the section to accomplish its objectives. This could cause investors to lose confidence in the securities markets, and make it more difficult for legitimate businesses to raise capital needed for growth.
- In the past years, BSC has made attempts to function without service from the Department of Law. Also in the past years events have unfolded that have made it mandatory that BSC rely on legal council. For the first time in the history of BSC, the division set-a-side an Administrative Order (Native Proxy Matter) based on economic constraints (cost benefit analysis) of the division. The Administrative Law Judge assigned to this case advised the division to seek legal advice from the Department of Law. Again, another Administrative Law Judge requested that documents filed before him be filed through the Department of Law. These expenses are becoming mandatory for the division to do those routine actions required of them.
- Hearings arise as a result of the division's normal course of regulatory business. Our statutes and regulations provide an opportunity to request a hearing to anyone who is the subject of an action by the division. Once a hearing is set, the division has almost no control of the cost of the hearing officer or its legal counsel, the Department of Law. Costs are determined by the complexity of the case, and by the decisions of the hearing officer. The division either must meet those costs or vacate the order. One solution would be to substantially increase our annual contractual budget to provide for these escalating hearing officer and attorney fees. Another solution would be for the division to propose a change to State statute regarding these hearings in order to reduce the economic burden to the division while continuing to protect the citizens of Alaska.
- The Securities Section has Y2K concerns similar to the Banking Section and has sent a survey to state investment advisers.

**Corporations Section:** The corporations section is in a transition period toward on-line (Internet) services. Now that the Electronic Signatures Act has passed, we will be looking at offering even more services to our clients. Passage of this act has allowed business organizations, e.g. corporations, to file legal documents with the division concerning their corporate needs.

The key issue for all of the sections is to increase the availability of all division services via the internet. This will include expansion of imaging of paper documents and use of E-Commerce. The Corporations Section is leading the way for the division, but other sections anticipate moving this way also.

### **Major Component Accomplishments for FY1998**

**Corporations Section:** Improved response time to clients by 25% during FY98 by: providing forms and information on the Internet, and accepting fax filings and credit cards for payment of fees.

- Improved service by implementation of autoattendant automated telephone system; increased the number of callers that can be queued to speak to a live person from 2 to 4 and allowed the caller to enter a forms request queue to leave a message about the type of form needed.
- Continued use of the internet to increase services to clients. All Corporations Section forms are posted on the Webpage allowing downloading. The Corporation Section database is available for searching online and has been accessed over 43,511 times since its implementation in May of 1997.



- **Expedited Processing:** Expedited filing/request process accepts fax filings/requests using credit card transactions with a 48-hour turnaround.

**Securities Section:** Issued four orders including fines totaling \$25,500 in FY97. In FY98, eight orders were issued with fines totaling \$40,500.

**Banking Section:** In FY 98, conducted five depository safety and soundness examinations, 15 premium finance company and 10 small loan company compliance examinations, two trust company examinations, and two other financial institution examinations. Also completed Y2K exams on all banks and credit unions and corresponded with all other licensees with questionnaires on Y2K to check for readiness. In addition, the section:

- Completed information systems examinations of five depository institutions.
- Drafted a new comprehensive trust company act to replace the previous act that has remained virtually unchanged for nearly 50 years.
- Licensed one new small loan company, one new premium finance company, and chartered one new trust company.
- Helped numerous Alaskans resolve disagreements with financial institutions.

**In general:** The division has increased revenue from \$2,389.9 in FY82 to \$8,047.3 for FY 98, a 240% increase. Increased revenue is due to increased numbers of filings and an increase in the numbers of types of new responsibilities, not from fee increases.

### **Statutory and Regulatory Authority**

**AS 06 - Supervision of Banking and other Financial Institutions**

**06.01 Administration**

**06.05 Alaska Banking Code**

**06.10 Model Foreign Bank Loan Act**

**06.10 Mutual Savings Bank Act**

**06.20 Alaska Small Loans Act**

**06.25 Trust Companies**

**06.35 Uniform Common Trust Fund Act**

**06.40 Premium Financing Act**

**06.45 Alaska Credit Union Act**

**AS 10-File Administration Of Corps Associations, LLC's**

**AS 10.13-BIDCO's**

**AS 10.35 & 45.50 -Trademarks/Tradenames**

**AS 32.05-Filing of Limited Liability Partnerships**

**AS 32.11-Filing of Limited Partnerships**

**AS 34.55-Land Sales Act**

**AS 44.81-Examination of CFAB**

**AS 45.55-Supervision of Filing of Securities**

**AS 45.55/3 AAC 08.305-365-Proxy Solicitations of Native Corporations**

**AS 45.57-Public Disclosure Takeovers**



### **BRU/Component: Insurance Operations**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Marianne K. Burke, Director**

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### **Component Mission**

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's unique contribution is that it is solely responsible for regulation all aspects of insurance in Alaska.

### **Component Services Provided**

**Consumer Service Section** - Investigates and resolves individual consumer complaints. Answers questions regarding insurance in general and specific policy provisions that are filed with the division. Publishes the Alaska Consumer Insurance Guide and various other consumer brochures and pamphlets.

**Financial Examination Section** - Ensures solvency of insurers doing business in this state. Admits new companies wishing to do business in Alaska. Maintains surplus lines white list of benefits of Alaskan consumers. Examines domestic insurance companies' financial records in order to verify that the company has sufficient reserves to protect policyholders, that investments meet statutory requirements, and that reinsurance agreements comply with Alaska law. Performs financial examinations of producer licensees to verify trust accounts, and compiles the information for the division's Annual Report.

**Market Examination Section** - Performs market conduct examinations and investigations on insurance companies or producer licensees to ensure: insurance quality and test compliance with Alaska's insurance law, and that the Alaskan consumer is treated fairly in the insurance marketplace. Researches specific issues.

**Filing Review Section** - Reviews the rates and policy forms used by insurers in providing insurance coverage for Alaskans. Rate and form filings that do not meet statutory standards are questioned and the insurer is given an opportunity to correct the deficiencies in the filing. Prepares consumer education materials such as the Automobile and Homemakers Rating Examples booklets, the Medicare Supplement Insurance Rate Guide, and the Workers' Compensation Rating Guide.

**Law Enforcement Section** - Investigates violations of Title 21, referring the civil/administrative cases to the Assistant Attorney General's Office and the criminal cases to the District Attorney's Office. Criminal cases are referred to the Office of Special Prosecutions and Appeals, the U.S. District Attorney's Office or the Federal Bureau of Investigation. Researches and prepares documentation for administrative hearings at which the Assistant Attorney General and paralegal assistant represent the division. Performs background investigations on prospective licensees and renewing licensees.

**Licensing Section** - Assists and provides information to licensees for obtaining statutory required licenses, issue licenses, and maintain licensee records while identifying statutory or regulatory needs with emphasis on public protection. Responsible for reviewing the qualifications and trustworthiness of people seeking to market insurance products in Alaska. Oversees and administers statutory required Continuing Education for producers.

**Actuaries** - Participate in the solvency review of domestic insurers, drafting insurance laws and regulations, and collecting and analyzing data to aid in developing more effective regulation of insurance in Alaska. Assist in the reviewing of complex rate and form filings submitted by insurance companies to ensure that the rates charged are adequate but not excessive, and are properly supported and actuarially sound.



### **Component Goals and Strategies for FY2000**

To protect the Alaska insurance consumer.

- Monitor the ability of companies licensed to do business in this state to pay claims by reviewing their financial statements, ratios and other reports.
- Assist consumers in resolving their insurance problems.
- Examine domestic insurers to assure their solvency and compliance with Alaska laws.
- Examine insurers market activities to assure their compliance with Alaska's fair trade practices.
- Monitor developing trends through the country to prevent adverse results to Alaskans
- Review forms and policies sold in this state to assure they are not ambiguous or misleading and are in compliance with Alaska's laws.
- Review rates charged for property and casualty coverage to assure they are adequate but not excessive and are not unfairly discriminatory.
- Assure that producers selling insurance in this state are trustworthy and knowledgeable about the products they sell.
- Investigate fraudulent insurance activities and take appropriate administrative action or refer for criminal proceedings.
- Increase consumer awareness and knowledge about insurance.

To foster the domestic Alaska insurance industry.

- Assure that the domestic companies have access to technical information necessary to compete in the market.
- Provide resources and training as necessary on new requirements mandated by changing market trend
- Maintain a fair and equitable insurance market for Alaskan companies through appropriate legislation and regulations.

### **Key Component Issues for FY1999 – 2000**

- Expand and improve our information database interface with the conversion from WANG to ORACLE. Streamline the licensing process and expand on our search and reporting capabilities as a management tool to enhance our internal efficiency.
- Gain access to the National Association of Insurance Commissioners (NAIC) database systems that include the following: Producer Database (PDB), a nationwide database; Complaints Database System (CDS), which records and retrieves complaint information on companies and producers; Special Activities Database (SAD) which records confidential information on ongoing investigations of persons and companies in insurance; Regulatory Information Retrieval System (RIRS) which records actions taken by state divisions of insurance against companies and producers; and System for Electronic Rate and Form Filing (SERFF) which receives and communicates regarding company policy from filings and company rate filings using electronic communication. Alaska is now only minimally able to utilize these regulatory tools.
- Insurer solvency, the year 2000 preparation, access to information and maintain proper trust activities.

### **Major Component Accomplishments for FY1998**

- Closed a 10-year-old liquidation of a company by resolving long outstanding disputes with state of Washington. Returned 100 cents on the dollar to creditors of the company.
- Successfully resolved company's attempt to declare bankruptcy in another state and returned jurisdiction to Alaska
- Attracted new domestic company to Alaska
- Completed reviews of the adequacy of reserves held by Alaska National Insurance Company and ARECA Insurance Exchange as part of triennial financial examinations of these insurers.
- Collected \$32.5 million in premium taxes and fees
- Published the Alaska Insurance Consumer Guide with statewide distribution.

- Participated in review of Lloyd's to assure proper safeguards over this vital surplus market for Alaskan consumers.
- Provided the technical liaison between the NAIC and the American Institute of Certified Public Accountants for implementation of national codification of accounting standards.
- The following regulations were approved and went into effect: Scheduled & Individual Risk Rating Plans, Life Insurance Policy Illustrations, Coordination of Benefits, Mega Regulations, Frequency and Method of Insurance Premium Tax Payments and Motor Vehicle Liability Insurance Senior Discounts.
- The number of consumer awareness activities increased over the last year as we initiated an outreach program by focusing on our means of reaching as many Alaska residents as possible and provide them with information and resources for knowledgeable management of their insurance affairs.
- Audited 100% of the tax filings issued.
- Licensed 3,684 new producers.
- Performed 641 consumer complaint investigations.
- Opened 81 civil/criminal investigations and closed 77 civil/criminal investigations.

### **Statutory and Regulatory Authority**

Alaska Statute Title 21

Alaska Administrative Code 3 AAC 21 to 31



**Budget Request Unit: Occupational Licensing**

**Manager: Catherine Reardon, Director**

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**BRU Mission**

BRU narrative information is presented in the consolidated Occupational Licensing component section.

**Component: Occupational Licensing**

**Manager: Catherine Reardon, Director**

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**Component Mission**

To ensure that competent professional and commercial services are available to Alaska consumers by regulating entry into occupations and enforcing performance standards.

**Component Services Provided**

**OCCUPATIONAL LICENSING: Administer the following 35 occupational licensing programs:**

**Licensing Boards assisted by the Division:**

- Architects, Engineers and Land Surveyors
- Athletic Commission
- Barbers and Hairdressers
- Certified Direct-Entry Midwives
- Certified Real Estate Appraisers
- Chiropractic Examiners
- Clinical Social Workers
- Dental Examiners
- Dispensing Opticians
- Marine Pilots
- Marital and Family Therapy
- Medical
- Nursing
- Optometry
- Pharmacy
- Physical and Occupational Therapy
- Professional Counselors
- Psychologist and Psychological Associate Examiners
- Public Accountancy
- Real Estate Commission
- Veterinary Examiners

**Licensing Programs administered directly by the Division:**

- Acupuncture
- Audiologists
- Big Game Guides and Transporters
- Collection Agencies
- Concert Promoters
- Construction Contractors
- Electrical and Mechanical Administrators
- Geologists
- Hearing Aid Dealers
- Mobile Home Dealers
- Morticians
- Naturopaths
- Nursing Home Administrators
- Underground Storage Tank Workers

**Perform the following functions for over 130 occupations within the 35 programs listed above:**

- Distributes application forms for initial licensure and renewal by mail and internet



- Responds to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws.
- Reviews applications to determine if qualifications have been met
- Determines whether applicants are in arrears on child support or student loan repayment
- Verifies Alaska licenses for the licensing agencies of other states
- Writes and/or administers professional examinations
- Investigates complaints of incompetent or illegal activity by professionals
- Prepares formal accusations against licensees when investigations reveal evidence of violations of licensing laws.
- Presents the legal case against licensees charged with violations
- Negotiates settlements with licensees whom the division believes violated the law
- Reports disciplinary actions taken against Alaska licensees to national databanks
- Organizes licensing board meetings
- Assists licensing boards in writing regulations
- Represents the state in appeals of license denials, lawsuits and appeals of disciplinary actions
- Provides public lists of licensees on CD-ROM and paper

**BUSINESS LICENSING:** License over 77,000 businesses to engage in commerce in Alaska. At the start of FY99, 1,776 businesses had tobacco endorsements attached to their licenses permitting retail sale of tobacco products.

To administer the Business Licensing Program, the division:

- Distributes application forms for initial licensure and renewal by mail and internet
- Reviews applications for completeness and legal sufficiency
- Collects \$50 for each two-year license and \$25 for each endorsement permitting retail sale of tobacco products
- Classifies businesses according to their primary activities
- Issues licenses at service counters in Juneau, Fairbanks and Anchorage
- Issues and renews licenses via the internet
- Researches the licensing history of Alaska businesses
- Works to bring unlicensed businesses into voluntary compliance with the law
- Suspends tobacco sales endorsements of businesses convicted of selling tobacco to minors
- Provides public lists of licensed businesses on CD-ROM and paper and through internet search of the computer database

### **Component Goals and Strategies for FY2000**

- 1) Allow qualified individuals to work in their chosen fields: earning a living, creating new businesses and providing the skilled workforce necessary for state development
  - Make licensing information easy to obtain and understand
  - Issue licenses correctly and promptly
  - Remove unnecessary barriers to licensure
  - Keep license fees as low as possible while meeting the division's legal responsibilities
- 2) Protect public health and welfare by safeguarding the quality of services provided by Alaska's licensed professionals
  - Investigate allegations of violations of licensing laws thoroughly and promptly
  - Sanction licensees who violate the law in an appropriate manner
  - Provide licensing boards with resources necessary to regulate effectively

### **Key Component Issues for FY1999 – 2000**

#### **ESCALATING ENFORCEMENT COSTS:**

The cost of investigating and disciplining license-holders accused of violating licensing laws continues to rise, as the process becomes more formal and litigious. Costs include investigators, expert witnesses, attorneys from the Department of Law and hearing officers. Enforcement costs are paid through license fees. One full-blown case can double fees for small programs and discourage disciplinary action against licensees.

#### **VOLATILITY OF FEES:**

AS08.01.065(c) mandates that the department set license fees for each occupation at a level which approximately equals the cost of regulating the occupation. The enforcement costs mentioned above make fees very volatile. A 1997 legislative audit directed the division to set fees incorporating professions' surpluses and deficits from prior years. The audit also recommended strictly applying the fee law and requiring each of the division's 130 professions to pay their own costs rather than accounting at the board/program level. The result of a strict legal interpretation would be even greater variation in fees for small professions. Due to Alaska's small population, many professions have fewer than 100 members to share costs.

#### **NEED FOR STRONG AND CONSISTANT LAWS:**

Alaska's licensing laws have gray areas and inconsistencies, which contribute to legal costs and difficulty protecting the public. A comprehensive update of the laws would assist enforcement.

#### **INTERNET ACCESS OPPORTUNITIES AND COSTS**

Consumers and licensing boards would like to use the Internet to apply for licenses and find out if professionals have unrestricted licenses to practice. However, these service improvements cannot be made unless expenditures are authorized for computer programmers.

#### **BOARD TRAVEL LIMITATIONS**

If licensing board travel expenditures are kept within the budgeted amount, meetings outside of Anchorage, representation of Alaska interests before national organizations, statewide licensing examinations and other important board activities will be limited. The division's 21 licensing boards conduct over 50 in-person meetings each year and numerous teleconferences. In addition, each board is permitted to send one representative to a single national conference. The cost of this essential travel has exceeded the budgeted amount for several years and the travel budget has been supplemented with roll-forward expenditure authority. Supplementation of the board travel budget will not be possible in FY00.

#### **INSPECTION OF DENTAL X-RAY EQUIPMENT**

Legislation passed in 1998 requires the owners of dental radiological equipment to hire and pay private inspectors. The Dental Board, with the assistance of the division, must register the equipment. It is unlikely that an adequate number of private inspectors who meet the statutory qualifications will be available at a reasonable price.

#### **BOARD SUNSETS**

The Board of Certified Direct-entry Midwives is in its "wind-down year" and will go out of existence on June 30, 1998 unless extension legislation is passed. The Board of Marine Pilots and the Board of Pharmacy are in their "sunset years". All three programs paid the costs of regulation through their fees in the 1997-98 license period.

### **Major Component Accomplishments for FY1998**

#### **BUSINESS LICENSING:**

- Began issuing and renewing business licenses via the internet. Applicants may obtain a business license instantly using a credit card at our "Business Online" web site.
- Increased the number of licensed businesses from 66,949 at the start of FY96 to 73,348 on July 1, 1998, and generated over \$2 million annually for the General Fund.
- Suspended the right of 11 businesses to sell tobacco products as a result of convictions for sales to children
- Re-wrote and simplified all business license regulations, deleting obsolete requirements.

#### **OCCUPATIONAL LICENSING:**

- Will implement three new licensing programs in FY 99 as the result of legislation: 1) professional counselor, 2) dental radiological equipment and 3) bachelor and master social worker licensing.
- Worked with the Division of Administrative Services data processing staff to re-write all occupational licensing data base computer programs. The division successfully converted all its data bases from WANG to Oracle based programs
- Opened 419 cases for investigation of allegations of violation of licensing laws and closed 447 cases during FY98. 38 settlement agreements were completed, 10 licenses surrendered, 10 licenses suspended and a number of fines, letters of reprimand and other disciplinary sanctions issued.



### **Statutory and Regulatory Authority**

The Division of Occupational Licensing operates under the following authorities:

|                 |                                                                          |
|-----------------|--------------------------------------------------------------------------|
| AS 08.01        | CENTRALIZED LICENSING                                                    |
| AS 08.02        | Miscellaneous Provisions                                                 |
| AS 08.03        | Termination, Continuation and Reestablishment of Regulatory Boards       |
| AS 08.04        | Board of Public Accountancy                                              |
| AS 08.13        | Board of Barbers and Hairdressers                                        |
| AS 08.20        | Board of Chiropractic Examiners                                          |
| AS 08.29        | Board of Professional Counselors                                         |
| AS 08.36        | Board of Dental Examiners                                                |
| AS 08.48        | State Board of Registration for Architects, Engineers and Land Surveyors |
| AS 08.62        | Board of Marine Pilots                                                   |
| AS 08.63        | Board of Marital and Family Therapy                                      |
| AS 08.64        | State Medical Board                                                      |
| AS 08.65        | Board of Certified Direct Entry Midwives                                 |
| AS 08.68        | Board of Nursing                                                         |
| AS 08.71        | Board of Dispensing Opticians                                            |
| AS 08.72        | Board of Examiners in Optometry                                          |
| AS 08.80        | Board of Pharmacy                                                        |
| AS 08.84        | State Physical Therapy and Occupational Therapy Board                    |
| AS 08.86        | Board of Psychologist and Psychological Associate Examiners              |
| AS 08.87        | Board of Certified Real Estate Appraisers                                |
| AS 08.88        | Real Estate Commission                                                   |
| AS 08.95        | Board of Clinical Social Work Examiners                                  |
| AS 08.98        | Board of Veterinary Examiners                                            |
| AS 08.06        | Regulation of acupuncturists                                             |
| AS 08.11        | Regulation of audiologists                                               |
| AS 08.24        | Regulation of collection agencies                                        |
| AS 08.92        | Regulation of concert promoters                                          |
| AS 08.18        | Regulation of construction contractors                                   |
| AS 08.40        | Regulation of electrical and mechanical administrators                   |
| AS 08.54        | Regulation of guide-outfitters                                           |
| AS 08.42        | Regulation of morticians                                                 |
| AS 08.45        | Regulation of the practice of naturopathy                                |
| AS 08.70        | Regulation of nursing home administrators                                |
| AS 08.02.011    | Regulation of professional geologists                                    |
| AS 08.55        | Regulation of hearing aid dealers                                        |
| AS 08.67        | Regulation of mobile home dealers                                        |
| AS 43.70        | Regulation of Business Licenses                                          |
| AS 05.05; 05.10 | Athletic Commission                                                      |
| AS 46.03.375    | Certification of Storage Tank Workers                                    |
| AS 08.02.025    | Student Loan Default Program                                             |
| AS 25.27.244    | Child Support Enforcement Program                                        |
| AS 44.62        | Administrative Procedure Act                                             |
| AS 44.33.020    | Department of Commerce & Economic Development                            |

#### **Federal Laws:**

42 CFR 431, 433      Nurse Aide Registry  
and 483  
42 CFR 442 and 45      Nursing Home Administrators  
12 U.S.C. 3338      Real Estate Appraiser

#### **State Regulations:**

12 AAC 02 - 12 AAC 75      Administrative Regulations

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Department of Commerce and Economic Development

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12 AAC 12      Business Licensing Regulations  
18 AAC 78      Underground Storage Tank Workers



### **BRU/Component: APUC Operations**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Robert A. Lohr, Executive Director**

**Tel: (907) 276-6222 Fax: (907) 276-0160 E-mail: Bob\_Lohr@commerce.state.ak.us**

### **Component Mission**

To protect and promote the public interest by certifying and economically regulating only qualified public utilities and pipeline carriers and oversee the availability, affordability and quality of the utility services that are essential to Alaska's economic development.

### **Component Services Provided**

Regulates public utilities and pipeline carriers. The Commission has been assigned regulatory authority over gas, electric, telephone, oil and gas pipelines, water and sewer, steam, refuse collections and disposal, and cable television.

The Commission issues certificates of public convenience and necessity to qualified service providers and establishes rates, terms, and conditions of service to the public. The Commission also oversees the practices, services, and facilities of regulated utilities and pipeline carriers. Also, under the Power Cost Equalization program, the Commission computes the power cost and amount of assistance for eligible utilities.

### **Component Goals and Strategies for FY2000**

1. Analyze and act upon all utility and pipeline carrier proposals within statutory deadlines.
2. Receive, analyze and process an expected 1,050 consumer complaints concerning utility service.
3. Issue public notice, provide initial analysis, and render initial Commission determination concerning utility and pipeline tariff filings within 45 days. (Expected total cases July 1, 1999 to June 30, 2000: 750 tariff filings.)
4. Within 30 days, issue public notice, provide initial analysis, and render initial Commission determination concerning competitive offerings. (Expected total cases July 1, 1999 to June 30, 2000: 125 tariff filings.)
5. Issue 588 substantive orders in matters pending before the Commission during FY00.
6. Complete analysis, recommendation, and decision regarding proposed statewide access charge rates for all pooling local carriers by January 1.

### **Key Component Issues for FY1999 – 2000**

#### **1. Electricity**

The Commission will continue to address significant issues facing the electrical industry in Alaska's urban and rural areas. The Legislative Joint Committee on Electric Restructuring has requested the Commission to hire a consultant to study whether and how to implement electric utility restructuring in Alaska. The Commission is working closely with this Committee.

The Commission will continue to ensure coordination among utilities and energy efficient practices and will continue to assure utilities are providing the lowest cost energy to all customers.

#### **2. Telecommunications**

The Commission will assure the continued availability of affordable, high quality, local and long distance telephone service throughout Alaska. The Commission will continue its oversight of the competitive in-state long distance market, developing competition in the local exchange, and will revise its regulations accordingly. To accomplish its responsibilities under the Telecommunications Act of 1996 the Commission is considering changes to its rules covering access charge reform, universal service, and market structure rules for competitive local exchange service. The Commission issued its order adopting regulations in this complex area on November 23, 1998. The Commission will develop market structure rules to address issues of local exchange carrier pricing flexibility, market dominance and local exchange carrier provision of long distance service, pricing standards for interconnection between incumbent and entrant local exchange carriers.

The Commission will also re-examine its existing competitive rules for the long distance carrier market regarding facility restrictions, facility modernization, wholesale rates, and access to long distance networks. Competition will place increased responsibility on the Commission to maintain universal service. Any subsidies embedded in the rate structure to comply with federal law will need to be reevaluated or redefined to ensure competitive neutrality.

### **3. Pipeline**

During FY00 the Commission expects to determine rates for newly certificated North Slope pipelines and act on applications for certificates of public convenience and necessity for future North Slope pipelines.

The Commission expects to hold hearings on intrastate rates for the Trans Alaska Pipeline System (TAPS) and Cook Inlet Pipeline. Hearings may also be held on a complaint concerning the TAPS quality bank and on TAPS rampdown issues.

### **4. Water and Sewer**

As water and sewer facilities are built in villages that do not currently have the service, the Commission expects to handle additional applications for certificates of public convenience and necessity as a result.

### **5. Natural Gas**

Alaska Intrastate Gas Company applied to provide natural gas service to nineteen southeast and south-central communities. With new exploration, the construction of new gas distribution systems and new gas transportation technologies will expand the areas where natural gas will be available. As a result, the Commission expects to handle additional applications for certificates of public convenience and necessity and related rate proceedings.

### **6. Refuse**

The Commission expects to receive additional certificate applications to compete with existing providers. Mergers and acquisitions have consolidated the ownership of Alaskan refuse utilities. The Commission will consider the proper level of regulation to address these in the refuse market.

## **Major Component Accomplishments for FY1998**

- Handled 167 other formal cases, dealing with rates and investigations, a 97% increase over the previous five-year average.
- Issued 432 substantive orders in FY, a 36% increase over last year.
- Processed 624 utility and pipeline tariff filings, a 30% increase.
- Handled 706 informal customer complaints, a 23% increase compared to the previous year.
- Issued 99 certificates to new utilities and service territory expansions, an increase of 68% from the prior year.



**Statutory and Regulatory Authority**

AS 42.05 Public Utilities  
AS 42.06 Pipelines  
AS 42.25.100-178 Power Cost Equalization  
3 AAC 47 Regulatory Cost Charge  
3 AAC 48 - 52 APUC

**Budget Request Unit: Executive Administration and Development**

**Manager: Tom Lawson, Administrative Services Director**

**Tel: (907) 465-2505 Fax: (907) 465-2563 E-mail: Tom\_Lawson@commerce.state.ak.us**

**BRU Mission**

To effectively and efficiently manage the Department of Commerce and Economic Development.

To provide centralized administrative support to the divisions and agencies in the Department of Commerce and Economic Development.

To encourage investment and sound economic development throughout Alaska by working with the private sector and as part of the State of Alaska's overall economic development strategy.

**BRU Services Provided**

The Commissioner's Office provides leadership, sets department priorities and policy, and is the Governor's direct liaison to the department.

The Division of Administrative Services facilitates and ensures the delivery of the services provided by the Department of Commerce and Economic Development by giving efficient and cost effective business management support in the areas of budget, data processing, fiscal and supply, and human resources.

The Division of Trade and Development provides access to information, helps promote Alaska products through access to markets, advocates for business in foreign markets and the regulatory process, encourages investment, promotes economic development at the community level through technical assistance, identifies buyers for Alaska products, and assists in developing businesses.

**BRU Goals and Strategies for FY2000**

(see component information)

**Key BRU Issues for FY1999 – 2000**

**Seafood Industry** – The seafood industry is the largest private employer in Alaska. The industry is losing markets due to increasing competition from foreign and domestic seafood producers, primarily farmed salmon. The farm competition now represents nearly 53% of all salmon production worldwide which has negatively impacted consumption of Alaskan products in US and foreign markets. The salmon industry, the economic backbone of coastal Alaska, remains the most seriously impacted. As identified at the 1997 and 1998 annual Salmon Forums, the industry must shift from a production-driven fish industry to a market-driven food industry in order to compete successfully with other food sources and win greater consumer acceptance. The Department will assist through ongoing marketing programs and projects aimed at finding more marketing opportunities, at ensuring consistent product quality, and continuous research into food industry trends and demands.

**Rural Development** – The failure of the western Alaska salmon runs in 1998 resulted in an economic disaster declaration for a large portion of rural Alaska. The Department will continue to participate in the state-coordinated disaster relief efforts and seek viable economic opportunities for rural Alaska.

**Tourism/ATMC Structure** – Legislation was introduced last year to disband the Alaska Tourism Marketing Council and shift responsibilities to a new organization being created by the Alaska Visitors Association (AVA). Although the legislation did not pass, new legislation is expected to be introduced during the 1999 legislative session. The Department will continue to work with the AVA to craft an acceptable structure to provide tourism services.



**Major BRU Accomplishments for FY1998**

- Organized and held the Second Annual Salmon Forum, to help the salmon industry develop strategies for coping with changing world markets and industry conditions.
- Worked with other agencies to organize and hold successful Procurement Conferences in Anchorage, Juneau, and Fairbanks to show the private sector how Alaska businesses can sell goods and services to the state government.
- Attracted "junior" mining companies to Alaska. The number increased from four the previous year to 13.
- Introduced potential customers to Alaskan goods and services through missions and trade shows in Alaska, Japan, Korea, and Taiwan.
- Completed the Marketing Alaska project. Based on the project report recommendations, changes were made throughout state government to support the private sector and help strengthen the state's economy. A final status report was prepared.
- Completed the transfer of DCED databases from antiquated Wang system to a modern Oracle based client server system.

**Component: Commissioner's Office**

**Manager: Tom Lawson, Administrative Services Director**

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**Component Mission**

To effectively and efficiently manage the Department of Commerce and Economic Development.

**Component Services Provided**

The Commissioner provides leadership, sets department priorities and policy, and is the Governor's direct liaison to the department. The Commissioner directs policy through coordination with directors of the line divisions and independent agencies which comprise the department. The Commissioner's Office staff support the Commissioner in the overall management and coordination of departmental activities, policy direction, management oversight, and legislative coordination. In addition to program responsibilities, the Commissioner serves on the following boards and commissions:

Alaska Aerospace Development Corporation  
Alaska Coastal Policy Council  
Alaska Industrial Development and Export Authority  
Alaska Energy Authority  
Alaska Railroad Corporation  
Alaska Royalty Oil and Gas Development Advisory Board  
Alaska Student Loan Corporation  
Board of Marine Pilots  
Oil and Gas Policy Council  
Power Project Loan Committee  
Prince William Sound Oil Spill Recovery Institute Advisory Board  
State Bond Committee  
Telecommunications Information Council

**Component Goals and Strategies for FY2000**

Diversify Alaska's economic base to benefit all Alaskans.

- Partner with other state agencies, private businesses, and local governments to identify and development opportunities for regional and local economic development.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska

Market Alaska's commercial opportunities and geographic advantages to the rest of the nation and the global business community.

- Visit corporate boardrooms to solicit investment in Alaska.
- Participate in business trade missions to key markets and potential markets.

Strengthen Alaska's businesses.

- Provide technical and financial assistance.
- Advocate for the reduction of barriers to diversified economic development.

Protect Alaska's citizens and businesses.

- Maintain a fair and consistent regulatory environment.
- Support regulations which balance economic, public safety and environmental issues.



### **Key Component Issues for FY1999 – 2000**

**Seafood Industry** – The seafood industry is the largest private employer in Alaska. The industry is losing markets due to increasing competition from foreign and domestic seafood producers, primarily farmed salmon. The farm competition now represents nearly 53% of all salmon production worldwide which has negatively impacted consumption of Alaskan products in US and foreign markets. The salmon industry, the economic backbone of coastal Alaska, remains the most seriously impacted. As identified at the 1997 and 1998 annual Salmon Forums, the industry must shift from a production-driven fish industry to a market-driven food industry in order to compete successfully with other food sources and win greater consumer acceptance. The Department will assist through ongoing marketing programs and projects aimed at finding more marketing opportunities, at ensuring consistent product quality, and continuous research into food industry trends and demands.

**Rural Development** – The failure of the western Alaska salmon runs in 1998 resulted in an economic disaster declaration for a large portion of rural Alaska. The Department will continue to participate in the state-coordinated disaster relief efforts and seek viable economic opportunities for rural Alaska.

**Tourism/ATMC Structure** – Legislation was introduced last year to disband the Alaska Tourism Marketing Council and shift responsibilities to a new organization being created by the Alaska Visitors Association (AVA). Although the legislation did not pass, new legislation is expected to be introduced during the 1999 legislative session. The Department will continue to work with the AVA to craft an acceptable structure to provide tourism services.

**Alaska Securities Law** – Congressional action has changed the emphasis on securities regulation, nationwide. While some areas have been preempted in the registration and regulation, others emphasize enforcement and oversight. More effort will be necessary on State Investment Advisers. The registration of mutual funds is now a function of the SEC, but sales practice complaints and problems will be the responsibility of the state. Congress provided that registration fees would not be taken away from the states in order to fund enforcement provided that the states amend their securities act to comply with federal law. The Department will seek changes to the Alaska Securities Act in the legislative session beginning January 1999.

### **Major Component Accomplishments for FY1998**

- Conducted first launch from the Kodiak Launch Complex for the US Air Force's atmospheric interceptor technology program in November 1998.
- Began generating clean coal-fired electricity for Alaskans at the Healy Clean Coal Project while operating in the demonstration testing phase.
- Acquired the Snettisham Hydroelectric Project from the federal government, helping to ensure a stable energy source for long-term economic growth in the Juneau area. Snettisham provides 85% of Juneau's electrical energy.
- Increased number of requests for Alaska travel information by roughly 75% without increasing budget.
- Created the Bristol Bay/Kuskokwim Disaster Loan Program with federal money providing small loans to permit holders who needed help covering living expenses because of a disastrous salmon season.
- Began issuing and renewing business licenses via the internet. Applicants may obtain a business license instantly using a credit card at the Division of Occupational Licensing "Business Online" web site.
- Completed the Marketing Alaska project. Based on the project report recommendations, changes were made throughout state government to support the private sector and help strengthen the state's economy. A final status report was prepared.
- Organized and held the Second Annual Salmon Forum, to help the salmon industry develop strategies for coping with changing world markets and industry conditions.
- Worked with other agencies to organize and hold successful Procurement Conferences in Anchorage, Juneau, and Fairbanks to show the private sector how Alaska businesses can sell goods and services to the state government.
- Attracted "junior" mining companies to Alaska. The number increased from four the previous year to 13.
- Introduced potential customers to Alaskan goods and services through missions and trade shows in Alaska, Japan, Korea, and Taiwan.
- Produced first-ever national television commercial for the Alaska Marine Highway System.
- Adopted first-ever comprehensive Internet strategy for marketing tourism to Alaska.

**Statutory and Regulatory Authority**

AS 44.33.010-020



**Component: Trade and Development**

**Manager: Greg Wolf, Director**

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**Component Mission**

To encourage investment and sound economic development throughout Alaska by working with the private sector and as part of the State of Alaska's overall economic development strategy.

The broad components of the mission are to: (1) Increase and enhance demand for Alaska's products and services, both domestically and internationally. (2) Ensure a supportive business climate in Alaska. (3) Promote economic growth statewide to increase private sector employment and economic opportunity for Alaskans.

**Component Services Provided**

1. Provide access to information.
2. Help promote Alaska products through access to markets.
3. Advocate for business in foreign markets and the regulatory process.
4. Encourage investment.
5. Promote economic development at the community level through technical assistance.
6. Identify buyers for Alaska products.
7. Assist in developing businesses.

**Component Goals and Strategies for FY2000**

**IMPROVE THE DELIVERY AND COORDINATION OF STATE SERVICES TO ALASKA SMALL BUSINESSES.**

- Update matrix of small business services
- Assist Alaska businesses in placing products in national sales venues.
- Co-organize procurement conferences.
- Develop rural products for export markets.

**ATTRACT NEW BUSINESSES TO ALASKA AND ENCOURAGE EXPANSION OF EXISTING BUSINESSES.**

- Distribute information through cost-effective methods about Alaska's attributes as a place to do business.
- Assist new businesses in relocating to the state and assist existing businesses in expanding their operations.
- Refine and implement Business Incentive Program.

**ASSIST THE SEAFOOD AND FOREST PRODUCT INDUSTRIES FIND PROFITABLE AND SUCCESSFUL AREAS IN CHANGING WORLD MARKETS, INCLUDING VALUE-ADDED AND NICHE MARKETS.**

- Compliment and expand upon ASMI efforts to harvest, produce, and deliver salmon that have a consistent and predictable level of quality, creating benefits for the salmon industry.
- Update and distribute information about Alaska manufacturers and their products.
- Monitor current trends and conditions in domestic and foreign markets and provide timely information (trade leads, reports, names of contacts, etc.) about opportunities for Alaska products.
- Analyze federal groundfish proposals for impact on Alaska.

**SUPPORT CONTINUED EXPANSION OF THE MINERALS INDUSTRY.**

- Participate in at least three minerals trade shows in North America to provide international mining companies with information about opportunities for exploration and investment in Alaska.
- Publish an annual report - containing details on all mineral industry activities within the state - and use it as a marketing tool to generate more interest in Alaska's mining industry.
- Provide staff support for the Alaska Minerals Commission and publish the commission's annual report, as required by statute, with recommendations on solving industry problems and improving conditions.
- Update and distribute timely information about mineral industry activities in Alaska.

**MAINTAIN AND EXPAND ALASKA'S TRADE POSITION IN ALASKA'S TRADITIONAL OVERSEAS MARKETS - JAPAN, KOREA, AND TAIWAN.**

- Maintain representative offices in Japan and Korea, and a trade contractor in Taiwan.
- Maintain traditional markets for seafood in the face of Asia's economic difficulties, competition, and high value of the dollar.
- Work with ASMI in Japan and Taiwan to build on each other's missions and strengths. Promote Alaska seafood in Korea, where ASMI does not have a presence, focusing on higher-value fresh and live product. This focus benefits the air cargo industry as well as the seafood industry.
- Diversify our product mix to Japan, focusing on value-added wood and seafood products, environmental and technical services, and energy.
- Promote Alaska environmental and technical services in Korea and Taiwan.
- Market Alaska organic produce in Taiwan via trade shows and trade missions.

**IDENTIFY AND PURSUE OPPORTUNITIES FOR ALASKANS IN NEW OR EMERGING MARKETS.**

- Establish representation in China to promote trade opportunities.
- Maintain representation in Sakhalin through the American Business Center.
- Utilize Alaska Sakhalin Working Group and government contacts to facilitate trade and service export opportunities in connection with oil and gas development.
- Build on trade inroads in the Sakha Republic in mining, fuel and consumer goods.
- Maintain trade relations with other Russian Far East regions - Chukotka, Magadan and Kamchatka - in anticipation of economic recovery leading to trade opportunities.
- Research trade opportunities in Europe and in additional Asia markets such as Singapore and the Philippines.

**MAINTAIN NUMBER OF ALASKA FILM PRODUCTION PROJECTS, AND INCREASE ALASKA PARTICIPATION IN THE FILM PRODUCTION INDUSTRY.**

- Continue to market Alaska and attract film production projects.
- Develop and design new marketing tools: Booth, location reel, location promotion brochure, and program tools for targeted international markets.
- Coordinate and implement a successful and results-oriented customized public relations event in the Los Angeles market for film production executives and media.
- Work with the Association of Film Commissioners' International to develop an industry standard for measuring the economic impact of film projects on sales and communities.
- Encourage further development of Alaska film industry infrastructure so more services and facilities are available in the state for film production projects.

**PROVIDE TIMELY, RELIABLE AND COMPLETE ALASKA ECONOMIC AND TRADE INFORMATION.**

- Fully utilize the latest technology to effectively collect and disseminate information.
- Modernize research section through technology and training so that economic and trade information can be distributed quickly to large or select audiences from any location.
- Establish intern program to provide more support for data collection activities.
- Continue publishing the monthly, one-page "Economic Snapshots" and other special reports.
- Create easily presentable, portable multi-media presentation outlining economies, culture, and general regional information for use in promotional and outreach efforts.
- Maintain an aggressive program of continuing education, including meetings, seminars and training.
- Increase outreach; increase detail and speed of responses.

**Key Component Issues for FY1999 - 2000**

**Seafood Industry** - The seafood industry in Alaska continues to adjust to changing world markets. The salmon industry, the economic backbone of coastal Alaska, remains the most seriously impacted. As identified at the 1997 and 1998 annual Salmon Forums, the industry must shift from a production-driven fish industry to a market-driven food industry in order to compete successfully with other food sources and win greater consumer acceptance. DTD will assist through projects aimed at finding more marketing opportunities, at ensuring consistent product quality, and continuous research into food industry trends and demands. To complete these projects, DTD anticipates entering into working partnerships with local governments, processing companies, fishermen, CDQ groups, ARDORs and other non-profit organizations.



**Forest Products Industry** - The Asian financial crisis has severely impacted the export markets for Alaskan timber. Demand in the traditional export markets has dropped to very low levels. At the same time, overseas interest is growing in manufactured wood products, as opposed to round logs. This may open opportunities for Alaska manufacturers. A study was completed in 1998 on the in-state market for Alaska wood products. The state has successfully modified its timber sale program to focus on Alaska's value-added producers. DTD and the Governor's Office will encourage the U.S. Forest Service to adopt a similar policy. DTD will aid Alaska mills in capturing the in-state market for graded dimensional lumber and identifying domestic and international niche markets suitable for Alaska producers.

**Mining and Minerals** - The Alaska minerals industry continued to expand in 1998, building upon the growth initiated in 1997 and 1996. The industry's value in 1997 (the most recent year for which we have complete statistics) continued to exceed \$1 billion. DTD uses the multi-agency minerals assessment program as a marketing tool to attract investment capital to the state. International awareness of Alaska's success, opportunities and availability of detailed inventory information is the best method for attracting new mining ventures.

**Rural Development** - The failure of the western Alaska salmon runs in 1998 resulted in an economic disaster declaration for a large portion of rural Alaska. DTD participates in the state-coordinated disaster relief efforts. The division will continue to manage a project - funded by the federal Economic Development Administration - to develop rural products for export markets. The division is an active participant in the Southeast Alaska Community Economic Revitalization Team (SEACERT), formed to coordinate economic development assistance to Southeast Alaska in reaction to timber industry declines.

**International Trade** - Alaska must maintain its presence in the state's historical markets during this time of economic crisis in Asia. Even though the state's exports to these markets have decreased, we should not abandon them. If we do, Alaska's trading position will be difficult or impossible to regain once the Asian economy improves. DTD should establish trade representation and relations in China, to position Alaska in this potential market and diversify the state's overseas markets. Alaska should maintain its position in the Russian Far East and maintain contacts with the American Business Center in Yuzhno-Sakhalinsk, viewing business with Russia as a long-term process.

**Film Production** - Producers have had problems with permit costs and restrictions for filming on public lands in Alaska. Due to recent revisions of film guidelines, particularly by the National Park Service, the subjective procedure, increased costs and restrictions are causing some filmmakers to complain and find other locations. Alaska production crewmembers have contacted Alaska's congressional delegation for assistance.

**General Issues** - In the highly competitive world business environment, Alaska cannot afford to neglect its present businesses or forgo opportunities for sustainable economic growth. DTD will work with other agencies to coordinate services and remove obstacles to the success of Alaska's small businesses, promote the growth of the technical services sector through increased awareness and contacts in foreign markets, and use cost-effective means to attract new business to the state outside the traditional industries.

**Y2K Compliance** - DTD must ensure that its systems, along with key suppliers and service providers, are Y2K compliant.

### **Major Component Accomplishments for FY1998**

Successfully coordinated a multi-agency effort to hire a wood products technical specialist.

Completed state-funded portion of the Arctic-Yukon-Kuskokwim Salmon Targeted Marketing Pilot Project.

Organized and held the Second Annual Salmon Forum, to help the salmon industry develop strategies for coping with changing world markets and industry conditions.

Completed the Marketing Alaska project. Based on the project report recommendations, changes were made throughout state government to support the private sector and help strengthen the state's economy. A final status report was prepared.

Worked with other agencies to organize and hold successful Procurement Conferences in Anchorage, Juneau, and Fairbanks to show the private sector how Alaska businesses can sell goods and services to the state government. These conferences provide a model for a continuing series of conferences.

Attracted "junior" mining companies to Alaska. The number increased from four the previous year to 13. The airborne geophysical program advocated by DTD continued to attract development dollars. The federal government is now emulating that program in Wrangell, Wiseman and Prince of Wales Island.

Opened doors for Alaska businesses to make inroads in Sakhalin and the Russian Far East. Coordinated gubernatorial mission to Alaska by Sakhalin Gov. Igor P. Farkhutdinov in May 1998, following Gov. Knowles mission to Sakhalin the previous year. The missions resulted in joint ventures and partnerships, and projects completed, underway or under discussion. Sakhalin Alaska College graduated its first class of western-trained oil field workers in June 1998.

Worked with the private sector to provide tons of humanitarian aid to the Sakha Republic (Yakutia), which could serve to help further open the region to business for Alaska companies.

Created opportunities for Community Development Quota groups and other rural businesses to export their products to new markets overseas in Japan, Korea and Taiwan.

Educated businesses, ARDORs, CDQ groups and others about the how-to's and benefits of exporting.

Introduced potential customers to Alaskan goods and services through missions and trade shows in Alaska, Japan, Korea, and Taiwan.

Increased ways to cost effectively provide information and assistance to Alaska businesses about overseas markets, export trade data, and the overall economic situation, particularly during this period of extreme fiscal upheaval in Asia.

The Alaska Film Office assisted and tracked 55 film projects with an economic impact of approximately \$4 million.

Graphic Films' IMAX documentary "Alaska: Spirit of the Wild," shot entirely in Alaska, was nominated for an Oscar. The film is being shown five times a day, every day of 1998, in a Taipei museum, creating more Taiwanese interest in Alaska.

TNT's "Alaska Bush Pilots" reached 1.6 million viewers during its broadcast, prompting 4,000 inquiries for tourism information.

Commissioned and completed an "Information Needs Assessment Survey" to identify the information needs of Alaska companies that are presently selling goods and services to international markets or are interested in doing so.

Commissioned "Seafood Export Opportunity" reports for three Asian markets, detailing market opportunities, economies, species, and resources.

### **Statutory and Regulatory Authority**

AS 36.30.332-338 - Alaska Product Preference  
AS 37.17.440 - International Trade and Business Endowment  
AS 44.33 - Economic Development  
AS 44.33.431 - Alaska Minerals Commission  
AS 44.33.800 - International Trade  
AS 44.33.900 - Alaska Forest Products Research and Marketing Program  
AS 44.99.100 - Economic Development Policy  
AS 45.65.010-070 - Made in Alaska Program  
5 AAC 39.198 - Internal Waters Permits



**Component: Administrative Services**

**Manager: Tom Lawson, Division Director**

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**Component Mission**

To provide management services and centralized administrative support to the divisions and agencies in the Department of Commerce and Economic Development.

**Component Services Provided**

Facilitates and ensures the delivery of the services provided by the Department of Commerce and Economic Development by giving efficient and cost effective business management support in four areas:

Fiscal and Supply provides centralized financial and property management to the department, including timely and accurate payment of vendor billings, processing of employee travel payments, ensuring that professional services contracts are entered into expeditiously and in accordance with the state procurement code, assisting divisions in monitoring expenditures to ensure that appropriations are not overspent, purchasing department supplies and equipment, maintaining departmental property, providing mailroom services, and offering training in the state's financial, travel and procurement systems.

Human Resources provides recruitment, labor relations and payroll services to the department, and assists the department's managers in developing a high quality work force.

Budget assists the department's divisions and agencies in developing operating and capital budget requests, preparing and presenting agency budget overviews to the Office of Management and Budget and the Legislature, and monitoring appropriations throughout the year.

Data Processing maintains and installs the department's computer systems and network, provides database development services, and trains users in software and hardware capabilities.

**Component Goals and Strategies for FY2000**

Manage the department's finances and property efficiently and effectively:

- Ensure appropriations are not overspent.
- Ensure compliance with procurement statutes/regulations.
- Pay vendors promptly and accurately.
- Maintain efficient State cash flow.
- Reimburse employee travel accurately and timely.
- Maintain accurate property control inventory.
- Distribute mail timely.

Develop and manage the department budgets in an accurate, uniform and timely manner.

- Ensure that the Commissioner's Office can make informed decisions on the budget.
- Maintain budgetary control throughout the fiscal year.

Provide Data Processing services efficiently and effectively:

- Provide an environment that makes department data easily accessible to local area, wide area or Internet users.
- Provide effective security on department data so that the data is never in any danger of being compromised.
- Create a suite of applications for each division that will allow employees to do their jobs as quickly and efficiently as possible.
- Respond to requests for programming in a timely manner.

- Meet with key division personnel on a periodic basis to assess their future and present needs and to establish timelines for completing their requests.
- Maintain and tune all applications so they are efficient and bug free.
- Develop e-commerce applications that will allow the public to purchase information maintained by the department.
- Develop e-commerce applications that will allow licensees in all divisions to update or make initial licensure from the web.
- Provide quick and effective help to department employees for resolution of computer related problems.
- Maintain a trouble free network of computers, routers, printers, scanners and other devices that makeup the entire network.

Provide exceptional human resources services to department employees and managers.

- Hire employees who produce more per dollar of pay and continually self-develop so we spend less on their training and supervision.
- Increase the productivity of current employees through training, reward programs, counseling, etc.
- "Fix" troubled employees when it is cost effective and terminate them through appropriate and humane procedures when the costs are likely to exceed the returns.
- Retain productive employees through effective development, recognition and reward systems.
- Develop a "shared vision" among agency managers and employees.

### **Key Component Issues for FY1999 – 2000**

The division is continuously seeking out and implementing ways to reduce the cost of its services as well as the cost of departmental administrative overhead in general. We have streamlined numerous processes and procedures to minimize the amount of time and effort it takes to get things done (both within and outside the division), while maintaining appropriate accountability controls. We see this as a positive and exciting challenge in a time of shrinking budgets.

The data processing conversion from Wang to Oracle uncovered major weaknesses in the ability to provide even the most basic DP services, while maintaining the newly converted databases. Additional resources are needed to provide:

- Ongoing network administration and database management
- Improvements to the database interface for ease of use/functionality
- Imaging (storing files electronically)
- Interactive databases (the ability to manipulate data accessed through webpages)
- Improved Webpages (tracking users, discussion groups)
- E-commerce (e.g. expansion of the electronic business license renewal concept)

### **Major Component Accomplishments for FY1998**

#### **Data Processing:**

- Completed the transfer of databases from antiquated Wang system to a modern Oracle based client server system.
- Upgraded all Oracle Forms applications from 16 to 32 bit applications.
- Moved all employees from Windows for Workgroups to Windows 95.
- Converted department from ccMail to the new state enterprise email system, using Netscape Messenger.

#### **Human Resources**

- No grievances were overturned and none went to arbitration.
- Implemented a 360-degree performance feedback system for directors.

#### **Budget**

- Participated as a core test agency in the design, testing and implementation of the Automated Budget System.



**Statutory and Regulatory Authority**

**AS 44.33.010-020 Administrative Services**

## **BRU/Component: Alaska Science and Technology Foundation**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Jamie N. Kenworthy, Executive Director**

**Tel: (907) 272-4333 Fax: (907) 274-6228 E-mail: jkenworthy@astf.org**

### **Component Mission**

The mission of ASTF is to build an entrepreneurial Alaska economy through the development and application of science and technology.

### **Component Services Provided**

The Alaska Science & Technology Foundation (ASTF) was formed by the Governor and the Alaska State Legislature in 1988. By statute, ASTF is responsible for the development, funding, and monitoring of grant programs for basic and applied research and its commercialization. All ASTF projects must include innovative science or technology, clear research and business plans to show technical and economic feasibility, appropriate match and risk sharing, and expected significant benefit to the state. Funded projects substantially contribute to the economic development of the State's scientific and engineering capabilities.

### **Component Goals and Strategies for FY2000**

Improve the competitiveness of the Alaska minerals industry

- Low Rank Coal Water Fuel project (UAF) - track progress and follow up on ASTF initiative to form consortium to develop an international market for the product fuel.
- Water quality - complete Total Dissolved Solid (TDS) standards project in conjunction with state agencies and the Producers Council so that more defensible standards can be developed
- Conduct other water quality projects as appropriate
- Mapping - complete integrated remote sensing mapping project with mining and mapping companies to demonstrate the use of the technology to produce enhanced maps to guide exploration and development

Improve the competitiveness of the Alaska fisheries industry

Salmon

- implement pin-bone removal technology
- develop substantive valued-added processing technology
- assist in implementing industry quality grading

Paralytic Shellfish Poisoning (PSP)

- continue effort to develop lab and field test technologies
- continue to develop and refine model beach monitoring techniques

Shellfish

- continue projects for an integrated shellfish production system in Alaska

Bottom Fish

- continue to support current and new projects to reduce bycatch, reduce waste, and continue to develop new products (i.e. arrowtooth flounder surimi) and jobs.

Enhance the competitiveness of the Alaska forest products industry

- Coupled with National Institute of Standards and Technology (NIST) sponsored Manufacturing Extension Partnership Center work to: continue to provide grading and technical services to industry, and meet Industry Advisory Committee targets for amount of graded lumber, improvement projects to be launched, and jobs created
- Initiate feasibility study for a 10 to 20 MMbf/year regional planning and kiln facility to process lumber for multiple mills.
- Take steps w/ industry to win Alaska market of 70 to 90 MMbf/year of graded dimensional lumber



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## Department of Commerce and Economic Development

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**Promote the use of appropriate advanced technology to address rural sanitation - sewage and drinking water technology**

- Continue to staff Technology Review Board with Alaska Department of Environmental Conservation (ADEC) and US Public Health Service (USPHS) to review appropriate technology which is economically feasible

**Promote the Alaska environmental technology industry**

- In conjunction with the Alaska Military Command and ADEC continue to follow-up on projects resulting from RFP on remediation of hydrocarbon spills

**Promote the development of innovative housing products and technologies appropriate to Alaska conditions**

- With Alaska Housing Finance Corporation (AHFC), Alaska Industrial Development and Export Authority (AIDEA), and Alaska Human Resources Investment Council (AHRIC) continue work on projects resulting from joint RFP issued to develop innovative solutions to Alaska housing problems.

**Increase the use of technology to enhance education**

- Follow up to assure that all classrooms have Internet link
- Use information from community forums to form and implement K-12 technology program
- Continue Teacher Grant Program
- Continue to assist science museums with Internet connectivity and projects to meet state science goals

**Enhance infrastructure for technology and business development**

- Alaska Strategic Technology Plan - update and reissue
- Revise Small Business Innovative Research (SBIR) bridging grant program
- Business and Industrial Development Corporation (BIDCO) - underway - monitor investments and results
- Capital Network - foster interaction between entrepreneurs and investors
- Software incubator - if initial study demonstrates feasibility, launch the business incubator to assist development software companies
- Manufacturing Directory - complete and update - reissue
- Work with UA to build interdisciplinary R&D capabilities

**Maintain high internal program quality**

- Meet or exceed benchmarks for timely response for preproposals, proposals, and grant agreements.

### Key Component Issues for FY1999 - 2000

**Staff workload**

- Time availability of staff to respond to proposers and groups who want to work with ASTF is at a premium. ASTF is committed to a flat operating budget but ASTF needs to be fully staffed and continue to receive significantly more than budgeted time from professional staff to stay up with workload.
- Legislative Budget and Audit recommended conducting more field audits of projects and the budget and time for increasing that activity will have to come out of existing effort.

**Legislative performance measures**

- ASTF has always had project specific outcome based-performance measures for each project (patent filed, financing accomplished, prototype demonstrated, knowledge put into practice by regulatory agency or industry, etc.). In addition ASTF will now translate those specific project success into measures negotiated with legislature (increased jobs and sales over time, public cost savings, etc.)
- ASTF is committed to both the process and measures which were negotiated with the legislature last year but there is an additional cost and time associated with programming into projects the collection and documentation of those larger performance measures.

### **Major Component Accomplishments for FY1999**

The ASTF Director has annual written goals that the Board evaluated at the conclusion of each year as part of the Director's evaluation. Internal Quality Goals for FY 98-99 were almost always exceeded and represent minimal standards:

- answered all preproposals within 2 weeks
- performed technical reviews on all large projects 6 weeks before Board meetings
- mailed Board packets by week of Board meeting
- Board met bimonthly to make timely decisions
- negotiated all grant agreements within 2 weeks of receipt of all information.

Outcome goals in FY 98-99:

#### **Fisheries Industry**

- investment of over \$1 M in new surimi processing technology as a result of small grant to Kodiak Chamber of Commerce
- total pin bone removal demonstrated for salmon filleting
- model shellfish PSP beach monitoring program demonstrated on AK peninsula

#### **Minerals Industry**

- established research agenda on total dissolved solids (project should be complete and regulatory approval as FY 00 goal)
- demonstrated value of remote sensing to enhance map products for exploration and development
- finalized \$4.2 M in ASTF cost sharing for \$20 M Department of Energy grant to UAF to build low rank coal demonstration plant at UAF campus. ASTF also took lead in forming consortium of resource owners to market this resource in the next three years.

#### **Forest Products**

- established through Industry Network Corporation agreement with Western Wood Products Association to put wood grader in state with seven mills now signed up
- industry panel approved benchmarks on technical assistance program
- supported McDowell marketing study which documented 70-90 MMBF/year amount of currently imported wood.

#### **Technology in Education**

- Internet connectivity established in 90 % of Alaska classrooms

#### **Rural Sanitation**

- established Technology Review Board for ADEC and Public Health Service so appropriate, cost effective technology for waste water, solid waste, and clean water systems can be examined and provisionally permitted

#### **General**

- Worked with mining, software, energy and other sectors on monitoring over 70 science and technology projects to bring project specific benefits to the Alaska economy.

### **Statutory and Regulatory Authority**

AS37.17.010-17.040

AS37.17.200

AS 37.17.440

AS10.10.010

Executive Order No. 90



### **BRU/Component: Investments**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Patty LaPierre, Administrative Manager I**

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### **Component Mission**

The Division of Investments promotes economic development through direct state lending within those industries that are not adequately serviced by the private sector.

### **Component Services Provided**

Provides direct State lending in three active loan programs: Commercial Fishing, Fisheries Enhancement, and Small Business Economic Development. These programs provide financing in industries and areas for which loans are unavailable from the private sector. The Division also services loans for eight inactive loan programs administered by the Department, as well as another nine portfolios for The Alaska Industrial Development & Export Authority, the Departments of Revenue, Health & Social Services, Environmental Conservation, and Military & Veterans Affairs. Loan servicing consists of processing assumption, refinance, and maintenance requests, such as subordinations and collateral releases, payment collection, credit reporting, commercial and mortgage loan accounting, delinquent loan collection, foreclosure and bankruptcy management, repossessed property management and resale, hazardous waste investigation, and investor remittance.

The State offers a number of loan programs throughout various agencies, and the combined functions of loan approval, servicing, collections, and data processing can be performed more efficiently when consolidated into one agency. The complexities involved in some of these functions (e.g., bankruptcies, foreclosure, hazardous waste investigation, and repossessed properties) require a level of expertise that is financially and logistically easier to support when consolidated.

As of September 30, 1998, the Division of Investments was servicing 3894 accounts totaling \$219,170.2 million.

### **Component Goals and Strategies for FY2000**

To make loans directly to qualified residents for programs established by the Alaska Legislature.

- Encourage a predominantly resident fishery to request loans for the purchase of limited entry permits, quota shares, vessels, and gear.
- Offer refinancing for commercial fishing boat loans.
- Offer loans for the operation of existing hatcheries.
- Create or save jobs through direct state lending to Alaskans.

To service efficiently the loan programs that are administered by the Department of Commerce & Economic Development, ensuring the greatest return on investment that is consistent with public policy.

- Collect money due the loan programs.
- Reduce or maintain the delinquency rates.
- Maintain the average processing times for loan and loan extension applications.
- Maintain the accuracy and timeliness of response to all customer service requests.

To act as a loan-servicing agency for many of the State's loan programs, ensuring the greatest return on investment that is consistent with public policy.

- Collect money due the loan programs.

- Reduce or maintain the delinquency rates.
- Maintain the average processing times for loan and loan extension applications.
- Maintain the accuracy and timeliness of response to all customer service requests.

### **Key Component Issues for FY1999 – 2000**

The commercial fishing industry continues in flux as world markets adapt to the changing supply of fish from fish farms as well as the more traditional fishing fleets. The salmon markets have been significantly affected, and as a result they have been extremely volatile for the past several years. It is important that Alaska maintains its place in the worldwide salmon market during these changing times to assure our place for the future. Both the Commercial Fishing Revolving Loan Fund and the Fisheries Enhancement Revolving Loan Fund depend heavily on the fish runs and the profitability of the fishing industry. The lack of fish during the 1997/98 season in many parts of the state, most notably in Bristol Bay, has caused a large volume of loan extension requests. It is difficult to project the cashflow for these two funds, since lending is based on a substantial amount of risk.

#### **Disaster Relief Loans**

The Division is part of a team working to provide relief to those affected by the poor fishing season in the Bristol Bay and Kuskokwim areas last season. Congress appropriated funds to the U.S. Department of Commerce under provisions in the Magnuson-Stevens Act for aid in the form of programs assisting the fishermen and fishing communities. The Division's involvement will be to make the loans securing the collateral, to service the loan, and to enforce collection if appropriate. Disaster relief loans are made from the Disaster Relief Fund administered by the Department of Military and Veterans Affairs.

### **Major Component Accomplishments for FY1998**

#### **BRISTOL BAY DISASTER RELIEF**

Developed a new program to disburse disaster relief monies received from the Federal Government as authorized under the Magnuson-Stevens Act. The funds were designated for use as loans to assist commercial fishing harvesters in the Bristol Bay/Kuskokwim areas and the Disaster Relief Fund under the Department of Veterans and Military Affairs (DMVA) was chosen as the vehicle for distributing these funds. Entered into an agreement with DMVA and then developed the policies, procedures and process for the Bristol Bay/Kuskokwim Disaster Loan Program. A total of 3800 applications were sent to eligible harvesters and 497 loan requests were processed.

#### **RECAPITALIZATION OF THE SMALL BUSINESS ECONOMIC DEVELOPMENT FUND**

Applied for and was awarded a \$600,000 grant to recapitalize the Small Business Economic Development Loan Fund. The grant was awarded by the Economic Development Administration and was matched with \$200,000 from the Alaska Industrial Development and Export Authority to provide a total of \$800,000 for new loans. A total of 7 loans were made during the past fiscal year under this program, resulting in the creation of over 70 jobs in areas of the State that have experienced low per capita income or high unemployment.

#### **VOLUNTEER TAX AND LOAN PROGRAM**

Supported the Volunteer Tax and Loan Program (VTLP) through a grant for fisheries business development to the Alaska Business Development Center, Inc. (ABDC). During FY98, ABDC, in cooperation with the University of Alaska Anchorage (UAA), operated the Volunteer Tax and Loan program for its third year. The ongoing focus was on rural harvesting communities targeted by the IRS as having compliance problems. Nine trips were made to assist 17 communities during the months of February, March, April, and May. This was an increase of six communities from last year's program. Teams, comprised of advanced accounting students and tax professors from UAA, as well as an ABDC consultant, traveled to each community to provide tax preparations and loan package assistance. In addition, this year's program enhanced its tax and business management skills counseling by presenting seminars in each community visited. In some communities these seminars were supplemented by the inclusion of the Managing for the Hard Times Group, comprised of attorneys with expertise in maritime law and bankruptcy. Overall, ABDC's Volunteer Tax and Loan Program assisted 683 individuals and prepared 684 tax returns during FY98.



**Statutory and Regulatory Authority**

|                         |                                                    |
|-------------------------|----------------------------------------------------|
| AS 45.88.010-.050, .500 | Alternative Energy Revolving Loan Fund             |
| AS 44.33.240-.275       | Child Care Facility Revolving Loan Fund            |
| AS 16.10.300-.370       | Commercial Fishing Loan Act                        |
| AS 16.10.500-.620       | Fisheries Enhancement Revolving Loan Fund          |
| AS 45.98.010-.070       | Historical District Revolving Loan Fund            |
| AS 27.09.010-.060       | Mining Loan Fund                                   |
| AS 45.89.010-.070, .500 | Residential Energy Conservation Fund               |
| AS 45.95.010-.080       | Small Business Revolving Loan Fund                 |
| AS 26.15.010-.170       | WWII Veterans Revolving Fund                       |
| AS 44.88.400-.430       | Small Business Economic Development Rev. Loan Fund |
| AS 44.33.020            | Dept. of Commerce and Economic Development         |
| 3 AAC 41.010-.900       | Veterans Loan Assumptions                          |
| 3 AAC 77.010-.900       | Reposessed Property                                |
| 3 AAC 78.010-.900       | Alternative Energy Loans                           |
| 3 AAC 79.010-.900       | Residential Energy Conservation                    |
| 3 AAC 80.010-.900       | Commercial Fishing Loans                           |
| 3 AAC 81.010-.900       | Fisheries Enhancement Loans & Grants               |
| 3 AAC 82.010-.900       | Child Care Facility Loans                          |
| 3 AAC 83.010-.900       | Historical District Loans                          |
| 3 AAC 86.010-.900       | Small Business Loan Assumptions                    |
| 3 AAC 87.010-.900       | Mining Loans                                       |
| 3 AAC 89.010-.900       | Fisheries Enhancement Tax Appropriation            |
| 3 AAC 99.800-.820       | Small Business Economic Development Loans          |

**Budget Request Unit: Tourism**

**Manager: Tom Garrett, Director, Division of Tourism**

Tel: (907) 465-2012 Fax: (907) 465-2287 E-mail: tom\_garrett@commercet.state.ak.us

**BRU Mission**

- To create jobs and business opportunities for Alaskans.
- To disperse the economic benefit of tourism throughout Alaska and throughout the year.
- To assure an Alaska travel experience that is second to none.

**BRU Services Provided**

Alaska's tourism marketing effort is carried out by two agencies: the Division of Tourism and the Alaska Tourism Marketing Council. While each agency shares a common mission (AS 44.33.119), their approach is different in response to statutory mandates.

By law, the ATMC is assigned the task of marketing Alaska "generically" and figuring out how to fund that marketing:

AS 44.33.720 - Duties of the council.

(a) The council shall

(1) conduct a tourism marketing program designed to accomplish the purposes of AS 44.33.700 - 44.33.735; the marketing program must include promotion of the state as a destination and promotion of all forms of travel to the state, including travel by air, highway, and water;

....

(8) consider methods to fund tourism marketing using both public and private assets; and

(9) consider methods of providing for the financial self-sufficiency of the council.

(b) In performing its functions under AS 44.33.700 - 44.33.735, the council may not favor any particular tourism business entity or other person.

The Division of Tourism has the responsibility for all other forms of marketing Alaska as a vacation destination, for research into visitor market, for tourism development and planning, and for responding to visitor inquiries.

Specific services provided by each agency are described in the component detail.

**BRU Goals and Strategies for FY2000**

(see component information)

**Key BRU Issues for FY1999 - 2000**

Primary research about Alaska's visitors is substantially out-of-date, making tracking of performance measures less reliable than we would like. Field data has not been collected since 1993-1994 and our ability to draw conclusions from the secondary studies conducted since then is very limited. New primary research needs to be conducted to have an accurate picture of tourism in Alaska.

The market share for cruise passengers continues to grow, while non-cruise independent travelers are on the decline. Attacking this problem will require restructuring of internal fund allocation (some of which has been done within the Division of Tourism) and increased funding.



The cost of securing a visitor inquiry has been increasing since 1992. The cost per inquiry received has risen 32%, from \$4.38 to \$5.79. During that same period, State funding for tourism marketing has declined 33%, from \$10,576,000 to \$7,031,000.

### **Major BRU Accomplishments for FY1998**

Significant quantities of collateral material were produced at no cost to the State of Alaska: Official Alaska Vacation Planner; Invitation to Alaska lure piece; North! To Alaska highway travel planner (and Marine Highway summer schedule); Reiseplanner (for German-speaking Europe in German) and Official Alaska Travel Guide (for Japan in Japanese).

New collateral pieces were produced including Korean and Taiwanese versions of the Invitation to Alaska lure piece; a student's guide to Alaska; Alaska Marine Highway and community web-site bookmarks; Pow-Wow suppliers directory; CD-ROM of Alaska images; an electronic media guide and press kit.

Major enhancements were accomplished to three tourism web sites:

[www.commerce.state.ak.us/tourism/](http://www.commerce.state.ak.us/tourism/) - this site has been redesigned and focused on providing services to Alaska businesses

[www.north-to-alaska.com](http://www.north-to-alaska.com) - this site, the official site of Tourism North, was redesigned and expanded to provide more information about driving vacations in the North.

[www.travelalaska.com](http://www.travelalaska.com) - this site is the primary tourism information web site for Alaska. Most significantly, the ATMC web site was completely rethought and recreated.

Cooperative advertising opportunities were developed for nine major newspaper markets (through Tourism North); in the Los Angeles Times Magazine (ATMC); and in Adventure USA (Division of Tourism).

### **Component: Tourism Development**

**Manager: Tom Garrett, Director**

**Tel: (907) 465-2012 Fax: (907) 465-3767 E-mail: Tom\_Garrett@commere.state.ak.us**

### **Component Mission**

To create jobs and business opportunities for Alaskans, disperse the economic benefit of tourism throughout Alaska and throughout the year, and assure an Alaska travel experience that is second to none.

### **Component Services Provided**

Tourism Promotion & Sales is carried out by a full-time staff of four with the support of contractors. Marketing efforts are concentrated in niche markets where ATMC can't market due to statutory limitations including:

- independent highway travelers regardless of origin;
- international visitors from German speaking Europe, Japan, Australia, the United Kingdom, Korea and Taiwan; and
- specialty group markets like independent motorcoach tour operators and non-profits in travel.

Information Services is carried out by a staff of four full-time and three part time seasonal staff members in Juneau and Tok. The Juneau center is primarily electronic (phone, fax, e-mail and Internet) and provides trip planning information and assistance to travelers prior to their visit to Alaska. The Tok center is primarily direct public contact during the tour season from highway travelers who have just arrived in Alaska, or who are mid-way through their Alaska driving vacation. The Tok center is also the one Alaska Public Land Information Center operated by the State of Alaska.

Administrative Support is carried out by a full-time staff of three who share responsibilities for administrative support to the Division of Trade and Development.

### **Component Goals and Strategies for FY2000**

#### **Increase independent highway travel to and within Alaska**

- Produce 400,000 copies of a 96 page full-color brochure about this type of travel. Support publication with ad revenue.
- Distribute brochure to targeted prospective travelers.
- Improve north-to-Alaska.com internet site to match new brochure and use internet site as the primary fulfillment tool for prospective visitors.
- Conduct co-promotions with travel companies, media companies and non-endemic partners to leverage limited funds for marketing and expand reach.
- Conduct aggressive public relations campaign to place stories in major newspapers, magazines and on television.
- Market directly to RV Caravan leaders.
- Attend and participate in a minimum of 10 consumer trade shows in the US and Canada directed at highway travelers.
- Provide highway travelers with information about opportunities along the road system.

#### **Increase off-season travel to Alaska**

- Market northern lights tours to Japanese tour operators and consumers.
- Secure year-round, non-stop air service between Japan and Alaska.

#### **Disperse travel throughout Alaska in the summer - Increase and improve rural tourism product.**

- Market less-visited national parks and public lands in German-speaking Europe, the UK and Australia.
- Substantially improve internet information delivery to address travelers information needs.
- Market to tour operators worldwide to diversify product offerings in tour packages.



### **Key Component Issues for FY1999 – 2000**

Primary research about Alaska's visitors is substantially out-of-date, making tracking of performance measures less reliable than we would like. Field data has not been collected since 1993-1994 and our ability to draw conclusions from the secondary studies conducted since then is very limited. New primary research needs to be conducted to have an accurate picture of tourism in Alaska.

The market share for cruise passengers continues to grow, while non-cruise independent travelers are on the decline. Increasing the number of non-cruise independent travelers will require restructuring of internal fund allocation (some of which has been done) and increased funding.

### **Major Component Accomplishments for FY1998**

Produced first-ever national television commercial for the Alaska Marine Highway System (AMHS)

Adopted first-ever comprehensive internet strategy for marketing tourism to Alaska

Arranged first-ever cooperative marketing promotions with Isley's (RV supply company), Travelscope (independent traveler club), RVIA (trade association of RV manufacturers), and Microsoft Corporation.

Sponsored "North! To Alaska" television series hosted by Larry Csonka on ESPN/ESPN2

Consolidated AMHS schedule into North! to Alaska, increased circulation to 400,000 and increased ad revenue to \$340,000

Conducted three international travel workshops (Japan, Australia and UK) involving 62 Alaska tour businesses

Sponsored Alaska Travel Fair, bringing 52 international tour operators to Alaska for familiarization trips and business meetings with Alaska tour suppliers

Conducted economic impact of tourism research project component of Alaska visitor statistics

Produced new collateral pieces for marketing the Internet, Alaska Marine Highway, and Alaska's trail systems

Produced four minute gold rush video

Created Top Of The World Alaska Travel Specialist Travel Agent Training Program and materials, and conducted training classes for over 200 travel agents co-sponsored governor's conference on cultural tourism

Established rural tourism center cooperatively with Alaska Village Initiatives

### **Statutory and Regulatory Authority**

AS44.33.119 - Division of Tourism

**Component: Alaska Tourism Marketing Council**

**Manager: David W. Karp, Executive Director**

**Tel: (907) 269-8180 Fax: (907) 269-8136 E-mail: david\_karp@commerce.state.ak.us**

**Component Mission**

To stimulate statewide economic growth, diversification and employment through the promotion of Alaska as a visitor destination.

**Component Services Provided**

The ATMC designs and executes an integrated marketing program directed at U.S. and Canadian markets determined to have the greatest potential for producing new and repeat visitors. Primary activities of the Council include: media advertising, public relations, research and dissemination of visitor information.

**Component Goals and Strategies for FY2000**

- 1) INCREASE NUMBER OF YEAR-ROUND VISITORS FROM THE U.S. AND CANADA.
  - Conduct a cost-effective and efficient marketing program that encourages consumers in the U.S. and Canada to choose Alaska as a vacation destination.
  - Facilitate the trip-planning process by providing potential visitors comprehensive travel planning information.
  - Place television commercials on cable television networks that run programming related to Alaska's outdoors, scenery and activities.
  - Create and maintain an internet web site that provides consumers with direct access to Alaska travel information.
  - Generate newspaper travel sections and magazine articles featuring Alaska.
  - Encourage/facilitate development of television features on Alaska.
  - Distribute ATMC travel film.
- 2) PROVIDE SMALL BUSINESSES WITH AFFORDABLE ACCESS TO A NATIONAL MARKETPLACE.
  - Create a database each year containing detailed demographic and interest information on potential visitors to Alaska. This database is accessible to small businesses so they can conduct their own marketing programs targeted toward an audience they could not afford to reach individually.
  - Distribute specific information on Alaskan tourism businesses via the Official State Vacation Planner, the ATMC's internet web site and through public relations efforts.

**Key Component Issues for FY1999 – 2000**

**1) PROGRAM FUNDING**

The ATMC received a substantial budget cut in FY95, and continues to be funded at roughly 40% below the FY94 level. At the same time, media costs continue to rise, further impacting the ATMC's ability to implement a national marketing campaign that effectively competes with other visitor destinations.

**2) PROGRAM STRUCTURE**

Legislation was introduced last year to disband the ATMC and shift responsibilities to a new organization being created by the Alaska Visitors Association (AVA). Although the legislation did not pass, new legislation is expected to be introduced during the FY99 session.

**Major Component Accomplishments for FY1998**



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Department of Commerce and Economic Development

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- 1) Increased number of requests for Alaska travel information by roughly 75% in FY98 (442,707 requests in FY97 to 778,509 requests in FY98) without increasing budget. The ATMC's research indicates that approximately 20.4% of these people will visit Alaska within two years, and 44% will visit within three years. Visitors to Alaska spend in excess of \$1.6 billion each year on travel to and from the state, of which an estimated \$685.3 million is spent within the state on goods and services.
- 2) Distributed new Alaska trip-planning brochure (24-page Invitation to Alaska) in FY98 that is less expensive to produce and mail than the Official State Vacation Planner.
- 3) Created dynamic new internet web site that incorporates all aspects of the ATMC's program, including an on-line version of the Official State Vacation Planner, information on businesses in Alaska, links to partner businesses and other Alaska tourism sites, weather information, and media resources for travel writers and editors. The web site address is [www.travelalaska.com](http://www.travelalaska.com).
- 4) Exposed over 157 million viewers to ATMC television advertisements, enhancing Alaska's overall image as a desirable destination.
- 5) Reached more than 46 million potential visitors in the United States, and over 4.5 million in Canada through the ATMC's magazine advertising programs.
- 6) Stimulated interest in visiting Alaska by sending nearly 2.5 million direct mail packages to highly targeted mailing lists; advertising in 42 U.S. and Canadian publications; appearing in 24 newspaper Alaska special travel sections; advertising on 7 national cable television networks.
- 7) Compiled and maintained a database of over 778,509 high-potential visitors and provided this information to businesses and local tourism organizations for use in their individual marketing efforts.
- 8) Collected more than \$1.25 million in program receipts from the visitor industry, which exceeds the mandated industry contribution. Also, solicited donated products and services from visitor industry businesses, to substantially leverage the ATMC budget.
- 9) Maintained communication with national television news/entertainment networks to encourage future editorial coverage of Alaska and broadcasts from Alaska.
- 10) Generated national media attention for Alaska and specific businesses throughout the state by conducting a year-round proactive public relations campaign. Programs included a bi-weekly fax-on-demand service which was sent to nearly 880 travel writers/editors, maintaining a toll-free 800 number to help journalists perform research and check facts on Alaska and producing a CD-ROM version of the ATMC's Media Resources Guide.
- 11) Produced favorable editorial coverage for Alaska by assisting newspaper writers/editors with Alaska travel stories by providing stories, photography, maps and graphics. A portion of these public relations activities were handled by ATMC staff to maximize the ATMC budget.
- 12) Continued to encourage development of winter tourism by bringing nationally known talk show host Bruce Williams to Alaska for a one-week live broadcast from locations across the state. The show highlighted an agenda of activities designed to promote Alaska as a winter destination.

**Statutory and Regulatory Authority**

AS 44.33.700-735 - Alaska Tourism Marketing Council  
AS 44.68.010(15) - Sunset of ATMC

**Budget Request Unit: Alaska Industrial Development and Export Authority**

**Manager: D. Randy Simmons, Executive Director**

**Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org**

**BRU Mission**

The mission of the Alaska Industrial Development and Export Authority (AIDEA) component of the AIDEA BRU is to promote, develop and advance the general prosperity and economic welfare of Alaskans by creating and retaining jobs and helping to diversify Alaska's economic base by financing industrial, manufacturing, export and business enterprises and facilities within Alaska.

The mission of the Alaska Energy Authority component of the AIDEA BRU is to promote the general prosperity and economic welfare of Alaskans by operating and maintaining existing state power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs.

**BRU Services Provided**

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA provides secondary financing for business loans made by financial institutions and can own and operate specific infrastructure development projects that enhance the economy of the state. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

As one of the primary sources of long term financing in the state, AIDEA purchases participations in business loans originated and serviced by financial institutions and funds the participations with internal assets. Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

As the owner of six hydroelectric plants and the Alaska Intertie transmission line, AEA is responsible for the administrative oversight for these facilities. All staffing for AEA administrative functions is provided by AIDEA.

**BRU Goals and Strategies for FY2000**

- 1) To stimulate economic development and diversification.
  - Provide business financing assistance throughout Alaska through AIDEA's Credit programs by participating in or guaranteeing bank originated loans.
  - Evaluate potential development projects as they are presented to AIDEA to determine whether Authority development and ownership meets AIDEA's mandate.
- 2) To efficiently operate and maintain approximately \$1 billion in electrical generation and transmission facilities owned by AEA in Alaska.
  - To the extent feasible, contract to user utilities direct operating, maintenance and repair responsibilities for the AEA owned facilities.

**Key BRU Issues for FY1999 - 2000**

Provide technical assistance and financing to help businesses diversify the economy in rural Alaska.



Implement the recently modified Business and Export Assistance Program, utilizing its new flexibility to assist Alaskan exporters.

Continue to maintain the technical integrity of AEA projects.

Continue to maximize local control of AEA projects, to the extent feasible, by contracting with the operating utilities to provide operating and maintenance services.

Continue to work with the operating utilities to lower operating costs and improve efficiencies at the AEA owned hydroelectric projects.

### **Major BRU Accomplishments for FY1998**

Purchased \$40.0 million in loan participations originated through financial institutions for businesses and projects in Alaska, helping to expand Alaska's economic base and create jobs in Alaska.

Construction completed on the expanded AIDEA-owned DeLong Mountain Transportation System (road and port serving the Red Dog Mine). The expansion supports increased production at the Red Dog Mine, providing more cost-effective mineral development, and increasing job opportunities at the mine and port. Construction was completed on schedule and under budget.

Healy Clean Coal Project (HCCP) began generating clean coal-fired electricity for Alaskans while operating in the demonstration testing phase.

AIDEA acquired the Snettisham Hydroelectric Project from the federal government, helping to ensure a stable energy source for long-term economic growth in the Juneau area. Snettisham provides 85% of Juneau's electrical energy.

AIDEA provided a \$16 million dividend to the State General Fund in FY98.

AIDEA maintained AAA insured bond rating when it issued \$85 million in bonds to refund outstanding variable rate bonds that financed a portion of the HCCP. The bond sale locked in historically low fixed interest rates.

Maintained and administered AEA owned facilities, maximizing services and revenues and minimizing unscheduled outages.

Continued to administer outstanding AEA long-term debt in excess of \$300 million; continued to administer special trust funds relating to the facilities.

At the request of Bradley Lake participating utilities, AEA entered into an agreement to refund bonds in FY99 and FY00, resulting in lower interest rates for the project.

**Component: Alaska Industrial Development and Export Authority**

**Manager: D. Randy Simmons, Executive Director**

**Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org**

**Component Mission**

To promote, develop and advance the general prosperity and economic welfare of Alaskans by creating and retaining jobs and helping to diversify Alaska's economic base by financing industrial, manufacturing, export and business enterprises and facilities within Alaska.

**Component Services Provided**

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA provides secondary financing for business loans made by financial institutions and can own and operate specific infrastructure development projects that enhance the economy of the state. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

As one of the primary sources of long term financing in the state, AIDEA purchases participations in business loans originated and serviced by financial institutions and funds the participations with internal assets. Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

**Component Goals and Strategies for FY2000**

To stimulate economic development and diversification.

- 1) Provide business financing assistance throughout Alaska through AIDEA's Credit programs by participating in or guaranteeing bank originated loans.
- 2) Evaluate potential development projects as they are presented to AIDEA to determine whether Authority development and ownership meets AIDEA's mandate.

**Key Component Issues for FY1999 – 2000**

- Provide technical assistance and financing to help businesses diversify the economy in rural Alaska.
- Implement the recently modified Business and Export Assistance Program, utilizing its new flexibility to assist Alaskan exporters.

**Major Component Accomplishments for FY1998**

Purchased \$40.0 million in loan participations originated through financial institutions for businesses and projects in Alaska, helping to expand Alaska's economic base and create jobs in Alaska.

Construction completed on the expanded AIDEA-owned DeLong Mountain Transportation System (road and port serving the Red Dog Mine). The expansion supports increased production at the Red Dog Mine, providing more cost-effective mineral development, and increasing job opportunities at the mine and port. Construction was completed on schedule and under budget.



Healy Clean Coal Project (HCCP) began generating clean coal-fired electricity for Alaskans while operating in the demonstration testing phase.

Acquired the Snettisham Hydroelectric Project from the federal government, helping to ensure a stable energy source for long-term economic growth in the Juneau area. Snettisham provides 85% of Juneau's electrical energy.

Provided a \$16 million dividend to the State General Fund.

The Authority maintained AAA insured bond rating when it issued \$85 million in bonds to refund outstanding variable rate bonds that financed a portion of the HCCP. The bond sale locked in historically low fixed interest rates.

### **Statutory and Regulatory Authority**

AS 44.88  
3 AAC 99

**Component: Alaska Industrial Development Corporation Facilities Maintenance**

**Manager: D.Randy Simmons, Executive Director**

**Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmoms@aidea.org**

**Component Mission**

To maintain and operate the office building occupied by AIDEA.

**Component Services Provided**

The purpose of this component is to provide for the operations, maintenance and repair costs of the AIDEA office building.

**Component Goals and Strategies for FY2000**

Maintain and operate the office building occupied by AIDEA efficiently and effectively.

**Key Component Issues for FY1999 – 2000**

None.

**Major Component Accomplishments for FY1998**

None. New component for FY2000.

**Statutory and Regulatory Authority**

AS37.07.020(e)



**Component: Alaska Energy Authority Operations and Maintenance**

**Manager: D. Randy Simmons, Executive Director**

**Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org**

**Component Mission**

To promote the general prosperity and economic welfare of Alaskans by operating and maintaining existing state power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs.

**Component Services Provided**

As the owner of six hydroelectric plants and the Alaska Intertie transmission line, AEA is responsible for the administrative oversight for these facilities. All staffing for AEA administrative functions is provided by AIDEA.

**Component Goals and Strategies for FY2000**

Efficiently operate and maintain approximately \$1 billion in electrical generation and transmission facilities in Alaska.

- To the extent feasible, contract to user utilities direct operating, maintenance and repair responsibilities for AEA owned facilities.

**Key Component Issues for FY1999 – 2000**

Continue to maintain the technical integrity of AEA projects by providing scheduled maintenance inspections and by working with the Four Dam Pool communities under the "Self Help" provision of the operating contract. This includes Phase 3 repairs of the Tyee transmission line and Phase 2 of the Terror Lake project repairs.

Continue to maximize local control of AEA projects, to the extent feasible, by contracting with the operating utilities to provide operating and maintenance services.

Continue to work with the operating utilities to lower operating costs and improve efficiencies at the hydroelectric projects: Four Dam Pool, Larsen Bay and Bradley Lake.

**Major Component Accomplishments for FY1998**

Maintained and administered AEA owned facilities, maximizing services and revenues and minimizing unscheduled outages by:

- Maximizing local control of the projects;
- Working with project operators to improve operating efficiency;
- Providing routine maintenance inspections to maintain operating integrity of the projects;
- Initiating repair projects which reduce probability of future failings; and
- Completed self help projects for Phase 1 and 2 of Tyee transmission line and Phase 1 of Terror Lake, including tunnel inspection.

Continued to administer outstanding long-term debt in excess of \$300 million; continued to administer special trust funds relating to the facilities.

At the request of Bradley Lake participating utilities, entered into an agreement to refund bonds in FY99 and FY00, resulting in lower interest rates for the project.

**Statutory and Regulatory Authority**

AS 44.83  
2 AAC 94



**BRU/Component: Alaska Seafood Marketing Institute**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Barbara J. Belknap, Executive Director**

**Tel: (907) 465-5560 Fax: (907) 465-5572 E-mail: Barbara\_Belknap@commerce.state.ak.us**

**Component Mission**

To increase the consumption of Alaska seafood and to promote the quality and superiority of Alaska seafood products.

**Component Services Provided**

ASMI has five programs: Export Marketing, Domestic Retail Marketing, Domestic Foodservice Marketing, Quality Information and Education and Public Relations.

- 1) **Export Marketing** – marketing Alaska seafood products in Asia, the European Union and Australia through a full spectrum of public relations, trade and consumer advertising, market research and trade promotion events. This component is financed by federal funds with a GF Program Receipts match and a 50% in-kind match from third party entities.
- 2) **Domestic Retail Marketing** – marketing of all species of Alaska seafood in US markets through public relations, print advertising and electronic media, trade advertising and direct sales calls to retail chains by ASMI staff and three contract regional marketing representatives.
- 3) **Domestic Foodservice Marketing** – increasing the consumption of Alaska seafood products through development of marketing opportunities in the foodservices sector including restaurant chains, hotel industry, institutional settings, culinary schools, and other commercial settings.
- 4) **Quality Information and Education**—improving the quality of Alaska seafood is one of the most important marketing components and ASMI works with fishermen, processors, brokers and traders, retail seafood handlers and chefs to ensure that quality products from Alaska are top of mind for the consumer.
- 5) **Public Relations** – improving industry and trade relations to support the domestic marketing services by consolidating printed and electronic communications and providing public relations and awareness to increase visibility and consumption of Alaska seafood products.

**Component Goals and Strategies for FY2000**

To increase consumer awareness of and a preference for Alaska seafood.

- Develop distribution and identity programs for Alaska seafood products at the wholesaler/distributor, retail, high volume foodservice operations, and consumer levels.
- Gain multiple ad features for three Alaska seafood products during key promotion periods in major retail markets.
- Achieve promotions with 10-12 commercial restaurant chains: casual, family and steak house themed restaurants.
- Obtain promotions with 15-20 top broad line distributors and their customers.
- Achieve promotions with 2-3 top contract management companies.
- Use ASMI identity seal/log to develop an identity for Alaska seafood products at point-of-purchase.
- Attend and have show booth presence at as many worldwide trade shows as funding will allow.

To improve and maintain quality awareness throughout the harvesting, processing, and transportation links.

- Coordinate and sponsor seafood processing industry Hazardous Analysis Critical Control Point (HACCP) training to better ensure Alaska seafood's domestic and international competitiveness.

- Distribute seafood shippers and cold storage technical educational materials aimed at better ensuring Alaska seafood quality is maintained during distribution.
- Expand training efforts among commercial fishermen and seafood processors on recommended handling practices and sanitation information.
- Promote new marketing aids for retail and foodservice through training programs that certify food handlers in safe food practices.
- Train wholesale seafood companies in proper handling procedures to reduce/eliminate poor quality product from getting to markets.
- Conduct research on quality and quality changes in frozen Alaska salmon to provide information and assurance to buyers resistant of frozen salmon.

To collect, organize, distribute, and make available to the public information on prices paid and market conditions for salmon and salmon products.

To cooperate with commercial fishermen and others in the industry to investigate market reception of new salmon product forms and to develop future markets for Alaska salmon.

### **Key Component Issues for FY1999 – 2000**

The seafood industry is the largest private employer in Alaska, providing one sixth of all the employment (35,000 full-time and 70,000 seasonal). The industry is losing markets due to increasing competition from foreign and domestic seafood producers, primarily farmed salmon. The farm competition now represents nearly 53% of all salmon production worldwide which has negatively impacted consumption of Alaskan products in US and foreign markets.

Over 40% of the salmon harvest is exported to foreign markets (1996 value of \$692 million). Continuation of the export volume is threatened by competition from foreign producers. Alaska's competitors enjoy huge government subsidies. For example, Norway provides \$100-million in government assistance for production, in addition to a \$40 million international marketing budget.

The federal funding for the export marketing programs has been reduced over the last eight years from a high of \$8.5 million in FY93 to \$3.1 million in FY99. In addition to the federal reductions, the state General Fund Match was completely eliminated in FY98 from \$1.09 million in FY95.

With decreased federal and state funding coupled with increased competition from foreign and domestic seafood suppliers, ASMI's greatest challenge will be to sustain worldwide market shares and services.

### **Major Component Accomplishments for FY1998**

#### **US Markets:**

- Marriott Hotels held its biggest seafood promotion in its history, featuring fresh Alaska Coho salmon resulting in an annual promotion to be included in its Gold Standard Program mandating future promotions in over 160 units.
- Delta Airlines was the first major airline ASMI has ever worked with. Delta has committed to a year-long promotion on select first-class and business-class flights using Alaska Coho salmon, smoked salmon and snow crab; replaced farm-raised Atlantic salmon on select flights with Alaska salmon, and; produced an in-flight video which features cooking with Alaska seafood.
- Culinary Institute of America event produces many of the subsequent successful foodservice promotions and positions ASMI as a leading resource and knowledge base for seafood menuing and promotion ideas.
- Successful partnership with Reynolds Metals Company that allowed maximum exposure of Alaska seafood products with reduced promotional dollars. Promotion coverage expanded from 1,500 to 3,000 stores during our summer promotion and the Lenten promotion realized an all-time high in terms of tonnage moved, participating numbers of retailers and Alaska Seafood has ultimately finally recognized as a brand by one of the Seattle area's major retail chains. Reynolds Metals Company has asked to work with ASMI on even larger promotions.



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Department of Commerce and Economic Development

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- Safeway Corporate Seafood Department reported a 33% increase to sales over the previous year during a negotiated ASMI promotion, in spite of problems getting all divisions to participate and product supply challenges.
- Schwan's Home Delivery Service, the largest in the United States, now stocks six Alaska seafood products on a permanent basis, each package sporting ASMI's black diamond logo.

**Foreign Markets**

- Began promoting species other than salmon.
- Added the European Union as a region as well as new marketing plans in China/Hong Kong and Taiwan.
- Participated with a generic booth at the China Fisheries Expo in Beijing wherein over 270 trade leads were gathered and thousands of informational materials including a Chinese version of the Alaska seafood suppliers directory were distributed.
- T.G.I. Friday's generic promotion in England featured Alaska king salmon, displacing Norwegian farmed salmon, and snow crab in over 30 restaurants throughout the country.
- ASMI's umbrella booth at the European Seafood Exposition had nine participating companies with ten booths and is being used as a model by other American exhibitors for the next year's show.
- A multi-tiered promotion with Japan's respected Tsuji Cooking Academy was so successful that the Norwegian salmon representative wanted to run an identical activity with the academy, but Tsuji declined saying they only worked with wild Alaska seafood.
- Kirin Beer approached ASMI to participate in its first ever foreign commodity promotion. Kirin Brewery previously only handled Norwegian salmon and based on the success of this promotion, Kirin's will be featuring Alaska seafood in eight other restaurants ranging from French restaurants to Japanese pubs.

**Statutory and Regulatory Authority**

AS 16.51.010-180  
AS 43.76.110-130  
15 AAC 116.600-700

**BRU/Component: Alaska Aerospace Development Corporation**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

**Manager: Pat Ladner, Executive Director**

**Tel: (907) 561-3338 Fax: (907) 561-3339 E-mail: pat.ladner@akaerospace.com**

**Component Mission**

To promote aerospace-related economic growth and develop corresponding technologies and support services.

**Component Services Provided**

Provide rocket launch services to government and commercial customers, assist university, federal, and private organizations in developing aerospace technologies, provide educational opportunities within the state and promote Alaska as the ideal location for aerospace activities.

**Component Goals and Strategies for FY2000**

To promote use of and secure customers for the Kodiak Launch Complex (KLC).

- Develop marketing plan for the KLC.
- Advertise in aerospace industry publications and participate in international conferences and trade shows.
- Secure contracts for 2-3 launches.
- Finalize Lockheed Martin launch contract.

To maximize economic impact of satellite ground station industry in Fairbanks.

- Facilitate development of privately funded ground stations.
- Develop strategy to encourage local satellite data processing, archiving and distribution.

To increase local employment opportunities to support aerospace activities.

- Utilize local contractors to support launch missions from the KLC.
- Promote use of University of Alaska students to support satellite ground station operations.

To provide educational opportunities throughout the state.

- Encourage launch customers to visit local schools and provide educational information related to launch missions from the KLC.
- Facilitate corporate sponsor of scholarships for local students.

**Key Component Issues for FY1999 – 2000**

AADC is requesting an operating budget increment in the amount of \$225,000 to be funded by CIP receipts currently budgeted within the KLC construction appropriation. The increase is necessary to fund increased overhead as AADC transitions from construction to operation of the KLC. AADC will also be seeking additional capital funding related to construction and start-up of the KLC through a capital appropriation (non general funds) by the State.

**Major Component Accomplishments for FY1998**

- Completed all federal and state environmental and permitting compliance for Kodiak Launch Complex (KLC).
- Received funding for construction of the KLC in the amount of \$28 million: \$23 million from federal sources and \$5 million from the Alaska Science and Technology Foundation.
- Completed comprehensive study which facilitated the development of several satellite ground stations in the Fairbanks area with no capital investment required by the State.
- Commenced construction of the Kodiak Launch Complex.



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**Department of Commerce and Economic Development**

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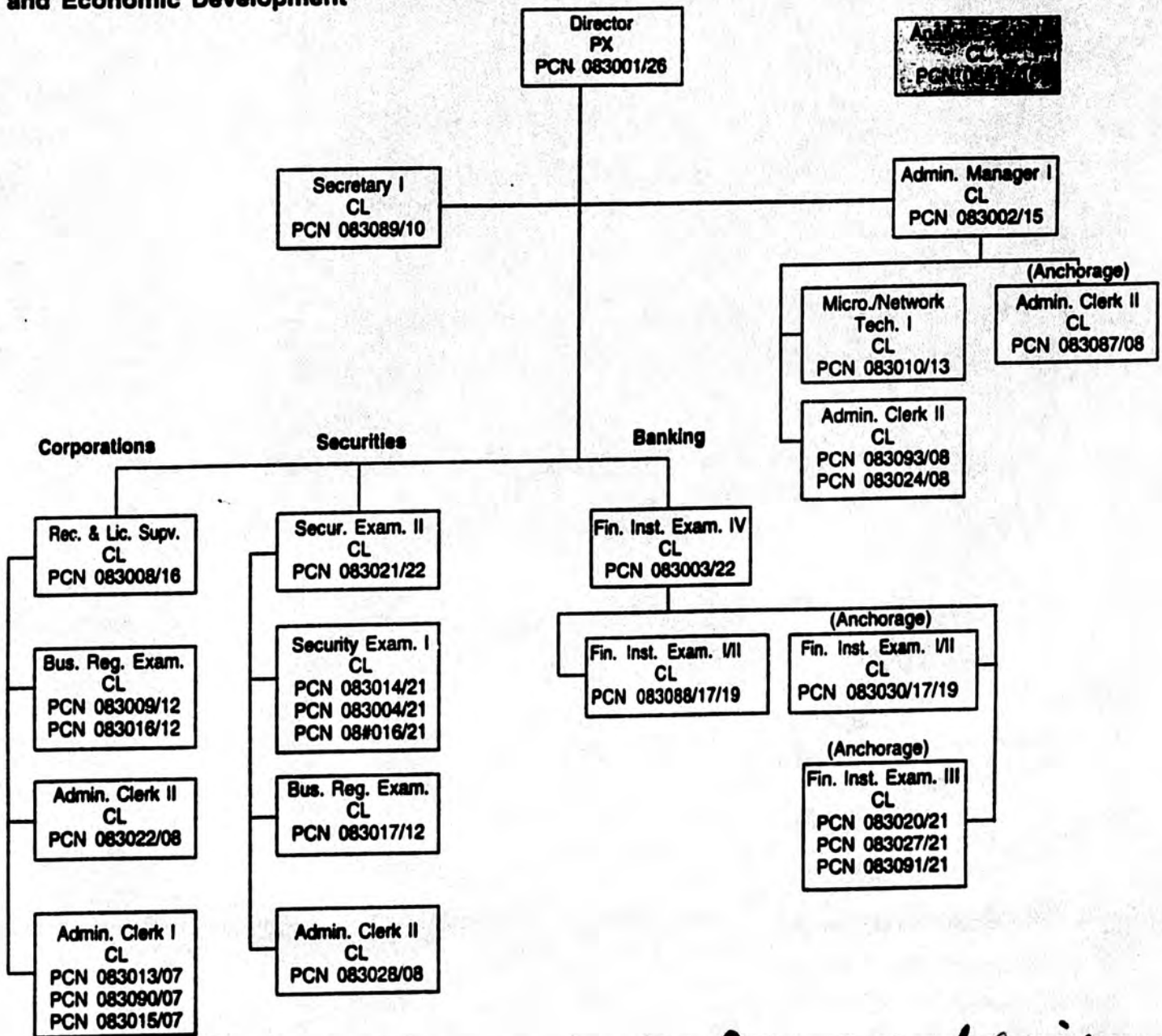
- Received KLC Site Operators License from the Federal Aviation Administration, Office of the Associate Administrator for Commercial Space Transportation.
- Successfully completed first launch mission from the KLC for the US Air Force's atmospheric interceptor technology program.
- Initiated development of the Challenger Learning Center and assisted the City of Kenai in its successful effort to obtain approval for the Center for the State of Alaska.

**Statutory and Regulatory Authority**

**AS 14.40-821-990 Alaska Aerospace Development Corporation**

# DIVISION OF BANKING, SECURITIES AND CORPORATIONS

**State of Alaska  
Department of Commerce  
and Economic Development**



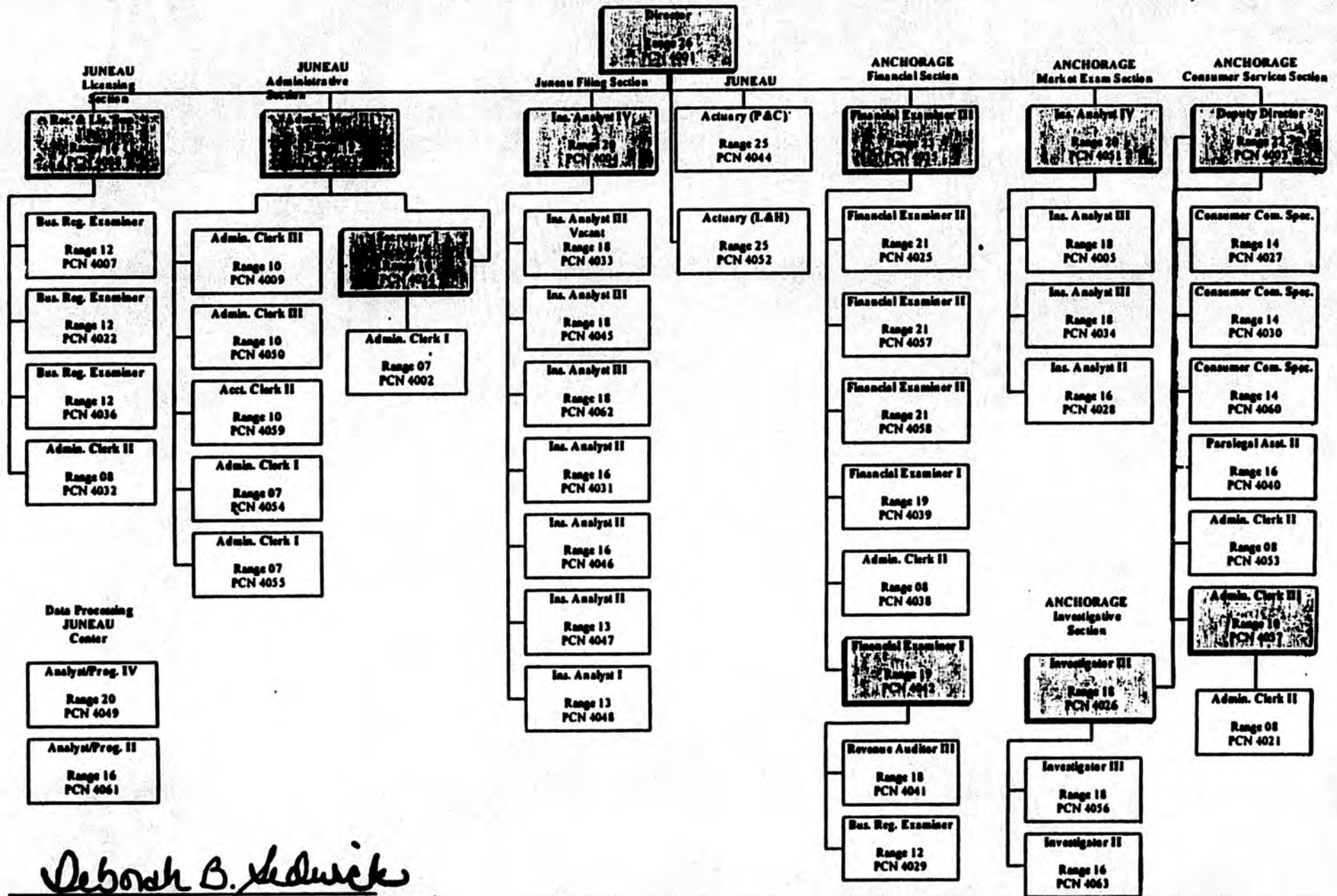
Approved: Deborah B. Sedwick  
Deborah B. Sedwick, Commissioner

|                      |                     |
|----------------------|---------------------|
| CL: Classified       | Permanent           |
| PX: Partially Exempt | Full Time Positions |
| EX: Exempt           | 27                  |

Positions are located in Juneau if not otherwise specified.  
Shaded box: Supervised by Administrative Services  
(Rev. 12/98)



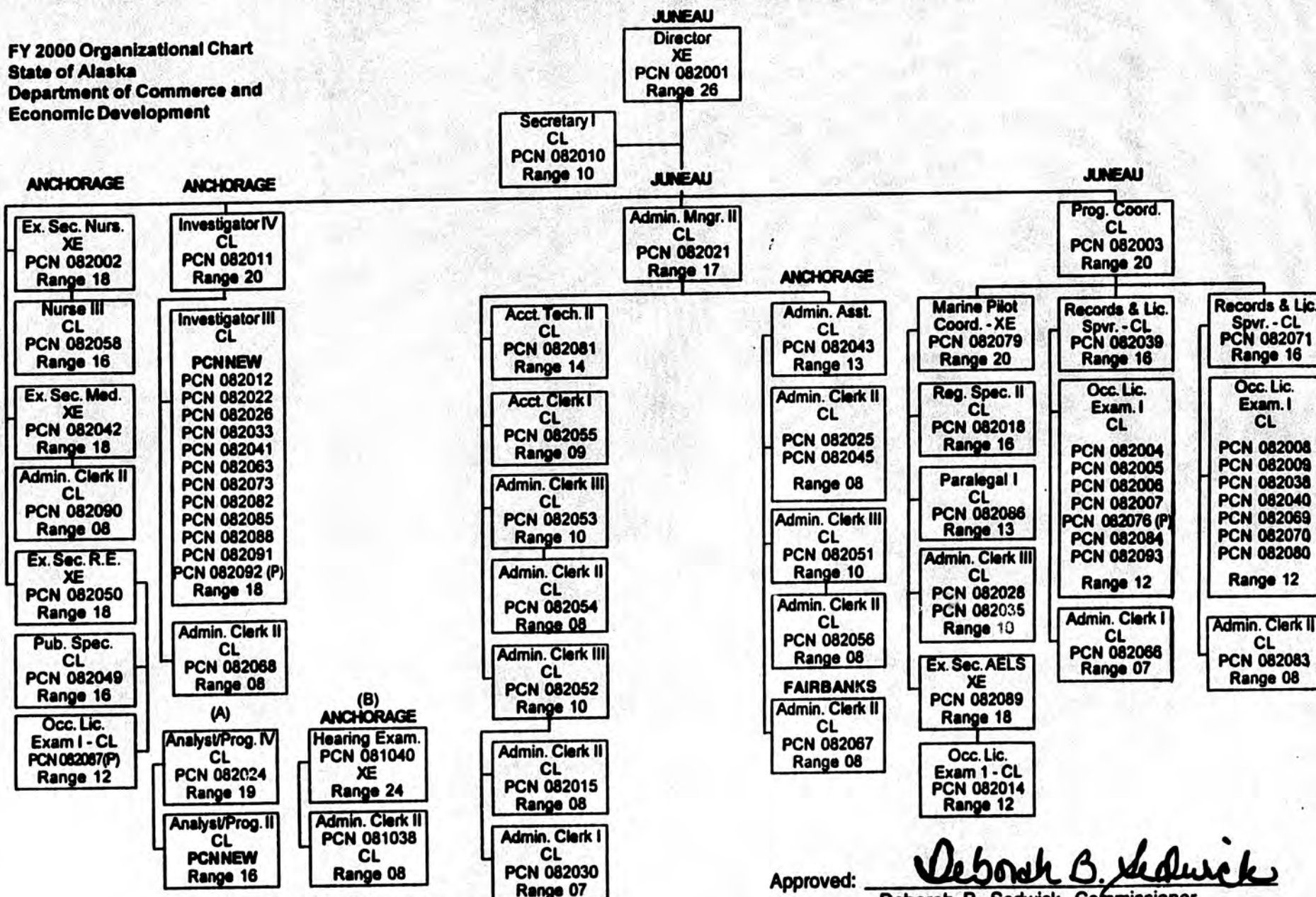
**DIVISION OF INSURANCE**  
**FY2000**  
**50 Positions**



*Deborah B. Hedrick*  
Commissioner

**FY 2000 Organizational Chart  
State of Alaska  
Department of Commerce and  
Economic Development**

**DIVISION OF OCCU. IONAL LICENSING**



Budgeted in Occupational Licensing:  
A) Supervised by A/PV in Administrative  
Services  
B) Supervised by Commissioner's Office

(All positions are located in Juneau unless otherwise specified)  
(Rev. 1/99)

CL: Classified  
XE: Partially Exempt

Approved: Deborah B. Sedwick  
Deborah B. Sedwick, Commissioner

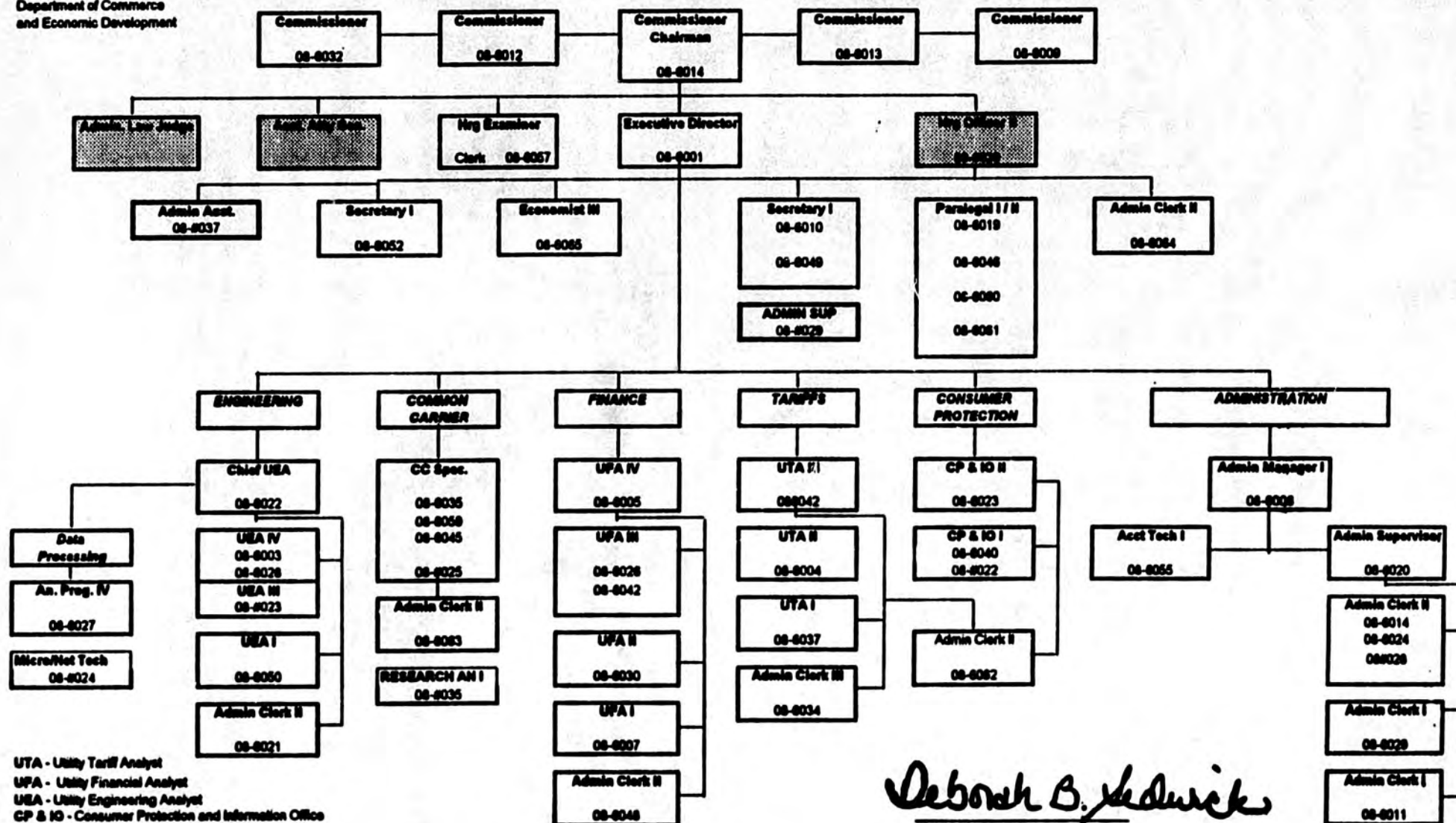
Positions: 65 PFT (Permanent Full Time)  
3 SP (Seasonal Part Time)  
Total Budgeted Positions: 68

38 Located in Juneau  
29 Located in Anchorage  
1 Located in Fairbanks



State of Alaska  
Department of Commerce  
and Economic Development

# ALASKA PUBLIC UTILITIES COMMISSION



UTA - Utility Tariff Analyst  
UFA - Utility Financial Analyst  
UEA - Utility Engineering Analyst  
CP & IO - Consumer Protection and Information Office  
CC - Common Carrier  
UE - Utility Engineer  
■ Positions funded under contract

(Rev. 2/88)

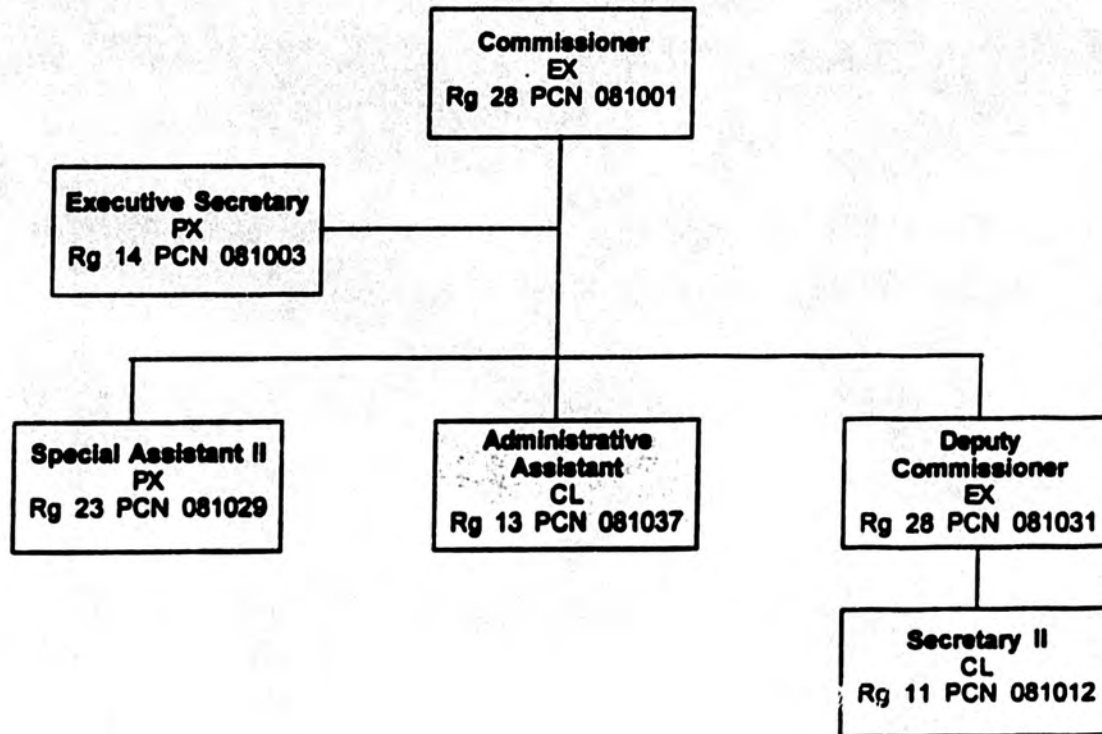
*Deborah B. Sedwick*

Deborah B. Sedwick, Commissioner

All positions are located in Anchorage

**OFFICE OF THE COMMISSIONER**

**State of Alaska  
Department of Commerce  
and Economic Development**



**Shaded = Located in Anchorage**

CL: Classified  
PX: Partially Exempt  
EX: Exempt

(Rev. 1/99)

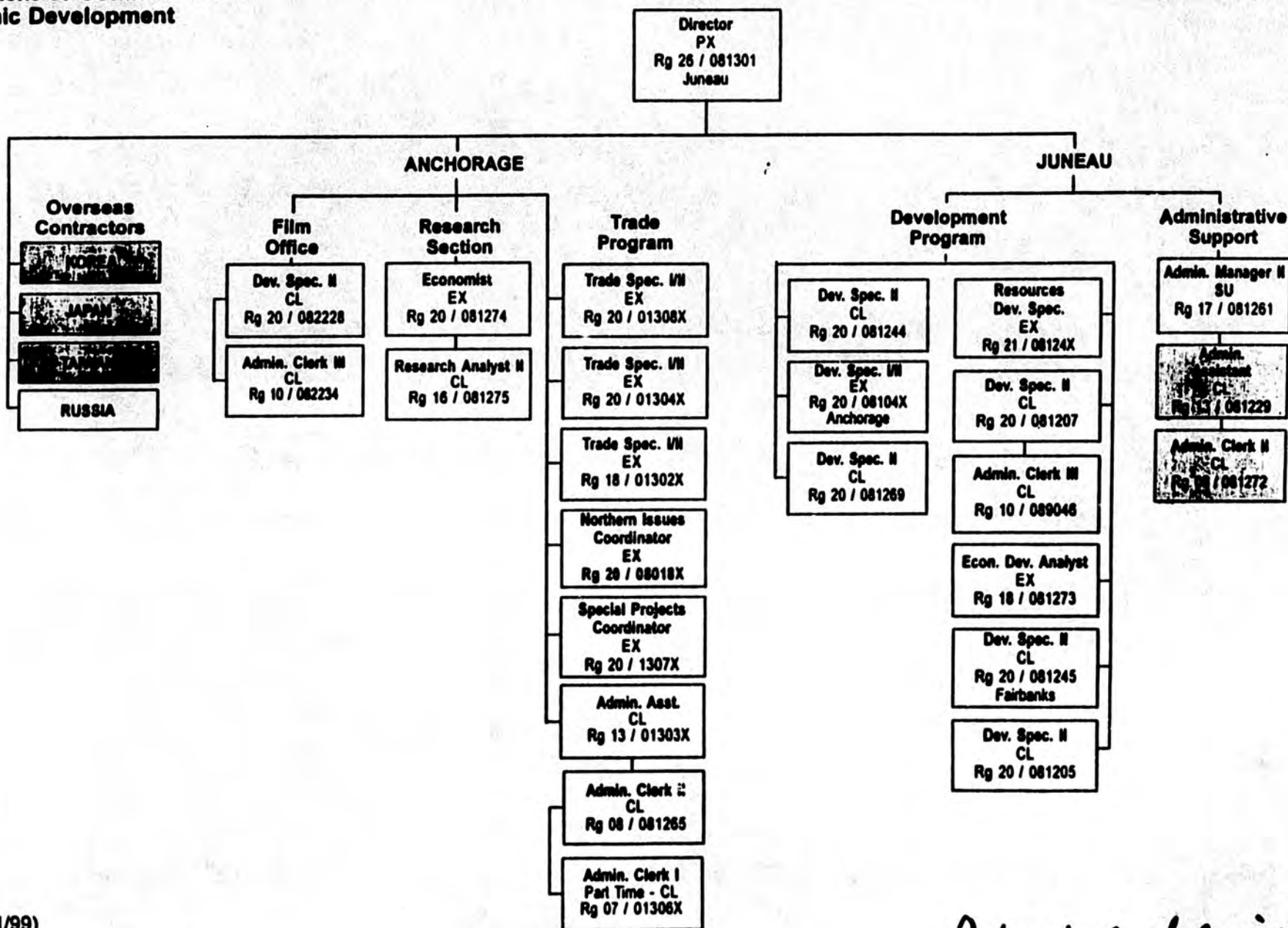
Approved: \_\_\_\_\_

*Deborah B. Sedwick*  
Deborah B. Sedwick, Commissioner



**DIVISION OF TRADE AND DEVELOPMENT  
FY 2000**

State of Alaska  
Department of Commerce and  
Economic Development



(Rev. 1/99)

CL: Classified  
PX: Partially Exempt  
EX: Exempt

☐ Joint contracts and Administrative Staff with Division of Tourism

Approved: \_\_\_\_\_

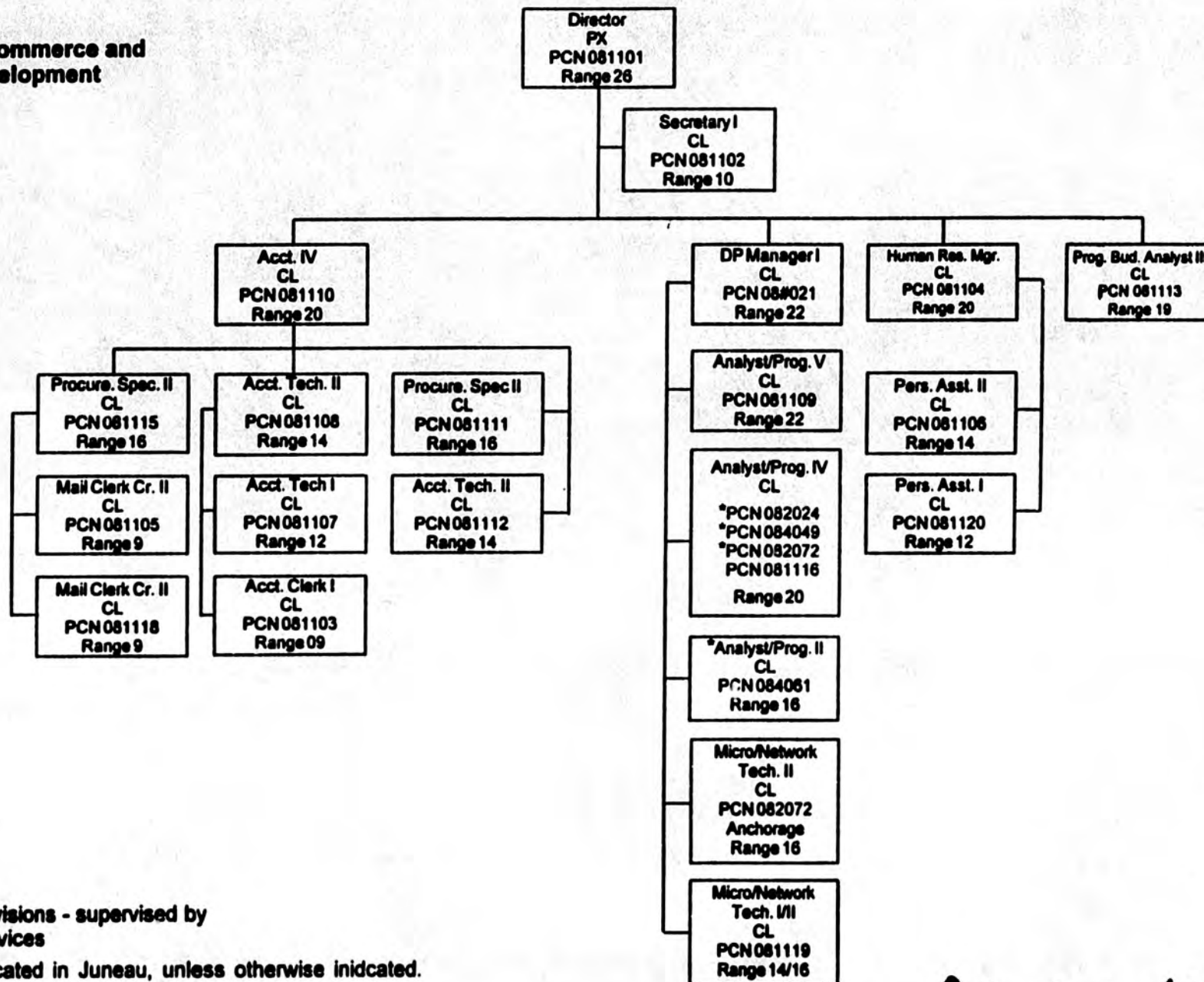
Commissioner of Department of Commerce and Economic Development

Effective Date: \_\_\_\_\_

*Deborah B. Hedrick*

State of Alaska  
Department of Commerce and  
Economic Development

DIVISION OF ADMINISTRATIVE SERVICES



\* Budget in other divisions - supervised by  
Administrative Services

All positions are located in Juneau, unless otherwise indicated.

(Rev. 1/99)

CL: Classified  
PX: Partially Exempt  
EX: Exempt

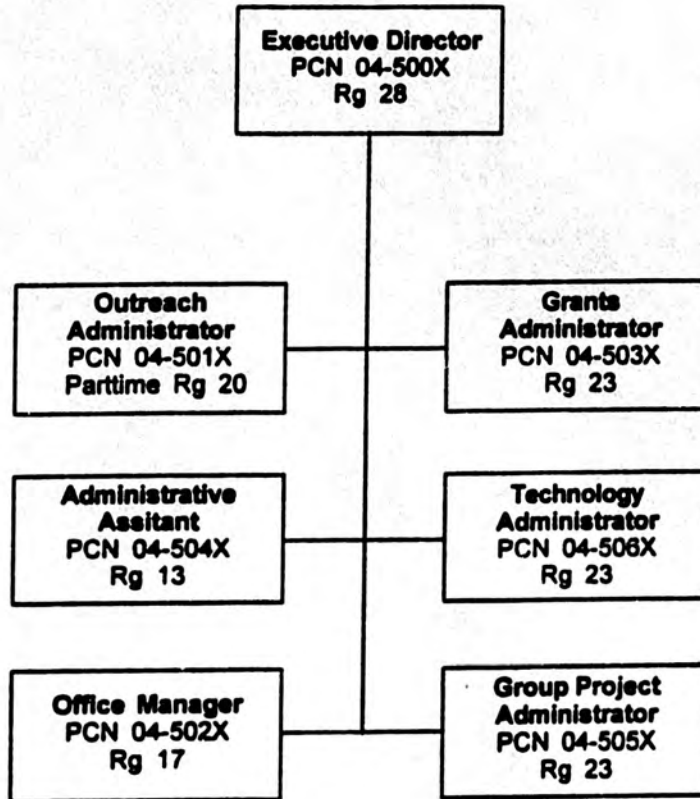
Approved: Deborah B. Sedwick  
Deborah B. Sedwick, Commissioner

Effective Date: \_\_\_\_\_



**ALASKA SCIENCE AND TECHNOLOGY FOUNDATION**

**FY 2000  
State of Alaska  
Department of Commerce  
and Economic Development**



All positions are located in Anchorage  
(except parttime Fairbanks)

Approved: \_\_\_\_\_

*Deborah B. Sedwick*  
Deborah B. Sedwick, Commissioner

State of Alaska  
Department of Commerce  
and Economic Development

DIVISION OF INVESTMENTS

JUNEAU

Director

PCN 089003/26

Secretary I

PCN 089065/10

Admin. Mngr. I

PCN 089008/15

LENDING  
BRANCH

Loan/Coll. Mngr.

PCN 089061/20

COLLECTIONS  
BRANCH

Loan/Coll. Mngr.

PCN 089041/20

SYSTEMS  
BRANCH

Accountant III

PCN 089050/18

ANCHORAGE

Loan/Coll. Off. II

PCN 089069/18

Loan/Coll. Off. I

PCN 089067/16

Admin. Clerk II

PCN 089068/08

Loan/Coll. Off. II

PCN 089058/18

Loan/Coll. Off. II

PCN 089074/18

Loan/Coll. Off. I

PCN 089002/16

Loan/Coll. Off. I

PCN 089059/16

Loan/Coll. Off. I

PCN 089063/16

Loan/Coll. Off. I

PCN 089079/16

Loan/Coll. Off. I

PCN 089025/16

Loan Closer II

PCN 089060/12

Loan Closer I

PCN 089021/10

Loan Closer I

PCN 089051/10

Loan Closer I

PCN 089012/10

Loan Closer I

PCN 089055/10

Loan Closer I

PCN 089078/10

Loan Closer I

Anchorage

PCN 089071/10

DOCUMENTS  
SECTION

Loan/Coll. Off. II

PCN 089062/18

Loan/Coll. Off. II

PCN 089038/18

Admin. Clerk III

PCN 089005/10

Admin. Clerk I

PCN 089057/07

Admin. Clerk I

PCN 089075/07

ADMINISTRATIVE  
SECTION

Acct. Tech. III

PCN 089076/16

Acct. Tech. III

PCN 089039/16

LITIGATION  
MANAGEMENT

Acct. Tech. II

PCN 089049/14

Acct. Tech. I

PCN 089047/12

Acct. Tech. I

PCN 089028/12

Acct. Tech. I

PCN 089019/12

Acct. Tech. I

PCN 089010/12

CUSTOMER  
SERVICE

Acct. Spvr. I

PCN 089048/16

Acct. Tech. II

PCN 089036/14

Acct. Tech. II

PCN 089015/14

Acct. Tech. I

PCN 089026/12

Admin. Clerk II

PCN 089052/08

GENERAL  
LEDGER

Analyst/

Programmer IV

PCN 089073/20

Analyst/

Programmer III

PCN 089072/18

Analyst/

Programmer I

PCN 089044/14

Micro Network

Tech I

PCN 089080/14

INFORMATION

SERVICES

SECTION

(Rev. 12/98)

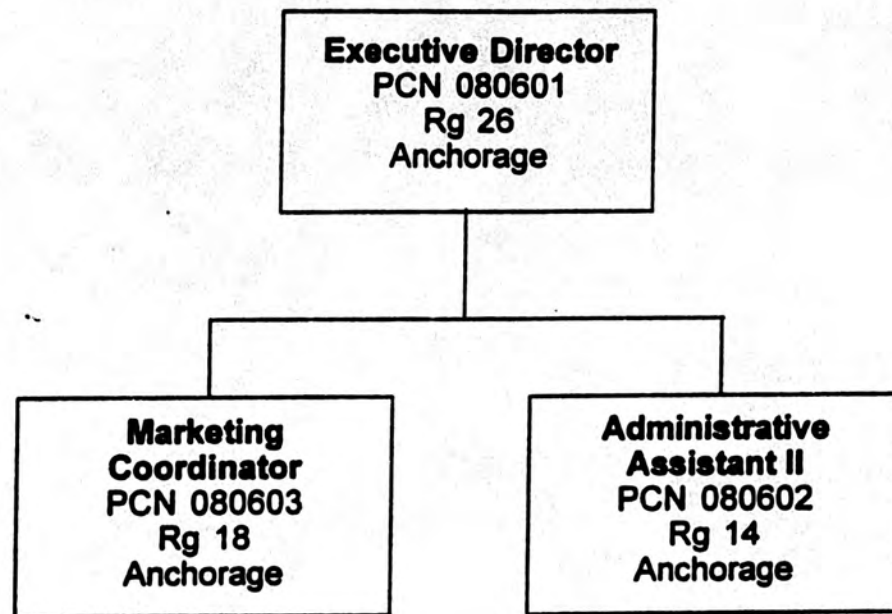
CL: Classified  
PX: Partially Exempt  
EX: Exempt

Approved:

*Deborah B. Sedwick*  
Deborah B. Sedwick, Commissioner



**ALASKA TOURISM MARKETING COUNCIL**

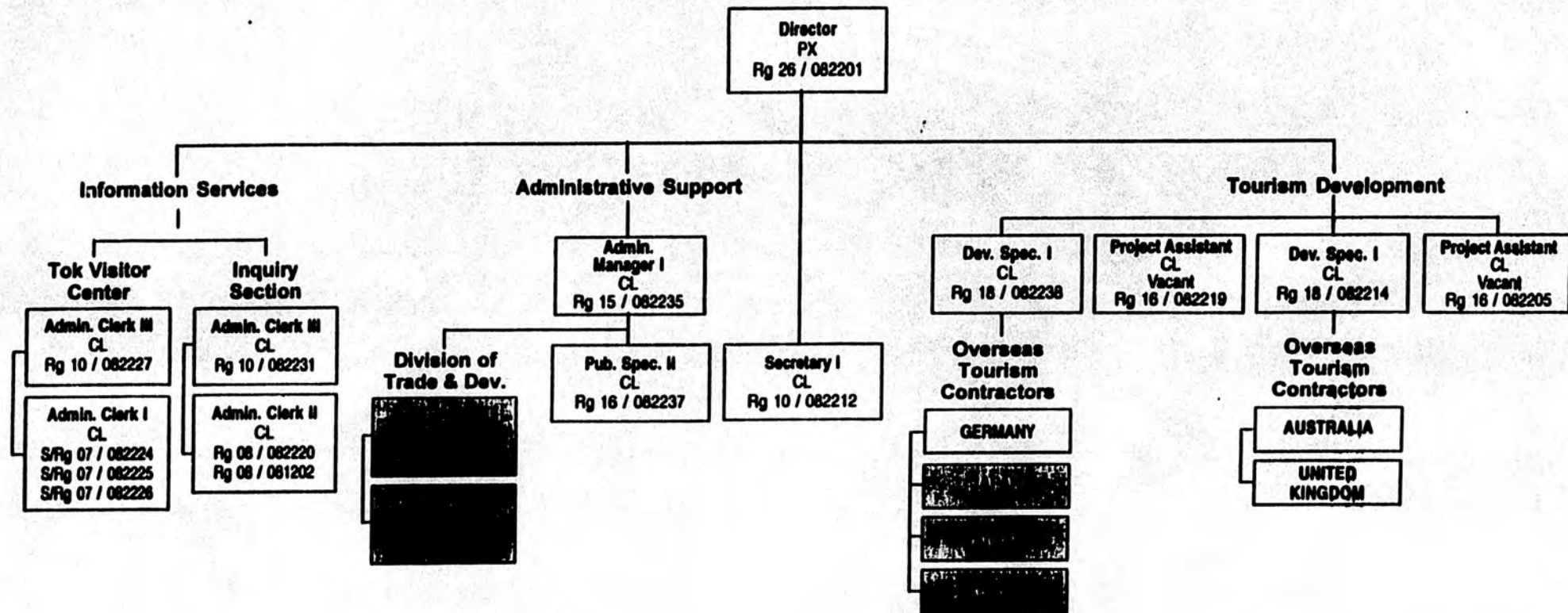


Approved: Deborah B. Sedwick  
Deborah B. Sedwick, Commis

State of Alaska  
Department of Commerce and  
Economic Development

DIVISION OF TOURISM  
FY 2000

Juneau



Joint Contracts and Administrative Staff with  
Division of Trade and Development

(Rev. 4/99)

CL: Classified  
PX: Partially Exempt  
EX: Exempt  
S: Seasonal  
SU: Supervisory

Approved: \_\_\_\_\_

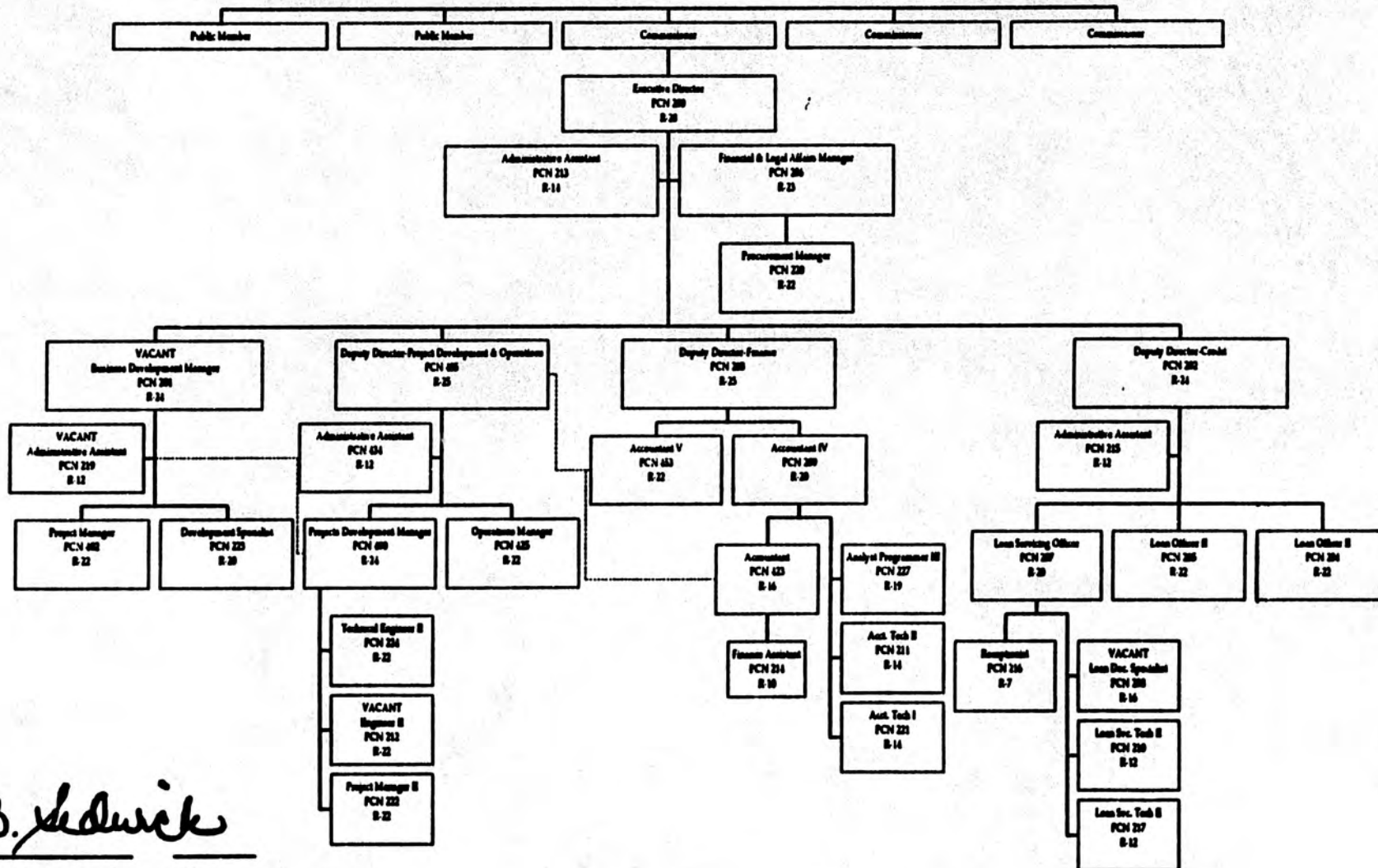
*Deborah B. Sedwick*

Commissioner of Department of Commerce & Economic Development

Date: \_\_\_\_\_

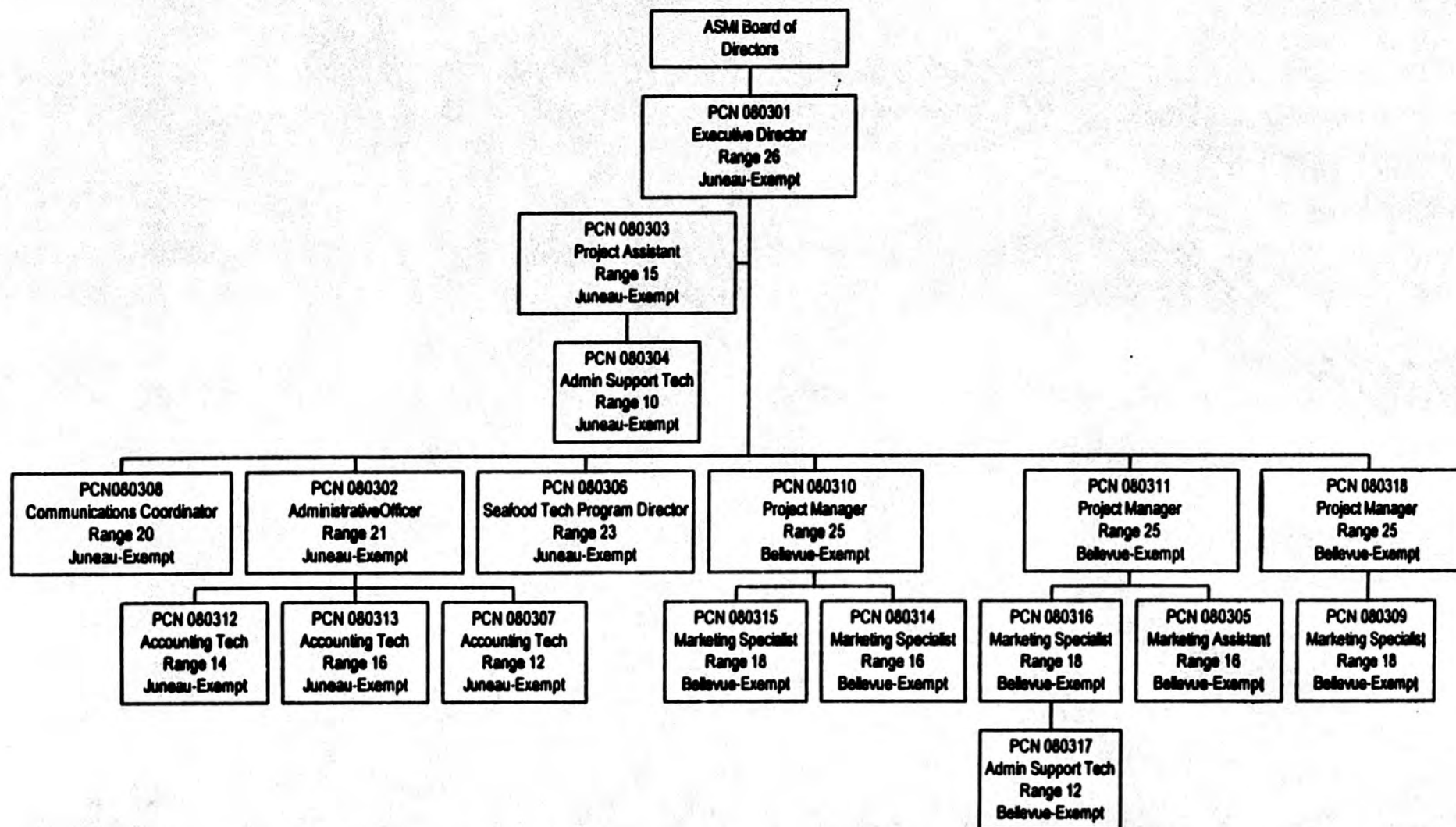


# AIDEA ORGANIZATIONAL CHART



*Deborah B. Hedrick*  
 Commissioner      Date

**ALASKA SEAFOOD MARKETING INSTITUTE  
FY 2000 ORGANIZATIONAL CHART**



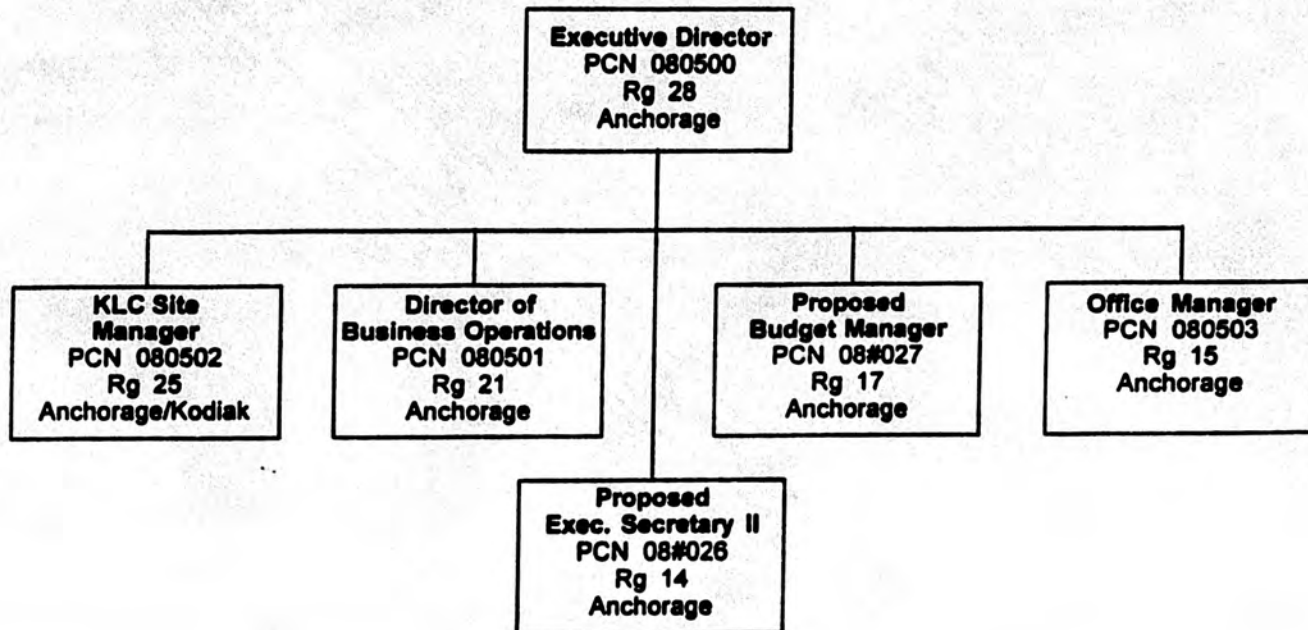
*Deborah B. Sedwick*

Deborah B. Sedwick, Commissioner  
Department of Commerce & Economic Development



# ALASKA AEROSPACE DEVELOPMENT CORPORATION

Proposed Organizational Structure  
State of Alaska  
Department of Commerce  
and Economic Development



Approved: \_\_\_\_\_

*Deborah B. Sedwick*  
Deborah B. Sedwick, Commissioner

# **Overview of the Department of Community and Regional Affairs**



**Mike Irwin, Commissioner  
January 1999**



## **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 via "One Stop" centers and electronic linking of agency programs.

#### **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.

## **MAJOR GOALS AND STRATEGIES, Continued...**

### **Strengthen Communities**

- **Increase the capacity of local government to effectively provide essential public services by providing communities training and on-site 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, Safe Communities, shared State Fisheries Business Tax, shared Federal National Forest Receipts, Federal Payment in Lieu of Taxes).**
- **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 by providing technical and financial support for community infrastructure critical to economic development and small business startup.**
- **Provide assistance, through coordinated response projects, to communities experiencing sudden economic dislocation as a result of major economic disruptions.**
- **Protect the State's investments in rural electric power systems through training of the local operators and administrators, and by providing technical and financial assistance to prevent disasters.**



# DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

**Stronger Local  
Governments  
& Economies**

**Reliable  
Energy Systems**

**Fiscal  
Accountability**

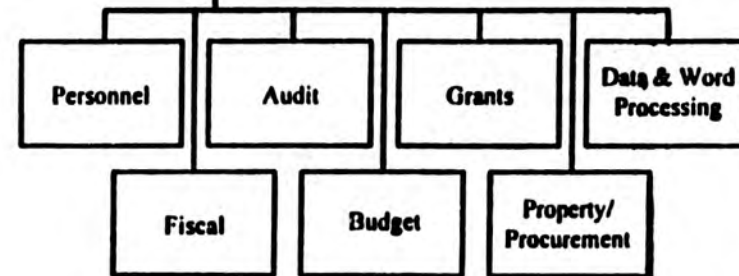
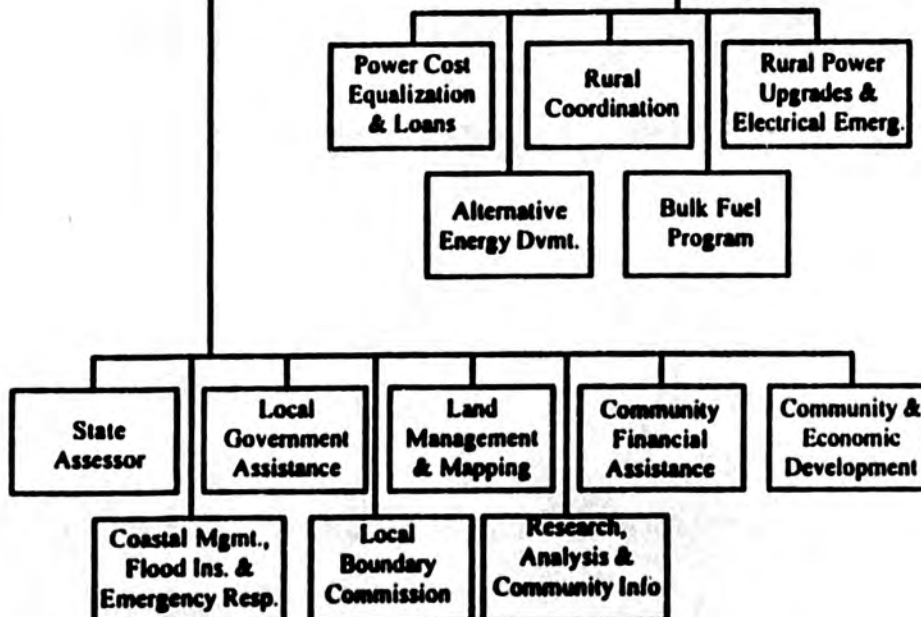
**Stronger  
Individuals  
& Families**

**Municipal and  
Regional Assistance  
Division**

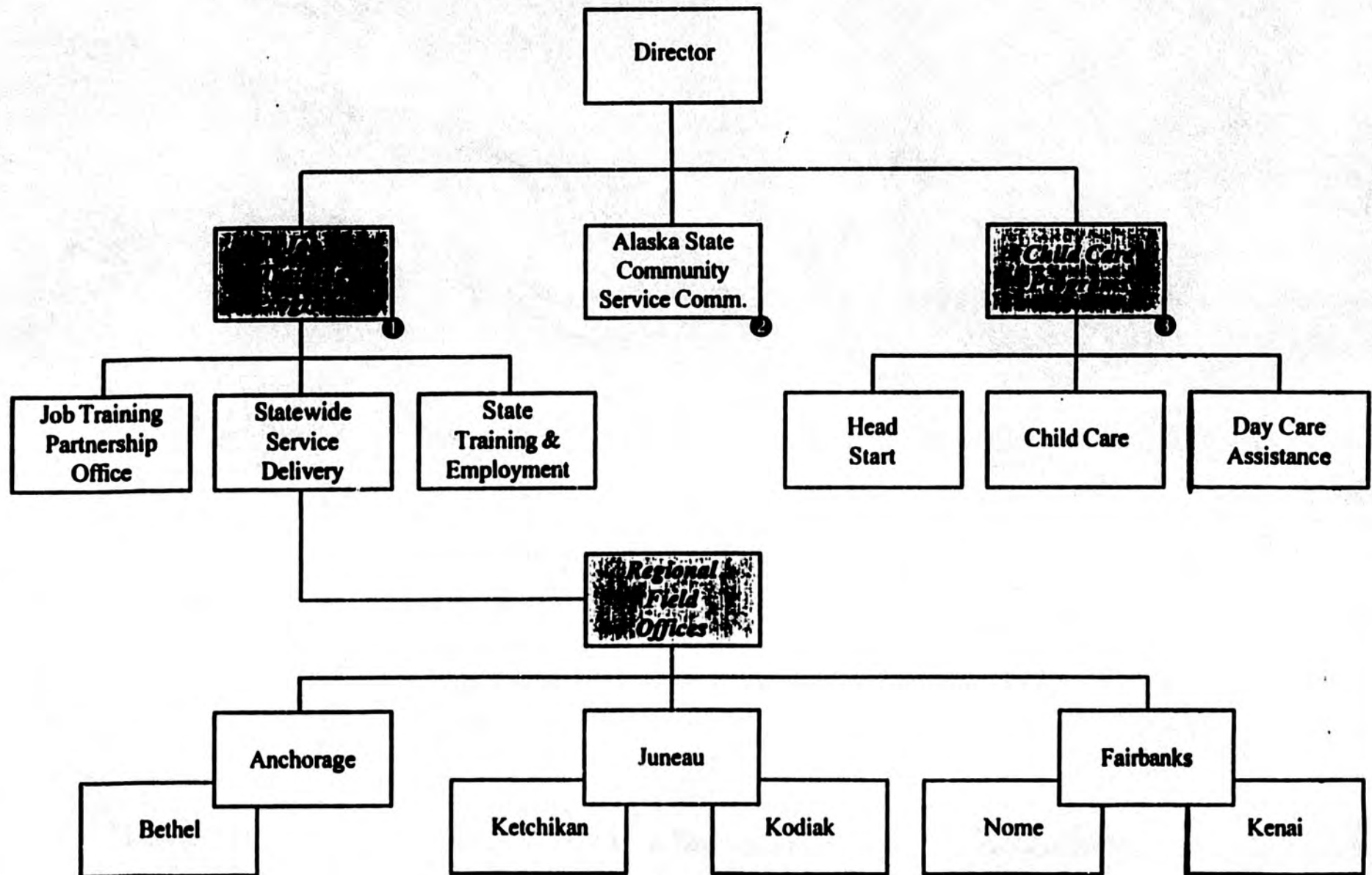
**Division of  
Energy**

**Division of  
Administrative  
Services**

**Division of  
Community & 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; P.L. 104-193; P.L. 105-220; 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; AS 44.47; 20 CFR Parts 626-631; 29 CFR 97.24; P.L. 97-300; P.L. 104-193; P.L. 105-20; P.L. 105-33 — 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; Chapter 85, SLA 1998; AS 23.15.620; 8 AAC 87; 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.

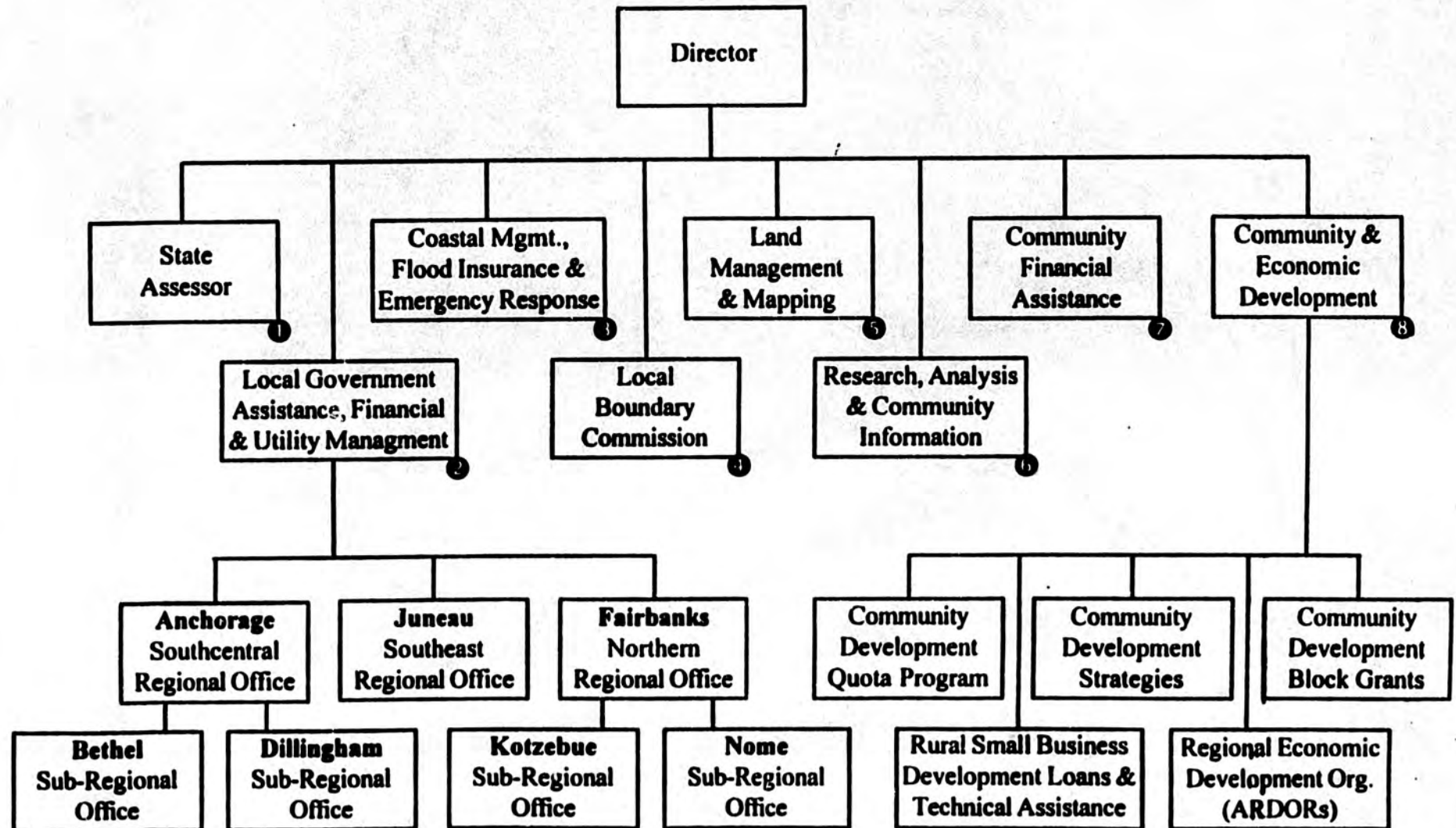
- 2. ALASKA STATE COMMUNITY SERVICE COMMISSION (ASCSC)** — 45 CFR 2550 — Provides pass through grant funding and technical assistance to eligible Alaskan communities and volunteer service organizations to enhance the overall quality of life for community residents by expanding community and volunteer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

### **3. CHILD CARE PROGRAMS:**

**HEAD START** — AS 37.07.080; AS 44.17.030; AS 44.47.050; AS 47.05.050 — 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 Parts 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. LOCAL GOVERNMENT ASSISTANCE, FINANCIAL AND UTILITY MANAGEMENT** — Article X, Section 14 of the State Constitution ("An agency shall be established... to advise and assist local governments. It shall review their activities..."); 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.
  - 3. COASTAL MANAGEMENT, FLOOD INSURANCE, AND EMERGENCY RESPONSE** — 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.
  - 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. LAND MANAGEMENT AND MAPPING** — 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 AND REGIONAL ASSISTANCE DIVISION, Continued...**

**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.

### **6. RESEARCH, ANALYSIS AND COMMUNITY INFORMATION:**

**DATA COLLECTION AND INFORMATION MANAGEMENT** — Article X, Section 14 of the State Constitution ("An agency shall be established by law ...to advise and assist local governments. It shall ...collect and publish local government information.") — Provides research, data collection, technical development, 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, which was developed by this section, is averaging over 6,000 hits per day.

**POPULATION AND SOCIO-ECONOMIC DATA** — AS 29.60.020, AS 29.60.150 — Provides technical support to municipalities for local population censuses or estimates, and certifies municipal populations for State Revenue Sharing and Safe Communities 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. COMMUNITY FINANCIAL ASSISTANCE SECTION:**

**STATE REVENUE SHARING** — AS 29.60.010-300 — State program for local governments and unincorporated communities which provides funds for road maintenance, fire protection and health facilities. Provides an on-going source of revenue for communities with little or no tax base. Program in existence since 1969.

**SAFE COMMUNITIES** — AS 29.60.350-370 — State program for municipalities, the purpose of which is to reduce or maintain property taxes while providing important public services. The legislature may appropriate to the Safe Communities fund 30% or more of the Corporate Income Tax collected in the previous fiscal year.



## **MUNICIPAL AND REGIONAL ASSISTANCE DIVISION, Continued...**

**SHARED FISHERIES BUSINESS TAX PROGRAM** — AS 29.60.450 — State 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 — Federal program whereby 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.

**PAYMENT IN LIEU OF TAXES (PILT) PROGRAM** — 19 AAC 52.010-.900 — Federal program which compensates cities in the Unorganized Borough for the location of federal lands within their vicinity. Payment is received by DCRA for each federal Census Area. DCRA then allocates and administers payment to each city within the Census Area on the basis of population.

### **8. COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS:**

**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 community development.

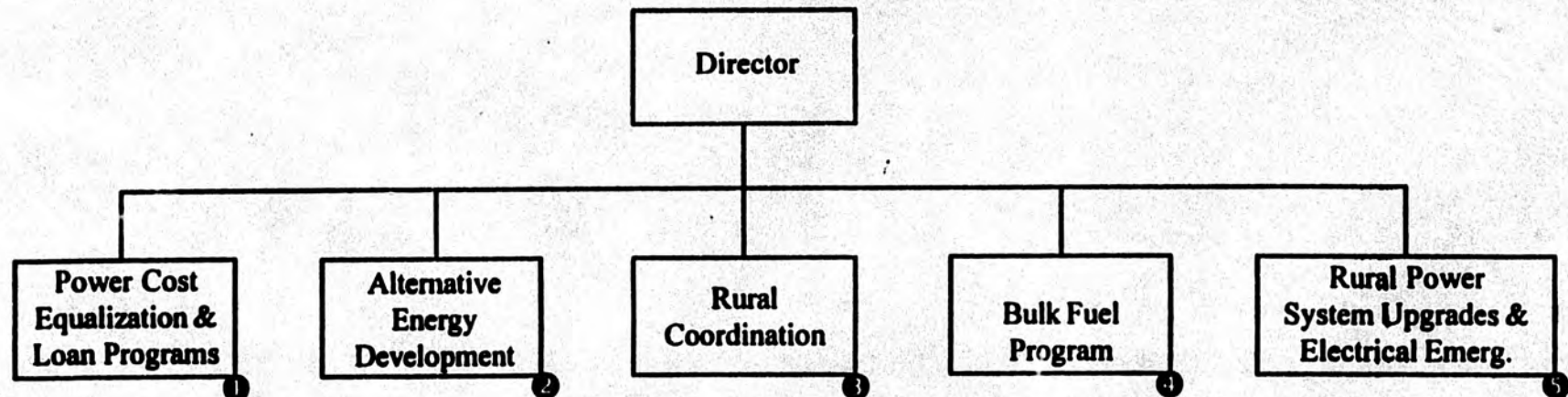
**COMMUNITY DEVELOPMENT QUOTA PROGRAM (CDQ)** — 6 AAC 93.010-900; 50 CFR 657.20, 675.27, 676.24 — Provides staff support and technical assistance to eligible communities and their economic development organizations in a private/public partnership to recommend allocation of Bering Sea fisheries resources.

**COMMUNITY DEVELOPMENT STRATEGY TRAINING & ASSISTANCE** — AS 44.47.010, 080 & 130.

**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 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.

## 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.** Provided financing to certified utilities to extend new electric service in areas they may serve. Program is no longer active other than to collect on prior loans.

**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 Tyee 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. 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, hydro, shallow gas deposits) and system enhancements (including waste heat recovery and village interties).

### **Division of Energy, Continued...**

- **Bioenergy Program for Alaska:** This federally-funded program promotes the use of wood waste and municipal solid waste for conversion to energy.
- **State Energy Program and Rebuild America Program:** Federally-funded programs to provide energy conservation audits in schools, hospitals and public buildings.

### **3. RURAL COORDINATION:**

**RURAL ELECTRIC UTILITY COORDINATION – AS 42.45.400.** Assist utilities in the development of management plans towards the concept of consolidation in the form of cooperatives or regional utilities; assists communities in applying for federal funds for energy programs and projects.

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

### **4. BULK FUEL PROGRAM:**

**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 capability. Includes three Environmental Protection Agency (EPA) consolidation demonstration projects.

**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.

### **5. RURAL POWER SYSTEM UPGRADES/ELECTRICAL EMERGENCIES PROGRAM:**

**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.



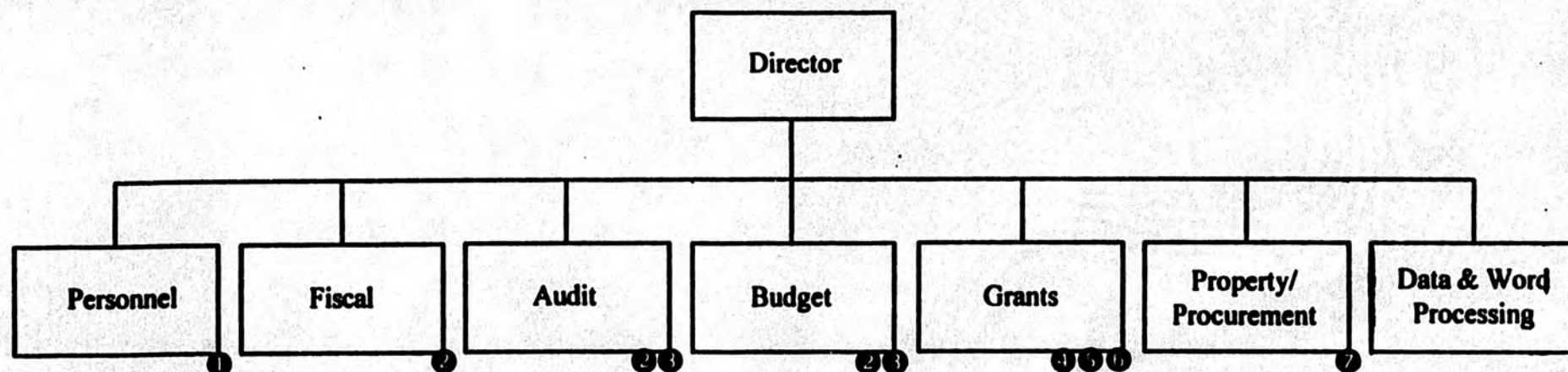
**Division of Energy, Continued...**

**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.

**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.

## 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**

**Agency:**  
**Department of Community & Regional Affairs**

**BRU:**  
**State Facilities Maintenance**

**Component:**  
**State Facilities Maintenance**



CONTACT: Remond Henderson, Director, DAS, 465-4708

**COMPONENT GOALS:**

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 0.0             | 0.0                 | 0.0                 |
| Other Program Costs     | 0.0             | 0.0                 | 6.7                 |
| Total                   | 0.0             | 0.0                 | 6.7                 |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            |                 |                     |                     |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 0.0             | 0.0                 | 6.7                 |
| Total                   | 0.0             | 0.0                 | 6.7                 |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

This component was created as a result of the passage of CS HB 315 (Chapter 90, SLA 1998), "an act relating to operating appropriations for facility operations, maintenance and repair, and renewal and replacement for components of public buildings and facilities...". Its sole purpose is to reflect a best estimate of the costs to be incurred in FY 2000 for maintenance of the facilities the Department occupies, and for which it is directly responsible for paying.

**DESCRIPTION OF COMPONENT CHANGES:**

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU State Facilities Maintenance

COMPONENT State Facilities Maintenance #2366

Page 1 of 1

Revised Date:

**FY 2000**

000125

**CONTACT:** Remond Henderson, Director, DAS, 465-4708

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

**STATUTORY/REGULATORY CITATIONS**

AS 37.07.020

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** State Facilities Maintenance

**COMPONENT** State Facilities Maintenance #2366

Page 1 of 1

Revised Date:

**FY 2000**

000126



**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Senior Citizens/Disabled Veterans Tax Relief**

**Component:**

**Renters' Equivalency Rebate**

CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

This program provides for reimbursement to Senior Citizens and Disabled Veterans who rent property that is subject to a local property tax.

**EXPENDITURES:**

Personal Services

Other Program Costs

Total

FY 98  
ACTUAL

300.0

300.0

FY 99  
AUTHORIZED

300.0

300.0

FY 2000  
GOVERNOR

300.0

300.0

**FUNDING SOURCES:**

Federal Receipts

General Fund Match

General Fund

GF Program Receipts

GF Mental Health

Other Funds

Total

300.0

300.0

300.0

300.0

300.0

300.0

**STAFFING:**

Permanent Full-Time

Permanent Part-time

Temporary

0

0

0

0

0

0

0

0

0

**DESCRIPTION OF COMPONENT SERVICES:**

This program is similar to the homeowners' property tax exemption program except that it compensates a senior or disabled veteran for that portion of their rent that goes toward the payment of local property taxes. Unlike the Homeowner's Program, the Renters' Equivalency Program is administered directly by the Department without assistance from the participating municipalities.

The renters' rebate program was instituted in order to treat seniors who paid rent for their homes on an equitable basis with those who owned their homes in terms of property tax relief.

**DESCRIPTION OF COMPONENT CHANGES:**

None.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Senior Citizens/Disabled Veterans Tax Relief

COMPONENT Renters' Equivalency Rebate #654

Page 1 of 1

Revised Date:

**FY 2000**

000131



**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

This component has the following objectives and accomplishment measures:

To financially reimburse 1,200 eligible senior citizens and disabled veterans for that portion of their rent that goes toward payment of their property tax.

To achieve a 100% participation from qualified seniors and disabled veterans.

To calculate accurate payments based upon strict adherence to statutory and regulatory criteria.

To distribute payments in a timely manner.

**STATUTORY/REGULATORY CITATIONS**

AS 26.45.040

19 AAC 38.010.060

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES  
Form CF2  
Revised 8/26/98**

**AGENCY** Community and Regional Affairs

**BRU** Senior Citizens/Disabled Veterans Tax Relief

**COMPONENT** Renters' Equivalency Rebate #654

Page 1 of 1

Revised Date:

**FY 2000**

000132

Agency:

**Department of Community & Regional Affairs**

BRU:

**National Forest Receipts**



**CONTACT:** Pat Poland, Director, 269-4500

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES:**

**NATIONAL FOREST RECEIPTS:** The National Forest Receipts Program is funded by 25% of the revenues earned from timber harvesting and other activities in the Tongass and Chugach National Forests. The program provides for the distribution of National Forest Receipts to organized boroughs and unified municipalities based upon the national forest acreage located within their boundaries. The program also provides for the distribution of National Forest Receipts to cities and Regional Education Attendance Areas (REAA's) located within the Unorganized Borough and within a national forest or within twenty miles of a national forest. Distribution is based upon the number of students in average daily membership of the city school district or REAA, and the number of miles of locally maintained road within the city boundaries, plus the number of state road miles maintained by the municipality under agreement with the state.

**SUMMARY OF BRU ISSUES:**

**NATIONAL FOREST RECEIPTS:** Funds available under this program can fluctuate widely from year to year depending largely on the fees charged by the U.S. Forest Service for harvesting timber from federal lands. Income earned in the Tongass National Forest accounts historically for 99% of the income from this program due to fees charged for commercial logging operations. Income from the Chugach National Forest is earned primarily from campground fees, recreation and special use fees, and mineral lease permit fees. Fees for timber harvest in the Chugach National Forest historically account for only a small percentage of the earnings from the Chugach.

**BRU  
OVERVIEW**  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU National Forest Receipts

Page 1 of 1

Revised Date:

**FY 2000**

000135

**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**National Forest Receipts**

**Component:**

**National Forest Receipts**



CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

The primary goal of the National Forest Receipts program is to share with affected local governments the revenues earned from activities within the nation's national forests.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       |                 |                     |                     |
| Other Program Costs     | 1,089.2         | 10,000.0            | 10,000.0            |
| Total                   | 1,089.2         | 10,000.0            | 10,000.0            |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        | 1,089.2         | 10,000.0            | 10,000.0            |
| General Fund Match      |                 |                     |                     |
| General Fund            |                 |                     |                     |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             |                 |                     |                     |
| Total                   | 1,089.2         | 10,000.0            | 10,000.0            |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

By federal and state law, the revenues distributed under this program may be expended only for the benefit of public schools and public roads.

Administrative costs are absorbed by the Statewide Assistance component under the Local Government Assistance BRU.

**DESCRIPTION OF COMPONENT CHANGES:**

None.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU National Forest Receipts

COMPONENT National Forest Receipts #1964

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

The Department's objective is to distribute the receipts as efficiently as possible consistent with sound program management.

**STATUTORY/REGULATORY CITATIONS**

AS 41.15.180

19 AAC 32.010-900

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
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**AGENCY** Community and Regional Affairs

**BRU** National Forest Receipts

**COMPONENT** National Forest Receipts #1964

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Agency:

Department of Community & Regional Affairs

BRU:

Municipal Revenue Sharing

**CONTACT:** Pat Poland, Director, 269-4500

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES:**

State Revenue Sharing and Safe Communities Programs -- These two programs which comprise the Municipal Revenue Sharing BRU are the primary State programs for the financial support of local governments. The Revenue Sharing Program is designed to support local services while making allowances for the unequal distribution of taxable property throughout the state. The annual payments of the Safe Communities Program are intended to support local services.

In FY 1999, \$47,840,100 was distributed to eligible recipients, pursuant to statute and program regulations, by personnel in the Statewide Assistance Component of the Local Government Assistance BRU.

**SUMMARY OF BRU ISSUES:**

The over 66 percent cut in these programs since FY86 is jeopardizing the investments in sanitation improvements the state and federal programs have made or plan to make in many smaller communities. Three (3) recent state and federal reports concluded that reductions in these programs make it even more unlikely many smaller communities can adequately fund operation and maintenance of sanitation improvements to assure the improvements last as long as they are designed to last.

The larger municipalities are also concerned about the loss of State support for basic services such as police, health, and sanitation and the impact to local property tax rates.

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OVERVIEW**  
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AGENCY Community and Regional Affairs

BRU Municipal Revenue Sharing

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**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Municipal Revenue Sharing**

**Component:**

**State Revenue Sharing**

CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

The goals of this component are "to improve the revenue raising and distribution system for the benefit of residents of home rule and general law municipalities by providing for more equitable allocation of financial resources among municipalities to improve their fiscal capacities; and to assure that no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of chance location of taxable wealth in the state. (Chapter 155, SLA 1980)

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       |                 |                     |                     |
| Other Program Costs     | 22,717.2        | 21,583.8            | 21,583.8            |
| Total                   | 22,717.2        | 21,583.8            | 21,583.8            |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 22,717.2        | 21,583.8            | 21,583.8            |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             |                 |                     |                     |
| Total                   | 22,717.2        | 21,583.8            | 21,583.8            |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

(Begins on page 2.)

**DESCRIPTION OF COMPONENT CHANGES:**

None

**COMPONENT  
GOALS  
AND SERVICES**  
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BRU Municipal Revenue Sharing

COMPONENT State Revenue Sharing #689

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**DESCRIPTION OF COMPONENT SERVICES:**

The State Revenue Sharing Program (AS 29.60.0100.310) includes two accounts - Municipal Tax Resource Equalization and State Aid for Municipal Services.

**1. STATE AID FOR MUNICIPAL SERVICES:**

This account provides money for public roads, ice roads, hospitals, health clinics, unincorporated communities, and volunteer fire departments on the following basis:

|                            |                                                                                                                        |
|----------------------------|------------------------------------------------------------------------------------------------------------------------|
| Public Roads               | \$2,500 per mile                                                                                                       |
| Ice Roads                  | \$1,500 per mile                                                                                                       |
| Health Facilities          | \$8,000 per facility or \$2,000 per bed                                                                                |
| Hospitals                  | \$250,000 per hospital with 10 or more beds, or<br>\$50,000 per hospital with less than 10 beds, or<br>\$1,000 per bed |
| Unincorporated Communities | \$25,000 per community                                                                                                 |
| Volunteer Fire Departments | \$10 per capita                                                                                                        |

Except for aid to unincorporated communities, these amounts are subject to a geographic location adjustment.

FY99 funding of \$7,194,600 resulted in payments at 25% of the statutory allocations.

The State Revenue Sharing Program was amended in 1985 to separate the year of payment. This allows the Department, when adequate documentation is submitted in a timely fashion by the recipients, to release revenue sharing entitlements by July 31 of the current fiscal year.

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BRU Municipal Revenue Sharing

COMPONENT State Revenue Sharing #689

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CONTINUATION OF FORM:

CF1, Component Goals and Services

DESCRIPTION OF COMPONENT SERVICES:

2. MUNICIPAL TAX RESOURCE EQUALIZATION:

This account of the Revenue Sharing Program rewards municipalities for local fiscal effort by allocating money on the basis of formula, incorporating locally generated revenues and property values along with municipal population. The formula recognizes that a community with a relatively large property tax base can, and should, raise a higher level of revenue than a municipality with the same population but a smaller tax base, although it uses the same mill rate.

The formula requiring that the population be multiplied by the millage rate equivalent is derived by dividing one-tenth of one percent of the full and true property value of the taxing unit into the locally generated revenues. The millage rate equivalent is represented by:  $(LGR)/(0.1\% \text{ of FVD})$ .

When the formula is applied, a municipality's entitlement from the Tax Resource Equalization account increases as the amount of local fiscal effort increases, or, all other factors remaining the same, its population increases. Conversely, if a municipality's property values increase but its local fiscal effort does not correspondingly increase, the entitlement decreases.

This account also provides for a minimum entitlement for municipalities of \$25,000 with a geographic location adjustment.

FY 1999 funding: \$14,389,200

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COMPONENT State Revenue Sharing #689

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

The component has the following objectives and accomplishment measures:

To calculate accurate payments based upon strict adherence to statutory criteria to insure that each applicant receives its fair share of program funds.

To achieve 100 percent participation from qualified municipalities, unincorporated communities, and volunteer fire departments.

To distribute payments in a timely manner.

**STATUTORY/REGULATORY CITATIONS**

AS 29.60.010-300

A19 AAC 30.010.15

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OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
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**AGENCY** Community and Regional Affairs

**BRU** Municipal Revenue Sharing

**COMPONENT** State Revenue Sharing #689

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**Agency:**  
**Department of Community & Regional Affairs**

**BRU:**  
**Municipal Revenue Sharing**

**Component:**  
**Municipal Assistance**



CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

Financially assist municipalities so that they may better provide necessary public services.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       |                 |                     |                     |
| Other Program Costs     | 27,638.2        | 26,256.3            | 26,256.3            |
| Total                   | 27,638.2        | 26,256.3            | 26,256.3            |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 27,638.2        | 26,256.3            | 26,256.3            |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             |                 |                     |                     |
| Total                   | 27,638.2        | 26,256.3            | 26,256.3            |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

The Municipal Assistance Program was established to replace the Gross Business Receipts Program which was repealed in 1979. It uses the FY78 Gross Business Receipts Program allocations by city to establish base amounts. The base amounts total approximately \$10.65 million, however, as per legislative changes in the program last year, these base amounts are reduced proportional to overall reductions in program funding each year. An appropriation to this program above the level necessary to fund the base amounts is distributed on a per capita basis.

**DESCRIPTION OF COMPONENT CHANGES:** During the 1997 legislative session, one of the Department's major local government financial assistance programs, Municipal Assistance, was revised (Chapter 75, SLA 1997). Revisions to the program included: renaming the program "Safe Communities"; moving the date of payment up from February 1 to July 31; providing for a priority list of services the money is to be spent on; removing the "hold harmless" from the base account element; and providing for an overall State Revenue Sharing/Safe Communities sliding "minimum entitlement" of \$40,000 subject to reductions equal to the percent of reduction to the overall program funding level.

**COMPONENT  
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BRU Municipal Revenue Sharing

COMPONENT Municipal Assistance #690

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

The component has the following objectives and accomplishment measures:

To calculate accurate payments based upon strict adherence to statutory criteria to insure that each applicant receives a fair share of program funds.

To achieve 100 percent participation from qualified municipalities.

To distribute payments in a timely manner.

**STATUTORY/REGULATORY CITATIONS**

AS 29.60.350.375

|                  |  |  |  |  |
|------------------|--|--|--|--|
| AS 29.60.350.375 |  |  |  |  |
|                  |  |  |  |  |
|                  |  |  |  |  |
|                  |  |  |  |  |
|                  |  |  |  |  |

**COMPONENT  
OBJECTIVES AND  
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BRU Municipal Revenue Sharing

COMPONENT Municipal Assistance #690

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**CONTACT:** Pat Poland, Director, 269-4500

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES:** The Local Government Assistance BRU is administered by the Municipal and Regional Assistance Division (MRAD). The BRU's four components (listed below) perform Local Government Agency functions prescribed in Alaska Constitution (Article X, Section 14) : advise and assist local governments; review local government activities; collect and publish local government information; and other duties. The Local Boundary Commission (Article X, Section 12 of the Alaska Constitution) is also supported.

**COMPONENTS:**

1. **Training and Development:** Staff located in 7 regional offices (Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kotzebue, and Nome) perform responsibilities primarily in three major areas: 1) local government management, 2) utility management, and 3) community development and land management.
2. **Local Boundary Commission:** The Local Boundary Commission is composed of five members. Staff support the Commission on all matters concerning municipal incorporation, dissolution, annexation, detachment, merger, and consolidation.
3. **State Assessor:** This component provides training and technical assistance to municipal assessors and their staff on Alaska's laws governing municipal assessment, valuation, and taxation procedures and standards.
4. **Statewide Assistance:** Administers funding programs, maintains community profile information, and conducts research and analysis on policy issues.

(continued on page 2)

**SUMMARY OF BRU ISSUES:** Major issues are listed below. A brief discussion of each issue is presented on subsequent pages.

1. The financial crisis and government based economies in small communities threatens the existence of municipal governments as well as the millions of dollars the state has invested in community facilities.
2. To support continuing state and federal construction efforts to improve sanitation services in smaller communities, the Division is focusing greater attention on the Rural Utility Business Advisor program.
3. Interest in forming single community borough governments is on the rise. Important public policy issues exist with respect to this matter.
4. Economic disasters in Southeast Alaska, Delta Junction, and Western Alaska (Bristol Bay, Kuskokwim River and Yukon River) are creating a demand for staff and financial resources to organize and deliver Coordinated Response Partnerships of State and Federal programs.

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**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES (continued):**

**Training and Development** - Staff are located in 7 regional offices: Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kotzebue, and Nome. Responsibilities lie primarily in three major areas: 1) local government management, 2) utility management, and 3) community development and land management.

1. **Local Government Management Assistance.** Using a variety of communication and training methods, staff provide training and technical assistance to local government officials on all aspects of operating a municipal government and providing basic public services. Strong emphasis is placed on basic financial management. That is, budgeting, payroll taxes, monthly financial reporting, and annual financial reports and audits. Activities include: traveling to communities to provide on-site technical assistance and training; providing technical assistance via telephone or through the mail; sponsoring and/or conducting regional and community training seminars; providing extended management assistance through the circuit rider training program; and producing written materials for training seminars and reference documents. Examples of training topics addressed include: financial management, including maintaining financial records, preparing budgets, computing payroll and payroll tax obligations, preparing annual and monthly financial statements; drafting and adopting ordinances, personnel administration, conducting elections, recall, conducting effective meetings, newly elected officials training; and public utility management and record keeping, including determining appropriate utility rates, general management practices, and computerized accounting.

Staff often serve as communication 'links' between small, rural communities and state and federal agencies. As such, staff play a liaison role in the administration of programs that are administered by other departments. Examples include: Administration (grants to municipalities and PERS); Revenue (shared taxes); Environmental Conservation (Village Safe Water program); Transportation and Public Facilities (public facility siting and construction); Military Affairs (emergency services); Natural Resources (area plans and land disposals); and Education (formation of municipal school districts). The Department has entered into a formal memorandum of agreement with the Internal Revenue Service to cooperatively resolve community tax problems.

2. **Rural Utility Business Management (RUBA).** The principal focus of this effort is training local governments to operate their utilities as businesses; i.e., so that revenues generated by the operation of a particular utility are sufficient to cover the costs of operating the facility, and that maintenance of the facilities is adequate to achieve the maximum design life of the facility. While all community managed utilities are assisted, the major focus of this program is on sanitation related utilities. All state, federal agency and Congressional sanitation studies performed over the last several years have concluded this program is critical to the success of state, federal and local initiatives and investments to improve sanitation in rural Alaska. These efforts are coordinated with DCRA's Division of Energy efforts to provide similar assistance for electric and fuel utilities, as well as with DEC's and IHS's programs for maintenance and operation of sanitation utilities.

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**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES (continued):**

Services provided are similar to those described previously under financial management but with a unique focus on utilities as municipal or community owned business enterprises. Staff also participate in needs assessment prior to construction of facilities, conduct analysis of a community's financial and management capacity to operate a particular facility, and conduct rate studies to help councils determine the user fees needed to support the particular enterprise.

**3. Community Development and Land Management Assistance.** Staff assist and train local government officials to implement community development responsibilities. This function is carried out in several ways including: assisting community planning staff via on-site visits; training of local planning commissions at regional seminars; administering the Alaska Coastal Management Program and the National Flood Insurance Program; managing community expansion lands held by the state in trust for communities under section 14(c)(3) of ANCSA; providing special community economic impact assistance for communities affected by significant and unplanned economic or natural disasters (examples include the base closures at Fort Greely and Adak as well as the mill closures in Wrangell and Ketchikan); obtaining maps and socioeconomic data for local economic or community development projects; and producing and maintaining community profile maps. Assistance and training are also provided on municipal planning authority and responsibilities; and drafting and implementing local land use and subdivision ordinances.

Under the Alaska Coastal Management Program (ACMP), staff award and monitor \$1.5 million in grants, provide technical assistance and training to over 31 coastal districts, and support the DCRA representative on the Statewide Coastal Policy Council.

The Division fulfills the state's responsibilities as specified in Section 14(c)(3) of ANCSA and in AS 44.47.150. Principle activities include acceptance, administration, and disposal of ANCSA land conveyed to the state in trust for future municipal corporations from 90 unincorporated villages. Specific activities include: evaluating proposed land conveyances; preparing and accepting conveyance documents; maintaining a land records system; inventorying land holdings; and preparing 14 (c) map of boundaries.

To protect community and state investments in capital projects, staff assist with selection of sites for capital facilities and other public facilities (roads, landfills, parks) and resolving land title and land management issues to assure adequate site control for publicly funded projects. All DCRA grants are checked to assure adequate site control for capital projects.

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**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES (continued):****State Assessor**

This component provides training and technical assistance to municipal assessors and their staff on Alaska's laws governing municipal assessment, valuation, and taxation procedures and standards. Activities include: providing on-site technical assistance; conducting training seminars on assessment procedures and standards; monitoring local assessment practices and standards; initiating enforcement action when local practices violate federal, state, or local law; preparing full and true value determinations for each taxing jurisdiction; and publishing 'Alaska Taxable', a document which is published annually and reports the locally assessed values and taxation practices of the various jurisdictions in the state.

**Local Boundary Commission**

The Local Boundary Commission is composed of five members from around the state (one from each of the four judicial districts, and one at large) appointed by the Governor. Staff provide assistance to the Commission on all matters concerning municipal incorporation, dissolution, annexation, detachment, merger, and consolidation. Activities include: providing technical assistance to prospective petitioners in the development of proper petitions; preparing analytical reports and recommendations to the Commission on matters brought before it; conducting informational meetings to explain the process and standards pursuant to which the Commission acts; providing logistical and administrative support for the Commission's public hearings; and preparing and documenting the record of all Commission actions.

**Statewide Assistance**

This Component administers funding programs, maintains community profile information and conducts research and analysis on policy issues.

1. Administration of the State Revenue Sharing, Safe Communities, and Shared Fisheries Business Tax Programs. Staff administers these three programs which provide the state's primary financial support for local governments. Activities include: preparing applications, a city budget manual, and a city financial reporting manual; assisting in completing the application process for receipt of revenue sharing and municipal assistance funds; and reviewing applications and financial statements to determine program eligibility and entitlements.

2. Policy Issues Analysis and Community Databases. Staff provide responses to legislative, executive branch, and community policy initiatives regarding local government and community development. Activities include the preparation of: bill analyses and fiscal notes; position papers explaining the Department's position on a variety of policy issues; and policy reports on issues. This section also compiles and maintains DCRA's Community Profile Database and the RAPI database of projects funded or planned in 219 communities. These databases are one-

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**CONTINUATION OF FOR BRU Overview**

**SUMMARY OF BRU ISSUES (continued):**

**1. The financial crisis and government based economies in small communities threatens the existence of municipal governments as well as the millions of dollars the state has invested in community facilities.**

Cutbacks in Revenue Sharing, Safe Communities, and other state and federal funds have forced many communities to reduce critical staff to half time and eliminate any preventive maintenance of essential facilities. Many communities have managed to increase locally generated revenues during the last ten years. However, because of limited local resources, they are unable to come close to replacing the lost State funds. This situation will get worse as State funding for Revenue Sharing and Municipal Assistance continues to shrink.

Reductions in Municipal and Regional Assistance Division (MRAD) staff and resources have the potential to exacerbate financial management problems in smaller communities. In response to staff and financial cutbacks, the Division has further narrowed its focus on financial management issues and problems to minimize the impact on local communities. We have trained all our field staff to help communities improve financial management and developed the Rural Utility Business Advisor (RUBA) program to concentrate on community utility management and financial problems. MRAD staff assist communities to redistribute debt, raise taxes, implement and collect user fees, assist communities develop long range solutions (i.e., utility management training in conjunction with the Department of Environmental Conservation, the Public Health Service, DCRA's Division of Energy, and the community organizations) and otherwise minimize and diffuse the severe impacts of reductions in state assistance.

Between 65% and 90% of money coming into small rural communities is due to government funding. Thus the meager private sector economies are unlikely to expand sufficiently to overcome the reductions in government funds which have occurred or which are anticipated. The Department is promoting and supporting efforts to help communities develop rural economies to generate additional revenue from sources other than government, but these changes do not occur overnight.

**2. To support continuing state and federal construction efforts to improve sanitation services in smaller communities, the Division is focusing greater attention on the Rural Utility Business Advisor program.**

Every recent sanitation study concludes investments in sanitation facilities are threatened because small communities cannot pay to operate and maintain the water and sewer systems needed to effectively protect public health.

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**CONTINUATION OF FOR BRU Overview**

**SUMMARY OF BRU ISSUES (continued):**

DCRA's Rural Utility Business Advisor (RUBA) program, established in FY 1993, is inadequate to deal with the magnitude of this issue. The Office of Technology Assessment's, "An Alaska Challenge: Native Village Sanitation"; The State of Alaska Sanitation Task Force's, "A Commitment to Alaskans"; and the Federal Field Working Group's reports have recognized that, "RUBA is possibly the most important program the State could institute to ensure success of rural sanitation systems." As a result of this conclusion the Federal Field Working Group recommended additional funding for this program to support better management and operation of community sanitation facilities. The Division expects to receive an additional \$307,000 of federal funds for this effort and has submitted an increment request.

3.) Interest in forming single community borough governments is on the rise. Important public policy issues exist with respect to this matter.

Interest in forming single community borough governments is due largely to local fears of being included in larger, legislatively mandated boroughs. Local officials from the following cities have recently expressed interest in forming single community boroughs:

Wrangell  
Skagway  
Nome  
Petersburg  
Hoonah  
Unalaska  
Valdez

The prospect of single community boroughs raises serious questions of whether such would undermine the ability of surrounding communities to ever take on the responsibility of borough government in an effective and efficient manner.

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## SUMMARY OF BRU ISSUES (continued):

**4) Economic disasters in Southeast Alaska, Delta Junction, and Western Alaska (Bristol Bay, Kuskokwim River and Yukon River) are creating a demand for staff and financial resources to organize and deliver Coordinated Response Partnerships of State and Federal programs.**

All of these disasters are forcing local governments to identify opportunities for economic recovery and prepare and implement strategies to pursue the most viable opportunities. The State has committed to a coordinated, multi-agency response to assist local governments identify, evaluate and pursue these opportunities. DCRA is coordinating and providing direct assistance and training for the responses in each of these disaster areas. The Southeast and Delta Junction efforts require at least two full-time equivalent staff positions. The staff demand for Southeast and Delta Junction will remain about the same in FY2000.

The continuing FY 1997 and FY 1998 fish disaster response is requiring about 4 full-time equivalent staff; with 14 DCRA staff involved for 6 weeks during peak response in the summer of 1998. Given the prediction of low fish runs in 1999, we expect the demands for DCRA staff to increase as local governments get more desperate to identify, evaluate and pursue viable economic recovery options.

In the summer of 1997, there was an unanticipated collapse of the salmon harvest on the Kuskokwim River, and in the Bristol Bay/Chignik fisheries. This disaster severely impacted 50 communities and two borough governments. Communities in these regions of the state are primarily dependent upon the fishing industry for local employment and tax revenue. In 1997, DCRA was given the lead in determining the severity of this situation and in the development of plans to provide relief. Unfortunately, the summer of 1998 brought a continuation of the collapse of the fishing industry and it was expanded to the Yukon River fisheries. The Governor declared the Western Alaska Fisheries Disaster for these regions on July 30, 1998. Projections for the 1999 salmon harvest indicate a continuation of the disaster for the industry.

The July 18, 1997 Bristol Bay/ Kuskokwim River Fisheries Disaster Declaration by Governor Knowles lead to a federal appropriation of 7 million dollars from the U.S. Dept. of Commerce, Magnuson-Stevens Act. These funds were to be matched with 2.3 million dollars in State funds (total 9.3 million dollars) and were awarded to DCRA (to be expended by March, 2001). The funds were to be used for a Fishermen's Loan program (\$1,866,667), Community Grants (\$6,706,335 for 50 communities), Fisheries Research and Education (\$573,664) and administration (\$186,667). The loan program was administered the Division of Investment and the other programs are being administered by MRAD staff. The response to the 1997 and 1998 disasters has required MRAD devote the majority of four staff members to this effort. In addition, the regional office and administrative staff have had to dedicate a considerable amount of their time to dealing with fishing related problems of communities, fishermen, and businesses.

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**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Local Government Assistance**

**Component:**

**Training and Development**



**CONTACT:** Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

The responsibilities of this component lie primarily in three major program areas: local government management, utility management, community development and land management assistance. Goals include:

1. Help communities acquire the management skills and financial resources necessary to provide basic local services.
2. Manage ANCSA 14(c)(3) Municipal Lands Trust lands consistent with trustee responsibilities and to meet community needs.
3. Manage State Coordinated Response Partnerships to focus State and other assistance on communities and regions which are experiencing economic hardship.

(continued on page 2)

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 2,389.6         | 2,162.4             | 2,076.9             |
| Other Program Costs     | 613.3           | 7,110.2             | 906.9               |
| Total                   | 3,002.9         | 9,272.6             | 2,983.8             |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        | 617.6           | 7,287.7             | 998.9               |
| General Fund Match      |                 | 604.9               | 604.9               |
| General Fund            | 1,911.2         | 1,210.9             | 1,215.2             |
| GF Program Receipts     | 2.8             | 5.5                 | 5.5                 |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 471.3           | 163.6               | 159.3               |
| Total                   | 3,002.9         | 9,272.6             | 2,983.8             |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 34              | 33                  | 34                  |
| Permanent Part-time     | 1               | 1                   | 0                   |
| Temporary               | 12              | 0                   | 1                   |

**DESCRIPTION OF COMPONENT SERVICES:**

The largest component in the Local Government Assistance BRU, Training and Development (T&D) has staff located in seven regional offices: Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kotzebue, and Nome. The responsibilities of this component lie primarily in three major program areas: local government management, and utility management, and community development and land management assistance.

(continued on pages 3 - 4)

**DESCRIPTION OF COMPONENT CHANGES:**

An increment is requested to allow receipt of Federal Funds for the Rural Utility Business Assistance (RUBA) program. These funds will be used to hire contractors for short term rural utility business assistance efforts. These funds require no additional state match.

**COMPONENT  
GOALS  
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AGENCY Community and Regional Affairs  
BRU Local Government Assistance  
COMPONENT Training and Development #672

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**COMPONENT GOALS (continued):**

4. Provide funding for, and assist, 30 active Alaska Coastal Management Programs local districts.
5. Help protect state and local investment in buildings and facilities by working with agencies and communities to assure adequate site control for publicly funded projects.
6. Promote and support local efforts to reduce dependence on government as the main economic engine for the local economy and main funding source for capital projects.

The division achieves these goals by:

- a) Developing and enhancing the basic administrative, management and leadership skills of local government officials;
- b) Helping communities identify and implement new means of generating local revenues and/or lowering the cost of providing services;
- c) Acting as a liaison and advocate for local governments before other state, federal, and private agencies;
- d) Facilitating the provision of community infrastructure necessary to support employment opportunities and economic self sufficiency;
- e) Providing assistance and training to help communities obtain land for community needs;
- f) Administering grant funds for ACMP and training coastal district staff and boards; and
- g) Leading State Coordinated Response Partnerships to assist communities and regions address economic crises.

**ADDITIONAL  
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CONTINUATION OF FORM:

CF1, Component Goals and Services

**DESCRIPTION OF COMPONENT SERVICES (continued):**

**1. Local Government Management Assistance.** Using a variety of methods, staff provide training and technical assistance to local government officials on all aspects of operating a municipal government and providing basic public services. Activities include: traveling to communities to provide on-site technical assistance and training; providing technical assistance via telephone or through the mail; sponsoring and/or conducting regional and community training seminars; providing extended management assistance through the "circuit rider" training program; and producing written materials for training seminars and reference documents. Examples of training topics addressed include: managing a specific public service (e.g., fire protection); preparing budgets; preparing annual and monthly financial statements; drafting and adopting ordinances; public utility management and record keeping; and conducting community/council meetings (how-to's). Staff serve as communication "links" between small, rural communities and state and federal agencies. As such, staff play an intermediary role in the administration of programs that are the management responsibility of other departments. Examples include the following departments: Administration (grants to municipalities and PERS); Revenue (shared taxes); Environmental Conservation (Village Safe Water program); Transportation and Public Facilities (public facility siting and construction); Military and Veteran Affairs (emergency services); Natural Resources (area plans and land disposals, profiles of communities); and Education (formation of municipal school districts). The Division of Municipal and Regional Assistance continues to cooperate with the Internal Revenue Service to resolve community tax problems and has established a similar cooperative effort for municipal employment security contributions with the Alaska Department of Labor.

**2. Rural Utility Business Advisor (RUBA).** The principal focus of this effort is training local government officials to operate their utilities as businesses; i.e., the revenues should cover the costs, and maintenance of the facilities is adequate to achieve the maximum design life for the facility. While all utilities are covered, the major focus is on sanitation related utilities. All recent state, federal agency and congressional sanitation studies have concluded this program is critical to the success of the state, federal and local initiatives and investments to improve sanitation in rural Alaska. Governor Knowles' Rural Sanitation Council has rated the RUBA program as its number one priority for additional funding. This program is coordinated with DCRA's; Division of Energy efforts to provide similar assistance for electric and fuel utilities, as well as with Department of Environmental Conservation and federal training and assistance programs for maintenance and operation of sanitation utilities.

Assistance is provided in a fashion generally similar to the broader technical assistance offered by the Division, that is, extensive on-site assistance coupled with frequent phone contact. However, the assistance is focused very specifically on the business management of the utilities including calculating operating costs and appropriate service rates, budgeting, financial monitoring and reporting, payroll taxes, collection systems and processes, and coordinating with utility operators for supply and parts replacement.

(continued on page 4)

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CONTINUATION OF FORM:

**CF1, Description of Component Services**

**DESCRIPTION OF COMPONENT SERVICES (continued):**

In communities which are just getting a utility system for the first time, RUBA staff work with the design engineer to insure that the system is going to be one the community has the human and financial resources to support. RUBA staff work with the council to determine what level of financial support a community can contribute towards a project and to develop the management expertise in advance of the system's arrival.

**3. Community Development and Land Management Assistance:** Activities include: assisting communities and regions to identify goals and objectives; obtain maps and socio-economic data for local economic or community development projects, and prepare funding plans and requests to achieve community goals; provide training on municipal planning authority and responsibilities; drafting and implementing local land use ordinances; and planning to ensure local governments obtain adequate land for community and economic development. Staff are responsible for preparing and maintaining DCRA Community Profile Maps and administering the federally funded National Flood Insurance Program.

Staff assist communities prepare community development strategies and then assist communities obtain State resources to help implement these strategies.

Staff assist communities in identifying current publicly used lands, lands for future public expansion, and lands for public right of way. Assistance also includes: providing maps and land ownership information within communities; explaining Alaska land law; selecting sites for projects; preparing plans of survey; drafting base maps; estimating community land requirements; and reviewing land conveyance documents.

To protect community and state investments in capital projects, staff assist with selection of sites for capital facilities and other public facilities (roads, landfills, parks) and resolving land title and land management issues to assure adequate site control for publicly funded projects. All DCRA grants are checked to assure adequate site control for capital projects.

Under the Alaska Coastal Management Program (ACMP), staff award and monitor \$1.5 million in grants, provide technical assistance and training to over 31 coastal district municipalities and Coastal Resource Service Areas (CRSAs), and support the DCRA representative on the Statewide Coastal Policy Council.

Organize and lead Coordinated Response Partnerships or other multi-agency groups to assist communities and regions prepare and implement economic recovery strategies. These include the Southeast Alaska CERT, Delta Junction CRP, and Western Alaska Fisheries Disaster response.

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:** To identify and correct community payroll tax problems with IRS and Department of Labor before more than one reporting quarter (90 days) of delinquent or incorrect payroll tax withholdings have occurred.

To assure that 90% of all municipalities have implemented and maintain appropriate financial records and management systems.

To help 30 communities identify and implement ways to increase the amount of local revenue generated as a means of offsetting losses in state revenue sharing and safe communities funding.

To assure all communities are adequately managing and operating sanitation utilities. Criteria for this measurement include: collection rate of at least 80%, no significant system failures, and an identified revenue source sufficient to cover normal operating expenditures.

In advance of design and funding decisions, provide DEC with an assessment of the ability of each community to manage and operate proposed sanitation facilities improvements.

To assure 100% of municipal elections are conducted according to state law and local ordinance provisions.

To assure that all communities are meeting the reporting requirements of state revenue sharing and grants.

To manage Municipal Trust Lands consistent with trustee responsibilities and to meet community needs.

**STATUTORY/REGULATORY CITATIONS**

|                  |                  |                        |                                           |
|------------------|------------------|------------------------|-------------------------------------------|
| AS 26.05.011-200 | AS 46.40         | AS 26.65.505 (C) & (D) | Article 10, Section 12 State Constitution |
| AS 44.47.200-230 | AS 44.19         | 11AAC 57               | Article 10, Section 14 State Constitution |
| 19 AAC 30-50     | PL 92.203        | AS 29.45.090-105       |                                           |
| AS 38.05.810     | AS 26.06.450-530 | AS 44.47.050-145       |                                           |
| AS 29.06.040-170 | AO #46           | AS 26.23.071(b).       |                                           |

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**AGENCY** Community and Regional Affairs

**BRU** Local Government Assistance

**COMPONENT** Training and Development #672

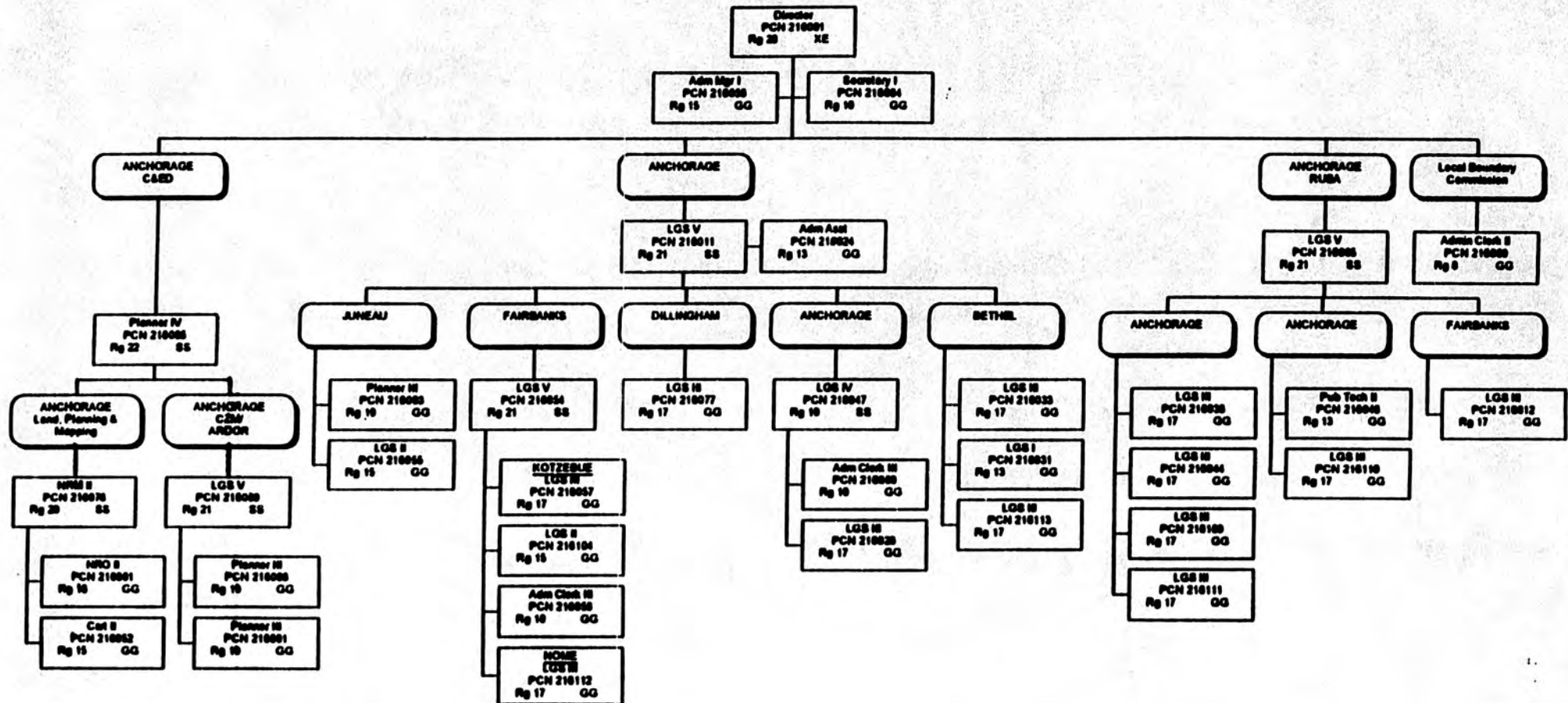
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Department of Community and Regional Affairs  
Local Government Assistance BRU  
Training and Development #672  
FY 2000 Organizational Chart



|                                   |                                |
|-----------------------------------|--------------------------------|
| Adm - Administrative              | NRM - Natural Resource Manager |
| Cart - Cartographer               | NRO - Natural Resource Officer |
| GG - General Govt.                | Pub - Publication              |
| LGS - Local Government Specialist | Res - Research                 |
| Mgr - Manager                     | SS - Supervisory               |
|                                   | Tech - Technician              |
|                                   | XE - Exempt                    |

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Agency:

Department of Community & Regional Affairs

BRU:

Local Government Assistance

Component:

State Assessor

**CONTACT: Pat Poland, Director, 269-4500**

**COMPONENT GOALS:**

To assure that municipalities assess all taxable property in accordance with State and Federal law.

To provide administrators of the State's education funding and revenue sharing programs with an accurate measurement of each municipality and school district's relative wealth.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 127.0           | 126.6               | 126.6               |
| Other Program Costs     | 21.8            | 23.6                | 23.6                |
| Total                   | 148.8           | 150.2               | 150.2               |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 147.6           | 149.7               | 150.2               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 1.2             | 0.5                 |                     |
| Total                   | 148.8           | 150.2               | 150.2               |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 2               | 2                   | 2                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

The State Assessor provides training and technical assistance to municipal assessors and their staff on Alaska's laws governing municipal assessment, valuation, and taxation procedures and standards. The State Assessor monitors local assessment procedures and standards for compliance with state law. Where violations are found to occur, corrective action is initiated. When a municipality fails to voluntarily correct its procedures, appropriate action, including litigation is taken. The State Assessor prepares a "Full and True Value" evaluation of each taxing jurisdiction. After an on-site review of the municipality's property and adjustments for local exemptions and local value deviation, the value of all property within the jurisdiction, which may be taxed under Alaska Statutes, is calculated. The result is the "Full and True Value" of the municipality's taxable property. This process results in a standard measurement of local wealth for each municipality (with a population in excess of 750) and school district in the state. These results are used in the revenue sharing formula and in the calculation of required local contributions towards education.

**DESCRIPTION OF COMPONENT CHANGES:**

None.

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COMPONENT State Assessor #673

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

Prepare forty - three full value determinations of municipalities and school districts.

Conduct three statewide training seminars on municipal assessment methods, procedures, and standards.

Review, update and publish the reference document, "Alaska Taxable".

Conduct six on-site reviews of municipal property and local assessor's offices.

Provide four on-site technical assistance visits relating to local assessment practices.

**STATUTORY/REGULATORY CITATIONS**

| AS 14.17.140 | AS 29.45.030 | AS 29.45.040 | AS 29.45.090 | AS 29.45.103 |
|--------------|--------------|--------------|--------------|--------------|
|              |              |              |              |              |
|              |              |              |              |              |
|              |              |              |              |              |
|              |              |              |              |              |

**COMPONENT  
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MEASURES**  
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AGENCY Community and Regional Affairs

BRU Local Government Assistance

COMPONENT State Assessor #673

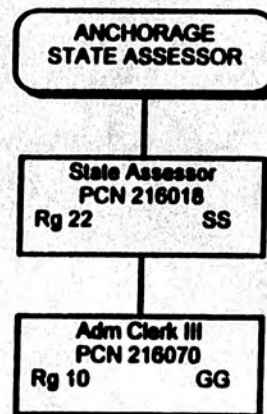
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**Department of Community and Regional Affairs  
Local Government Assistance BRU  
State Assessor #673  
FY 2000 Organizational Chart**



Adm - Administrative  
GG - General Govt.  
SS - Supervisory

000206



Agency:

**Department of Community & Regional Affairs**

BRU:

**Local Government Assistance**

Component:

**Local Boundary Commission**

CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

The Local Boundary Commission (LBC) has constitutional and statutory duties to review proposals for: (1) incorporation; (2) dissolution; (3) merger and consolidation of cities, boroughs, and unified municipalities; (4) annexation to and detachment from cities, boroughs and unified municipalities; and (5) reclassification of cities.

The component's goals are to: (1) Provide the LBC with technical support and other services required by law and necessary to properly carry out the Commission's duties; (2) provide municipalities and others with technical assistance, materials and other information needed to plan for or formally initiate a petition to the LBC; (3) provide respondents and other interested parties with technical assistance and information needed to address matters pending before the LBC; and (4) maintain records concerning the corporate existence and jurisdiction of Alaska's 161 cities, boroughs and unified municipalities.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 210.6           | 213.8               | 213.8               |
| Other Program Costs     | 34.5            | 34.5                | 34.5                |
| Total                   | 245.1           | 248.3               | 248.3               |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 243.1           | 247.7               | 248.3               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 2.0             | 0.6                 |                     |
| Total                   | 245.1           | 248.3               | 248.3               |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 3               | 3                   | 3                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

Component staff provide technical assistance and materials to parties who wish to bring actions before the LBC. With few exceptions, state and federal laws require the following for each petition: (1) technical review prior to acceptance for filing; (2) extensive public notice of the filing of the petition; (3) seven or more weeks for public comment of the petition; (4) two or more weeks for reply by the petitioner; (5) public informational meetings; (6) publication of a draft report on the petition by DCRA; (7) four or more weeks for public comment of the draft report; (8) publication of a final report by DCRA following due consideration of the comments on the draft; (9) public hearings by the LBC; (10) written decision by the LBC; (11) opportunity for reconsideration; (12) implementation of the decision (if a petition is granted, approval by the voters or the legislature is typically required); (13) Federal Voting Rights Act Review; and (14) certification of the change by DCRA.

(continued on page 2)

**DESCRIPTION OF COMPONENT CHANGES:**

None.

**COMPONENT  
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BRU Local Government Assistance

COMPONENT Local Boundary Commission #674

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## DESCRIPTION OF COMPONENT SERVICES (continued):

During calendar year 1998, LBC staff responded to the following range of actions under the purview of the Local Boundary Commission.

**Borough Incorporation.** Heightened statewide interest in borough incorporation and annexation is evident. Technical assistance regarding Borough incorporation was provided to local groups considering borough incorporation in the following areas:

- Delta-Greely
- Hoonah
- Nome
- Pelican
- Petersburg
- Skagway
- Unalaska
- Valdez
- Wrangell

**Borough Annexation.** Activities involving borough annexation included the following:

- A petition for annexation by the Ketchikan Gateway Borough for annexation of 5,524 square miles was processed.
- A request for reconsideration of a petition for annexation of 992 square miles to the Denali Borough was addressed.
- The City of Dillingham has filed a petition for annexation of the Dillingham-Nushagak-Togiak area, encompassing an estimated 25,000 square miles, to the Lake and Peninsula Borough.

**Consolidation.** Activities involving consolidation of boroughs and cities included the following:

- A petition for consolidation of the City of Haines and the Haines Borough was processed.
- Technical assistance was provided to the City of Ketchikan in developing a proposal to consolidate the City of Ketchikan and the Ketchikan Gateway Borough.
- Technical assistance was provided to an effort to petition for consolidation of the City of Fairbanks and the Fairbanks North Star Borough.

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**DESCRIPTION OF COMPONENT SERVICES (continued):**

**City Incorporation.** Actions involving city incorporation proposals included the following:

A petition for incorporation of the City of Talkeetna was processed. The Local Boundary Commission will render a decision upon the petition during 1999.

Technical assistance was provided to proponents of city incorporation of a second class city at Adak. A draft petition for incorporation was developed.

**City Annexation.** Actions concerning city annexation include the following:

Annexation of 6.5 square miles by the City of Haines, followed by deferral of forwarding recommendation for the annexation to the legislature until the consolidation issue was addressed by voters.

Processed a petition by City of Fairbanks for annexation of approximately 42.46 acres.

Processed a petition by the City of Palmer for annexation of 5 acres.

Processed a petition by City of Thome Bay for annexation of approximately 960 acres.

Processed a petition for annexation by City of Wasilla for annexation of approximately 8.62 acres.

Processed a petition for annexation to the City of Wasilla for annexation of 13.77 acres.

Technical assistance concerning city annexation was provided to the City Newhalen.

Technical assistance concerning city annexation was provided to the City of Pelican.

Technical assistance concerning city annexation was provided to the City of Aleknagik.

**City Reclassification.** Actions concerning city reclassification include the following:

Technical assistance concerning reclassification to second class city status was provided to the City of Pelican.

Technical assistance concerning reclassification to second class city status was provided to the City of Dillingham.

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COMPONENT Local Boundary Commission #674

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**CONTACT:**

Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

To provide extensive technical assistance to 15 municipalities and citizens' groups considering petitions for incorporation, dissolution, merger, or consolidation of cities, boroughs or unified municipalities; detachment from or annexation to cities, boroughs, or unified municipalities, and the reclassification of cities. This may involve analysis of the feasibility of such proposals, consideration of alternatives, and technical assistance on the development of petitions.

To process at least 5 petitions for incorporation, dissolution, merger or consolidation of cities and boroughs; detachment from or annexation to cities and boroughs, and reclassification for cities. The petitions will be processed in accordance with local government standards and principles set forth in Alaska's Constitution and statutes; as well as in compliance with procedural requirements of law. Steps typically required by state and federal law consist of (1) technical review of the petition; (2) notice of filing; (3) a minimum seven-week opportunity for public comment; (4) a minimum two-week opportunity for reply by the petitioner; (5) preparation of a final report; (9) LBC hearing(s); (10) adoption of a written statement by the LBC explaining the basis for the decision; (11) opportunity to seek reconsideration; (12) initiation of steps necessary for final approval (legislative review under Article X Section 12 of the Alaska Constitution, or State or municipal election); (13) Federal Voting Rights Act pre-clearance; and (14) certification of action and notification of parties.

\*To provide extensive technical assistance and information to 10 respondents in matters before the LBC.

\*To accurately maintain records relating to the legal status, corporate boundaries, and classification of Alaska's 161 municipal corporations.

\*To respond to approximately 500 routine inquiries from municipalities, state and federal agencies and others for information relating to boundary issues.

**STATUTORY/REGULATORY CITATIONS**

|              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| AS 29.05.011 | AS 29.05.031 | AS 29.05.060 | AS 29.05.080 | AS 29.05.090 |
| AS 29.05.100 | AS 29.05.110 | AS 29.05.120 | AS 29.06.040 | AS 29.06.090 |
| AS 26.06.100 | AS 29.06.110 | AS 26.06.120 | AS 29.06.130 | AS 29.06.450 |
| AS 29.06.460 | AS 29.06.470 | AS 29.06.480 | AS 29.06.490 | AS 29.06.500 |
|              |              |              |              |              |

**COMPONENT  
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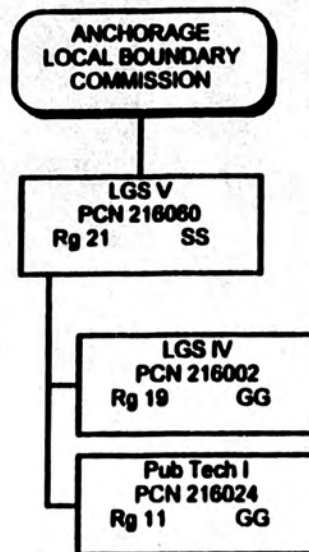
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**Department of Community and Regional Affairs  
Local Government Assistance BRU  
Local Boundary Commission #674  
FY 2000 Organizational Chart**



GG - General Govt.  
LGS - Local Government Specialist  
Pub - Publication  
SS - Supervisory  
Tech - Technician

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**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Local Government Assistance**

**Component:**

**Statewide Assistance**

CONTACT: Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

Services provided by this component fall into two principal areas: 1) Program Administration (State Revenue Sharing, Safe Communities, Shared Fisheries Business Tax Program, Alaska Coastal Management, and Payment in Lieu of Taxes); and 2) Research and Analysis, which support program development and operations.

**Shared Fisheries Business Tax Program:** The goal of this program is to allocate a share of State Fisheries Business Tax receipts collected outside municipal boundaries to municipalities which demonstrate they suffered significant effects from fisheries activity. This program implements the requirements of AS 29.60.450.

**The Alaska Coastal Management Program (ACMP)** distributes federal grant funds to municipalities and coastal resource service areas and provides research, training and technical assistance for the purpose of developing and implementing coastal management programs.

(continued on page 2)

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 388.2           | 341.5               | 341.5               |
| Other Program Costs     | 4,779.2         | 6,409.3             | 6,409.3             |
| Total                   | 5,167.4         | 6,750.8             | 6,750.8             |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        | 2,023.9         | 4,000.0             | 4,000.0             |
| General Fund Match      |                 |                     |                     |
| General Fund            | 336.6           | 373.8               | 374.6               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 2,806.9         | 2,377.0             | 2,376.2             |
| Total                   | 5,167.4         | 6,750.8             | 6,750.8             |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 6               | 5                   | 5                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

**Shared Fisheries Business Tax Program:** Administer a State Fisheries Business Tax Revenue sharing program (\$800,000 - \$1.4 million) including application procedures, application evaluations, funding allocation calculations and distributing funding.

**Alaska Coastal Management Program:** Award and administer \$1 million - \$1.5 million in federally funded grants to municipalities and Coastal Resource Service Areas (CRSA). Assist local staff and CRSA boards with staff training, development of coastal management related plans and ordinances, hiring of contractors, board elections, etc.

(continued on page 2)

**DESCRIPTION OF COMPONENT CHANGES:** None.

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BRU Local Government Assistance

COMPONENT Statewide Assistance #676

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**COMPONENT GOALS (continued):**

**State Revenue Sharing:** Provide for the accurate, fair, and timely distribution of approximately \$24 million to 166 municipalities, 66 unincorporated communities and 26 volunteer fire departments statewide. Ensure that program funds are properly expended and accounted for by program recipients.

**Safe Communities:** Provide for the accurate, fair, and timely distribution of approximately \$29 million to 166 municipalities statewide. Ensure that program funds are properly expended and accounted for by program recipients.

**National Forest Receipts:** Provide for the accurate, fair, and timely distribution of approximately \$5.3 million to 29 municipalities and 4 REAAs located within the Tongass and Chugach National Forests. Ensure that program funds are properly expended and accounted for by program recipients.

**Implementation of the Federal Payment In Lieu of Taxes Program:** This program provides payments to units of local government containing certain federally owned lands.

**DESCRIPTION OF COMPONENT SERVICES (continued):**

**State Revenue Sharing, Safe Communities, Shared Fisheries Business Tax, National Forest Receipts and Payment in Lieu of Taxes:** Administer these programs through application procedures; application, budget and year-end financial statement evaluations; appeal procedures; funding allocation calculations; funding distribution; financial analysis and informational outreach.

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BRU Local Government Assistance

COMPONENT Statewide Assistance #676

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

**The Alaska Coastal Management Program:** Will have signed grant agreements with approximately 30 municipalities and coastal resource service areas completed by August 30, 1998.

Will award approximately \$1.5 million in federally funded ACMP grants by July, 1999.

Will close out all grant agreements with minimal funds to be returned to the federal government and with projects successfully completed by September 1, 1999.

**Shared Fisheries Business Tax Program:** Allocate available Shared Fisheries Business Tax Program funding. Approximately \$850.0 is to be awarded to an estimated 100 municipalities around the state which can demonstrate significant impacts from fisheries business activities.

**Research and Analysis:** Perform at least three major studies for issues relating to rural and/or community development.

Provide community database support and other analytical support for at least eight departmental programs.

Update and make all community database information available to other agencies and the general public through the Internet.

**STATUTORY/REGULATORY CITATIONS**

|                  |          |           |                                       |
|------------------|----------|-----------|---------------------------------------|
| AS 20.60.010-370 | AS 46.40 | A. O. #46 | Article 10, Sec 14 State Constitution |
| AS 29.60.450     | AS 46.40 |           | 19 AAC 30 - 50                        |
|                  |          |           |                                       |
|                  |          |           |                                       |
|                  |          |           |                                       |

**COMPONENT  
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**AGENCY** Community and Regional Affairs

**BRU** Local Government Assistance

**COMPONENT** Statewide Assistance #676

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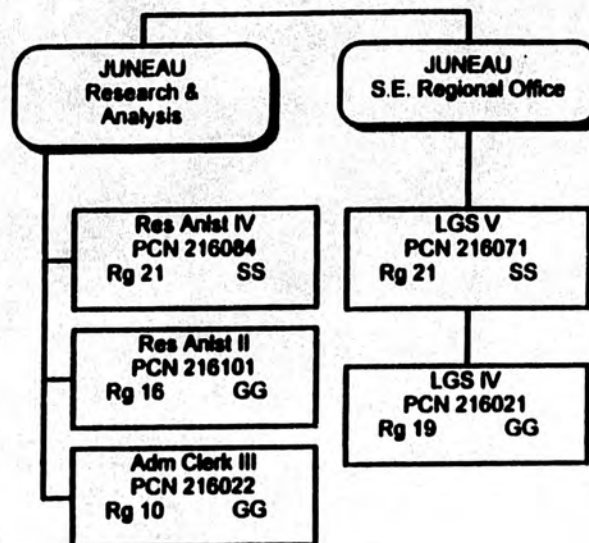
Revised Date:

**FY 2000**

000229



**Department of Community and Regional Affairs  
Local Government Assistance BRU  
Statewide Assistance #676  
FY 2000 Organizational Chart**



Adm - Administrative  
 Anlst - Analyst  
 GG - General Govt.  
 LGS - Local Government Specialist  
 Res - Research  
 SS - Supervisory

000231

**Agency:**  
**Department of Community & Regional Affairs**

**BRU:**  
**Local Government Assistance**

**Component:**  
**National Petroleum Reserve Program**



**CONTACT:** Tena Young, Grants Administrator, DAS, 465-4731

**COMPONENT GOALS:**

Under Section 2 of Chapter 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Regional Affairs. The Department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with Section 3 of Chapter 53, SLA1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the Department will allocate the available grant money in accordance with the criteria for priority set out in 19 AAC 50.060-19 AAC 50.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the Department to be meritorious.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       |                 |                     |                     |
| Other Program Costs     | 0.0             | 50.0                | 50.0                |
| Total                   | 0.0             | 50.0                | 50.0                |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            |                 |                     |                     |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 0.0             | 50.0                | 50.0                |
| Total                   | 0.0             | 50.0                | 50.0                |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

Eligible municipalities must apply for funds through DCRA by September 15 of each year. The Department evaluates the eligibility of each applicant and merit of each project according to the standards established by statute and regulation.

**DESCRIPTION OF COMPONENT CHANGES:** None.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/96

**AGENCY** Community and Regional Affairs

**BRU** Local Government Assistance

**COMPONENT** National Petroleum Reserve #1214

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Revised Date:

**FY 2000**

000245

**CONTACT:** Tena Young, Grants Administrator, DAS, 465-4731

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil and gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial Assistance may be available for:

- 1) Planning.
- 2) Construction, maintenance, and operation of essential public facilities.
- 3) Other necessary public services.

It is the intent of the legislature that each year all of the money in the National Petroleum Reserve-Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate present impact, or the need to determine or plan for future impact, from oil and gas development.

**STATUTORY/REGULATORY CITATIONS**

|                        |                       |              |              |                 |
|------------------------|-----------------------|--------------|--------------|-----------------|
| 42 USC 6508 (PL96-514) | Chap 53 SLA 86, Sec 3 | AS 37.14.110 | AS 37.05.530 | Chap 50, 19 AAC |
|                        |                       |              |              | 50.010-50.090   |
|                        |                       |              |              |                 |
|                        |                       |              |              |                 |
|                        |                       |              |              |                 |

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Local Government Assistance

**COMPONENT** National Petroleum Reserve #1214

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Revised Date:

**FY 2000**

000246

**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Community and Economic Development**



**CONTACT:** Pat Poland, Director, 269-4500

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES:**

This BRU supports the following programs which assist communities to strengthen their infrastructure and local economies: Community Development Block Grants (CDBG), Community Development Training and Assistance, Rural Business Development Mini-Grants (Mini), Rural Development Initiative Fund (RDIF) loans, Alaska Regional Development Organizations (ARDORs), and Community Development Quota (CDQ).

Community and Economic Development Grant Programs: Direct funding is provided through competitive programs such as:

1) Community Development Block Grants (federal); 2) Community Services Block Grants (federal); and 3) Rural Business Development Mini-Grants (state/federal). Technical assistance, grant monitoring, and project assistance are provided by the staff from this BRU as well as the Training and Development component of the Local Government Assistance BRU. Our approach is to help communities evaluate and pursue community and economic development opportunities as part of a comprehensive and coordinated strategy. Unfunded applications for these programs indicate that available funding meets less than 14 percent of community needs.

(continued on page 2)

**SUMMARY OF BRU ISSUES:**

**ARDOR Program:** An increment would be needed to maintain the current funding level for each ARDOR assuming the two new ARDORS which have submitted applications in FY1999 meet the State requirements. In FY1998, DCRA awarded each of the 12 ARDORS \$51,666. For FY 2000, a total of 14 ARDORS are expected as a result of recognition of two new ARDORS in the Interior Rivers (Aniak and Middle Yukon) and Fort Yukon regions.

**Rural Development Initiative Fund Loans:** At this time, businesses in Bethel are not eligible for these loans because Bethel's population is greater than 5,000. A statutory amendment to raise the maximum population to 6,500 will solve this problem for Bethel.

**BRU  
OVERVIEW**  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

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Revised Date:

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CONTINUATION OF FORM:

BRU Overview

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES (continued):**

Community Development staff assist communities to identify infrastructure needs and economic potential and implement strategies to realize this potential as part of an overall community development plan. Field office staff in Nome and Bethel assist communities and identify businesses which the community can support and assists the community and local residents to plan and finance these businesses to create local employment opportunities. In addition, staff broker resources available from federal and state agencies, and economic-based private organizations.

Community Development Quota (CDQ): The CDQ system is managed and led by DCRA, and coordinates the activities of Alaska's Department of Fish and Game and Department of Commerce and Economic Development to ensure fish harvesting from the Bering Sea benefits Western Alaska coastal communities. The return of capital has been very successful, providing fisheries infrastructure and creating private-sector jobs in Western Alaska.

Alaska Regional Development Organizations (ARDORs): This program provides matching grants to 12 ARDORs (14 in FY2000) to support regional economic development strategies and business development assistance to communities and individuals in urban and rural regions.

Rural Development Initiative Fund Loans are issued in partnership with banks for small businesses which will create or retain jobs in rural communities with less than 5,000 population. Staff assist businesses to prepare business plans and bank and RDIF loan applications.

**ADDITIONAL  
EXPLANATION  
FORM**  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

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Revised Date:

**FY 2000**

000249

**Agency:**  
**Department of Community & Regional Affairs**

**BRU:**  
**Community and Economic Development**

**Component:**  
**Community and Economic Development**



**CONTACT:** Pat Poland, Director, 269-4500

**COMPONENT GOALS:**

- 1) Provide federal block grant funds to communities for public facilities, planning activities, and economic development which encourage community self-sufficiency, reduce or eliminate conditions detrimental to the health and safety of local residents, and reduce costs of essential services.
- 2) Assist communities prepare and implement comprehensive community development strategies; including the economic development components.
- 3) Provide grants, loans and assistance for local economic and business development efforts to achieve sustainable economies.
- 4) Support state sponsored Alaska Regional Development Organizations' (ARDORs) efforts to prepare and implement regional economic development strategies.
- 5) Increase local jobs and revenue from fisheries resources through implementation of the Community Development Quota (CDQ) program.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 507.1           | 540.3               | 540.3               |
| Other Program Costs     | 915.6           | 1,037.0             | 957.0               |
| Total                   | 1,422.7         | 1,577.3             | 1,497.3             |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        | 20.1            | 50.0                |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 448.2           | 455.6               | 456.1               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 954.4           | 1,071.7             | 1,041.2             |
| Total                   | 1,422.7         | 1,577.3             | 1,497.3             |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 9               | 8                   | 8                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

This component supports the following programs which assist communities and individuals strengthen their local economies and infrastructure for public services: Community Development Block Grants, Community Services Block Grants, Rural Development Assistance Grants, Rural Business Development Mini-Grants, Rural Development Initiative Fund (RDIF) loans, Alaska Regional Development Organizations (ARDORs), and Community Development Quota (CDQ) and Alaska Rural Development Council (ARDC). A brief description of these services follows.

(continued on page 2)

**DESCRIPTION OF COMPONENT CHANGES:**

During FY1999, the Department ended its role as the host partner for the Alaska Rural Development Council. That function was relocated to the University of Alaska-Anchorage.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Community and Economic Development

**COMPONENT** Community and Economic Development #2243

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Revised Date:

**FY 2000**

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**DESCRIPTION OF COMPONENT SERVICES (continued):**

**Community Development Grant and Assistance Programs:**

Direct funding is provided through competitive programs such as: 1) Community Development Block Grants (federal); 2) Community Services Block Grants (federal); and 3) Rural Business Development Mini-grants (state/federal). Technical assistance, grant monitoring, and project management assistance are provided by the staff from this component as well as the Training and Development component of the Local Government Assistance BRU. Our approach is to help communities evaluate and pursue community and economic development opportunities as part of a comprehensive and coordinated strategy. These programs are a critical part of supporting the construction of needed infrastructure, promoting economic and community infrastructure development, as well as directly funding local economic and development efforts.

The Community Block Grants program provides funding in the operating budget for administrative costs associated with distribution of federal funds appropriated to the capital budget from the U.S. Department of Health and Human Services (DHHS) and the U.S. Department of Housing and Urban Development (DHUD). Grant decisions are made using a competitive award process. Grants are negotiated, written, amended, monitored, and closed out by staff. Ongoing technical assistance is provided to ensure compliance with federal guidelines. Approximately 30 to 40 grants will be awarded.

The Rural Business Development Mini-grant program provides funds to local governments to use for start up or expansion of rural businesses or to plan for tourism, manufacturing or product development/marketing. After awards are made, staff assist with grant administration and project progress and completion. Grant funds and some administrative funds are provided by the U.S.D.A. Forest Service Rural Community Assistance Program (RCAP). Communities of 10,000 or less are eligible to apply for their priority project for a maximum of \$30,000 per community. This program encourages innovation in the use of rural human and natural resources.

Community Development staff assist communities in identifying infrastructure needs and economic potential as part of an overall community development strategy. Staff assist communities implement to these strategies to meet these needs and realize this potential. Field office staff in Nome and Bethel assist communities in identifying businesses which the community can support and assists the community and local residents in planning and financing these businesses to create local employment opportunities. In addition staff broker resources available from federal and state agencies, and economic-based private organizations.

(continued on page 3)

**ADDITIONAL  
EXPLANATION  
FORM**

Revised 8/26/96

AGENCY Community and Regional Affairs

BRU Community and Economic Development

COMPONENT Community and Economic Development #2243

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Revised Date:

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CONTINUATION OF FORM:

CF1, Component Goals and Services

**DESCRIPTION OF COMPONENT SERVICES (continued):**

**Rural Development Initiative Fund:** Loans from this fund are provided in partnership with banks to start or expand small businesses which create or retain jobs in communities with less than 5,000 population.

**Community Development Quota (CDQ):** The CDQ system is managed and led by DCRA, and coordinates the activities of Alaska's Department of Fish and Game and Department of Commerce and Economic Development to ensure fish harvesting from the Bering Sea benefits Western Alaska coastal communities. The return of capital has been very successful, providing fisheries infrastructure and creating private-sector jobs in Western Alaska.

**Alaska Regional Development Organizations (ARDORs):** This program provides matching grants to 12 ARDORs to support regional economic development strategies and business development assistance to communities and individuals in urban and rural regions.

**ADDITIONAL  
EXPLANATION**

**FORM**

Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

COMPONENT Community and Economic Development #2243

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Revised Date:

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**CONTACT:** Pat Poland, Director, 269-4500

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

To support local efforts to meet infrastructure needs by awarding 25 to 35 CDBG grant funds for construction, upgrading, or reducing operational costs of essential community facilities. To manage the CDBG program consistent with federal requirements in order to avoid negative federal performance evaluations and/or audit findings.

To assist at least 10 communities prepare and/or implement community development strategies which contain economic improvement components.

Award up to 30 Mini-Grants which will support small business developments and increase the number of jobs in rural communities by providing funding for public-private partnerships which will provide local benefit and local employment through the combined USDA Forest Service and the RDA Mini-Grant program.

To support small business development activities which will promote business development and job creation retention by providing assistance on 20 business creation or expansion projects. To provide RDIF loans for 3 businesses start-up and expansion. To support economic development activities which will promote import substitution or export development in 10 communities.

**STATUTORY/REGULATORY CITATIONS**

|           |             |             |                          |               |
|-----------|-------------|-------------|--------------------------|---------------|
| PL 91-100 | PL 100-628  | 24 CRD 570  | CIRCULAR A-87            | AS 44.47      |
| PI 100-77 | PL 97.35    | 570.420-438 | PL 98-558                | 19 AAC 60.010 |
| 24 CFR 70 | PL 101-501  | PL 99-500   | 24 CFR 12                |               |
| CFR 74    | 24 CFR 135  | 24 CFR 58   | 45 CRD 1 - 99            |               |
| PL 93-383 | 570.200.207 | 45 CFR 16   | TITLE 1 HCDA 1974 & 1992 |               |

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

COMPONENT Community and Economic Development #2243

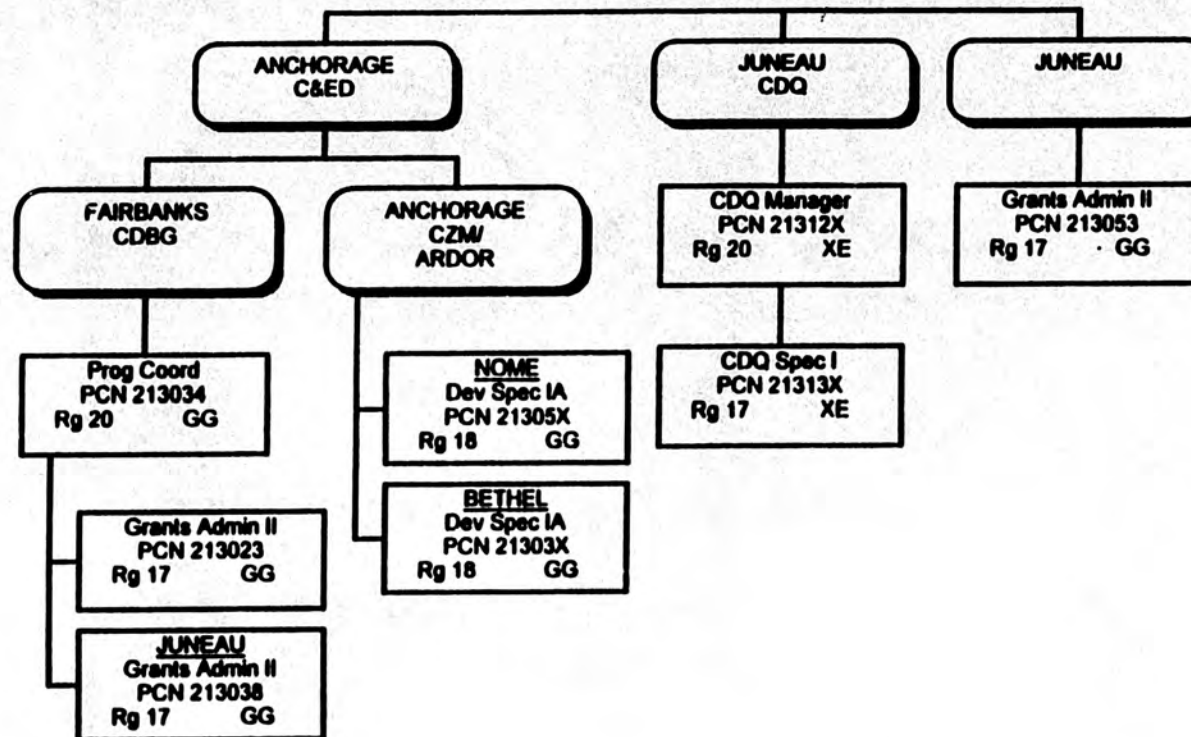
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Revised Date:

**FY 2000**

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Department of Community and Regional Affairs  
Community and Economic Development BRU  
Community and Economic Development #2243  
FY 2000 Organizational Chart



Admin - Administrator  
CDQ - Community Development Specialist  
Coord - Coordinator  
Dev - Developmental  
GG - General Govt.  
Prog - Program  
Spec - Specialist  
XE - Exempt

000255

Agency:

Department of Community & Regional Affairs

BRU:

Rural Energy Program--Energy Operations

Component:

Energy Operations



**CONTACT:** Percy Frisby, Director, 269-4640

**COMPONENT GOALS:**

This component encompasses all activities of the Division. It achieves the overall goals of the Division in the following manner:

\*Provide technical assistance to rural communities in power generation and transmission, and bulk fuel storage facilities;

\*Assist rural communities in the management and administration of electric utilities and bulk fuel storage systems;

\*Eliminate safety hazards and prevent or resolve emergencies related to power production or fuel storage and delivery in rural communities;

\*Provide management oversight and technical assistance for capital improvement projects authorized and funded by legislators and the Governor or funded by federal grants;

(continued on page 2)

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 1,417.0         | 1,508.7             | 1,641.9             |
| Other Program Costs     | 616.6           | 802.1               | 802.1               |
| Total                   | 2,033.6         | 2,310.8             | 2,444.0             |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        | 98.6            | 100.1               | 100.1               |
| General Fund Match      | 25.0            | 25.0                | 25.0                |
| General Fund            | 747.6           | 520.0               | 521.1               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             | 1,162.4         | 1,665.7             | 1,797.8             |
| Total                   | 2,033.6         | 2,310.8             | 2,444.0             |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 24              | 24                  | 27                  |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:** Provide technical assistance to rural communities for upgrade of community power and fuel facilities. Assistance is provided through: 1) Bulk Fuel Repairs and Systems Improvements; 2) Rural Power System Upgrades; 3) Electrical Emergencies; 4) Utility Improvements/Small Power Projects; 5) Alternative Energy; 6) other community-specific grants.

Administer the Power Cost Equalization Program; the Bulk Fuel Revolving Loan Fund program; the Power Project Loan Fund, including award/administration of two large loans for the construction of power interties; the Rural Electrification Revolving Loan Fund, as well as other funds of the Division.

(continued on page 2)

**DESCRIPTION OF COMPONENT CHANGES:**

During FY 2000, the Division will continue to assist rural communities leading towards rural utilities reorganization in order to help meet their needs for bulk fuel storage and electrical utility plant upgrades. Continued administrative and technical training for utility clerks, administrators and power plant operators will also be provided.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Rural Energy Program - Energy Operations

**COMPONENT** Energy Operations #1935

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Revised Date:

**FY 2000**

000395

CONTINUATION OF FORM:

CF1, Component Goals and Services

**COMPONENT GOALS (continued):**

- \*Evaluate the economic and technical feasibility of power projects;
- \*Investigate and promote alternative power generation and transmission methods;
- \*Provide financial assistance to rural communities through the PCE program, and through capital and loan funds for energy projects.

**DESCRIPTION OF COMPONENT SERVICES (continued):**

Coordinate a number of contracted studies of financial and technical feasibility of power projects in rural Alaska.

Administer a number of federal programs: Bioenergy, State Energy Program/Rebuild America rural building energy conservation program, Environmental Protection Agency/Bulk Fuel consolidation and construction in rural Alaska, U.S. DOE wind projects in Wales and Kotzebue, wind measurements statewide, and U.S. DOE wind fuel-cell hybrid project in rural Alaska.

**ADDITIONAL  
EXPLANATION  
FORM**  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Rural Energy Program - Energy Operations

COMPONENT Energy Operations #1935

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Revised Date:

**FY 2000**

000396

**CONTACT:** Percy Frisby, Director, 269-4640

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

Reduce or contain the number of emergencies due to failures in electrical generation and transmission, and in fuel facilities in rural Alaska. This objective will be accomplished through implementation of preventive maintenance programs and upgrades of rural power systems.

Improve the safety and delivery of low-cost power to communities in rural Alaska through interconnection of facilities; consolidation of operations and administration.

Assist with provisions of adequate fuel supplies and reduction of shortages by providing rural communities with short-term loans and technical assistance to purchase annual supplies of fuel for residential, municipal, utility and community facilities.

Continue administration of outstanding long-term loans in excess of \$200 million.

Continue pursuing new federal funds for development of energy projects, bulk fuel systems and/or new power generation technology up to \$7,000,000 to \$16,000,000 per year.

**STATUTORY/REGULATORY CITATIONS**

|           |  |  |  |  |
|-----------|--|--|--|--|
| AS 42.45  |  |  |  |  |
| 19 AAC 96 |  |  |  |  |
| 19 AAC 97 |  |  |  |  |
|           |  |  |  |  |
|           |  |  |  |  |

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Rural Energy Program - Energy Operations

**COMPONENT** Energy Component #1935

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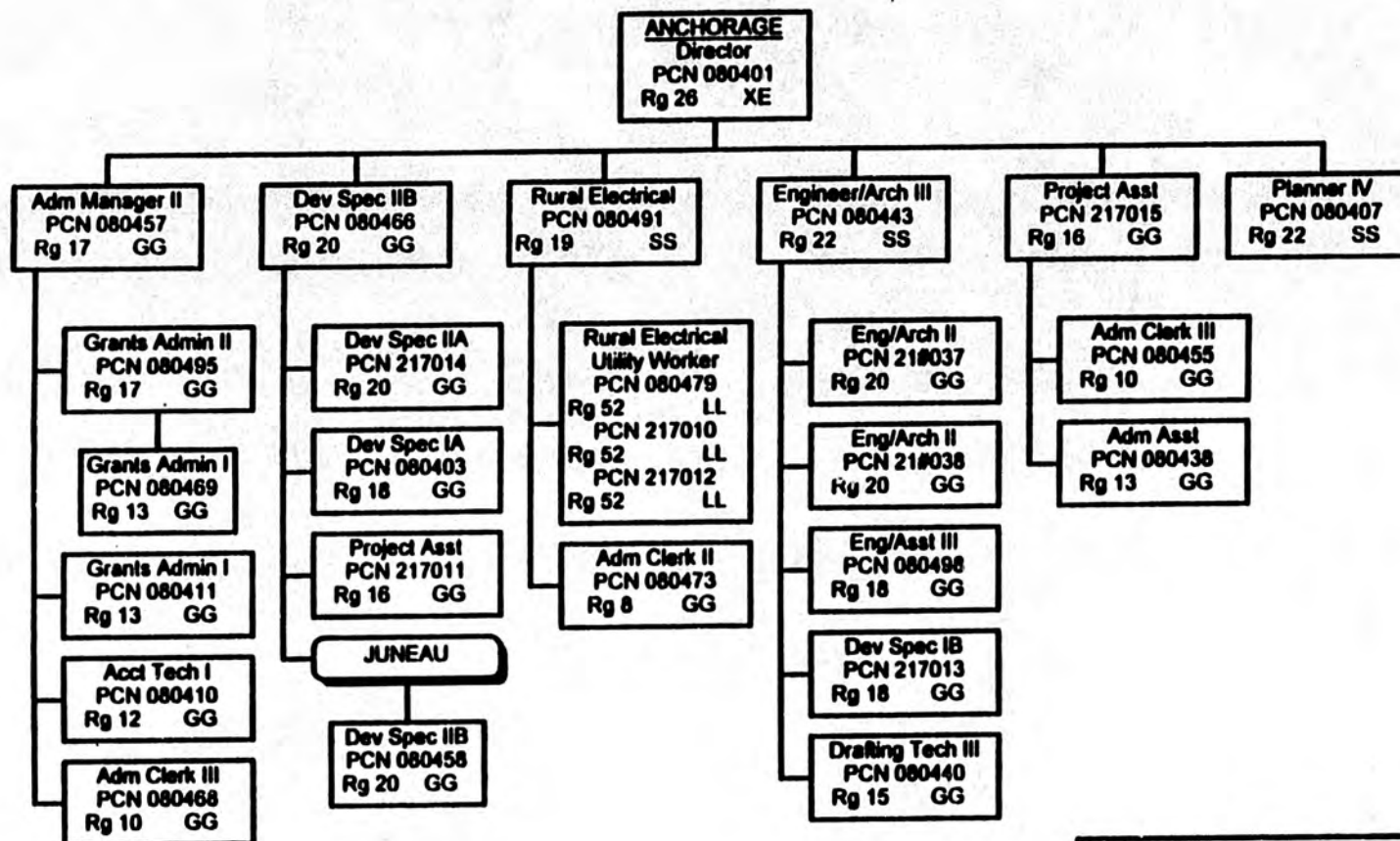
Revised Date:

**FY 2000**

000397



**Department of Community and Regional Affairs  
Rural Energy Program-Energy Operations BRU  
Energy Operations #1935  
FY 2000 Organizational Chart**



|                                     |                                  |
|-------------------------------------|----------------------------------|
| Acct - Accounting                   | Eng - Engineering                |
| Adm - Administrative                | LL - Local 71                    |
| Admin - Administrator               | Proj Coord - Project Coordinator |
| Arch - Architect                    | SS - Supervisory                 |
| Asst - Assistant                    | Tech - Technician                |
| GG - General Govt.                  | XE - Exempt                      |
| Dev Spec - Developmental Specialist |                                  |

000400

**Agency:**

**Department of Community & Regional Affairs**

**BRU:**

**Rural Energy Program--Energy Operations**

**Component:**

**Power Cost Equalization**

CONTACT: Percy Frisby, Director, 269-4640

**COMPONENT GOALS:** The Power Cost Equalization (PCE) Program was established to reduce the consumer's cost of electricity generated and sold by electric utilities in rural Alaska where, in 1984, diesel-fired generation produced more than 75% of total diesel generation. The program attempts to provide for the equalization of power cost per kilowatt-hour in rural Alaska based upon rates in Anchorage, Fairbanks and Juneau. Currently, about 100 utilities are eligible to participate in the PCE program. These utilities serve about 180 communities across the state. Approximately 76,000 residents of the state benefit from the PCE program.

The program is funded by the Power Cost Equalization and Rural Electric Capitalization Fund (PCE&RECF), under AS 42.45.100, created by Ch 18, SLA 1993. Section 1(b) of the enabling legislation reflects the legislative intent and long-term commitment to fund PCE at a minimum level of \$17 million through the year 2013.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 0.0             | 0.0                 | 0.0                 |
| Other Program Costs     | 18,664.2        | 17,000.0            | 17,000.0            |
| Total                   | 18,664.2        | 17,000.0            | 17,000.0            |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            |                 |                     |                     |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds (1089)      | 18,664.2        | 17,000.0            | 17,000.0            |
| Total                   | 18,664.2        | 17,000.0            | 17,000.0            |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

PCE rates are determined on a community basis by using only the necessary and reasonable costs for each electric utility participating in the program. Customers must pay at least 9.7 cents for every kilowatt-hour eligible for PCE assistance. Should the utility's costs be more than 52.5 cents/kwh, the maximum PCE rate is 40.85 cents/kwh. The variance in PCE rates produce a variance in amounts reimbursed to participating utilities. Residential and commercial customers, including schools, receive PCE assistance on actual consumption up to 700 kwh/month. Community facilities as an aggregate group are eligible for 70 kwh/month for residents of the community. State and federal customers are not eligible for PCE.

(continued on page 2)

**DESCRIPTION OF COMPONENT CHANGES:**

None.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Rural Energy Program - Energy Operations

COMPONENT Power Cost Equalization #1965

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Revised Date:

**FY 2000**

000417



**CONTINUATION OF FORM: CF1, Component Goals and Services**

**COMPONENT GOALS (continued):**

Based on current projections, however, the PCE&RECF can provide for PCE funding through part of FY 2000 with PCE funding capped at \$17 million. This request is expected to be sufficient to provide 75% funding of full program requirements estimated at \$22,500.0.

The PCE corpus was originally funded at approximately \$70 million in 1993. To date, the state has allocated \$17 million each year toward rural energy needs. This level of funding may or may not be sufficient in the future (depending upon energy prices, demand, utility efficiencies, etc.). Program funds are projected to be depleted early in FY2000 (8/31/99). The Governor has appointed a Blue Ribbon Panel of public and private sector Alaskans to make programmatic changes and long-term funding recommendations concerning PCE. The panel will present its findings for legislative review.

**DESCRIPTION OF COMPONENT SERVICES (continued):**

The \$17,000.0 request for FY 2000 is expected to be sufficient to provide about 75% funding of full program requirements during FY 2000 estimated to be \$22,500.0. The PCE projected requirements are based on 100% of the FY 1998 program need under the statutory parameters, plus 2% for increased eligible sales and increased utility costs. Calculations assume no change to the minimum power costs of 9.7 cents [AS 42.45.100(c)(2)] by the Alaska Public Utilities Commission.

Per administrative policy, this request reflects the Power Cost Equalization and Rural Electric Capitalization Fund (AS 42.45.100) as the funding source of the PCE program. Per AS 42.45.050, section (b)(3), this fund should receive an annual allocation (40%) of the money available in the Four Dam Pool Transfer Fund (FDPTF). The annual stream of revenue to the FDPTF is estimated to be over \$11 million, and the related allocation to the PCE&RECF would be \$4.5 million per year. Approximately \$2.1 million was deposited in FY 1998, and about \$2 million is expected in FY 1999. The FY 2000 allocation will be reduced by \$1.6 million as money is being retained by AEA/AIDEA and the Four Dam Pool utilities for repairs/upgrades to the hydroelectric projects. Total allocation for FY 2000 to the PCE is estimated to be \$3.7 million.

The sudden potential termination of the program early in FY2000 would shock electric rates in rural Alaska. Because of the varying PCE rates among communities, without PCE, rural customers' cost of electricity will increase from 20% to over 100%. Most of the 180 communities participating in the PCE program would experience high rate increases.

This budget request, capped at \$17 million, of program funding will create hardship in some cases. However, this provisional measure will buy time to set up a plan that will include reconsideration of the critical aspects of the program parameters and evaluation of viable options for extending PCE through the year 2013, even if in an amended or reduced format. Since the requested appropriation is expected to be insufficient for payment in full, the amount paid to each utility will be reduced to 75% on a pro-rata basis, as permitted by AS 42.45.110(i).

**ADDITIONAL  
EXPLANATION  
FORM**

Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Rural Energy Program - Energy Operations

COMPONENT Power Cost Equalization #1985

Page 2 of 2

Revised Date:

**FY 2000**

**000418**

**CONTACT:** Percy Frisby, Director, 269-4640

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

Continue to administer program compliance and disbursements to about 100 electrical utilities and 180 communities.

Maintain good turn-around of payments.

Continue to provide administrative training, when needed, to the staff of electrical utilities. This training is geared toward making staff self-sufficient/reliant in standard utility record keeping and administration.

**STATUTORY/REGULATORY CITATIONS**

AS 42.45.100-170

19 AAC 96.200-270

19 AAC 97.600-690

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Rural Energy Programs - Energy Operations

**COMPONENT** Power Cost Equalization #1985

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Revised Date:

**FY 2000**

000419

Agency:

Department of Community & Regional Affairs

BRU:

Circuit Rider Program



**CONTACT:** Percy Frisby, Director, 269-4640

**SUMMARY OF BRU SERVICES AND RESPONSIBILITIES:**

The mission of the Division of Energy is to assist rural communities throughout Alaska to develop and operate safe, reliable and efficient energy systems. The Circuit Rider Maintenance (CRM) program is one facet of service delivery needed for the communities to achieve these goals.

The services provided by contractors consist of periodic visits to communities and provide for plant inspection in coordination with the local operators. CRM services: 1) improve maintenance and operation of small community electric utility systems, thus extending the life of the systems; 2) reduce operating costs for those systems; 3) prevent safety hazards and emergency situations; 4) safeguard the State's investment in rural power systems; and 5) reduce the need for future capital demand on the State for replacement of the electric systems.

**SUMMARY OF BRU ISSUES:**

There are over 100 utilities in rural Alaska and the funding level for this component is not sufficient to provide CRM services to all of them. The Division will target limited geographic areas most in need and the services will be provided only during the harsher winter months when there is more risk of electric equipment failure and a greater need for electricity.

**BRU  
OVERVIEW**  
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Circuit Rider Program

Page 1 of 1

Revised Date:

**FY 2000**

000422

Agency:

Department of Community & Regional Affairs

BRU:

Circuit Rider Program

Component:

Circuit Rider

**CONTACT:** Percy Frisby, Director, 269-4640

**COMPONENT GOALS:**

Circuit Rider Maintenance (CRM) contracted services insure reliable and efficient performance of the electric systems in rural communities in the state. Specialized contractors perform scheduled, periodic visits to communities and inspect and provide for plant inspection in coordination with local operators. Current funding levels, however, will provide for limited services in targeted geographical areas most in need, and only during the winter months.

|                         | FY 98<br>ACTUAL | FY 99<br>AUTHORIZED | FY 2000<br>GOVERNOR |
|-------------------------|-----------------|---------------------|---------------------|
| <b>EXPENDITURES:</b>    |                 |                     |                     |
| Personal Services       | 0.0             | 0.0                 | 0.0                 |
| Other Program Costs     | 42.4            | 300.0               | 300.0               |
| Total                   | 42.4            | 300.0               | 300.0               |
| <b>FUNDING SOURCES:</b> |                 |                     |                     |
| Federal Receipts        |                 |                     |                     |
| General Fund Match      |                 |                     |                     |
| General Fund            | 42.4            | 300.0               | 300.0               |
| GF Program Receipts     |                 |                     |                     |
| GF Mental Health        |                 |                     |                     |
| Other Funds             |                 |                     |                     |
| Total                   | 42.4            | 300.0               | 300.0               |
| <b>STAFFING:</b>        |                 |                     |                     |
| Permanent Full-Time     | 0               | 0                   | 0                   |
| Permanent Part-time     | 0               | 0                   | 0                   |
| Temporary               | 0               | 0                   | 0                   |

**DESCRIPTION OF COMPONENT SERVICES:**

The Division contracts out the CRM services. The services are of a technical nature, not professional, and are normally provided by qualified plant operators, electricians and linemen. Contractors visit the participating communities on a quarterly or semi-annual basis, depending on the conditions of the electrical systems, operator skills, etc. Contractors perform technical inspection of facilities and testing of diesel generators, control panels, metering systems, distribution systems, etc. To contain program costs, travel to the communities is provided by logical clusters in geographical areas. To supplement the hands-on-training provided through the CRM contractor, where necessary the Division strives to provide formal plant operator training at the Alaska Vocational Technical School in Seward to insure that the local plants are operated by skilled personnel.

**DESCRIPTION OF COMPONENT CHANGES:** None.

**COMPONENT  
GOALS  
AND SERVICES**  
Form CF1  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Circuit Rider Program

**COMPONENT** Circuit Rider #2157

Page 1 of 1

Revised Date:

**FY 2000**

000423



**CONTACT:** Percy Frisby, Director, 269-4640

**OBJECTIVES AND ACCOMPLISHMENT MEASURES:**

The objective is to insure basic performance of the limited number of rural electric utilities that can be reached with the available funds.

Accomplishment measures will be based on performance, including prevention of disasters and emergencies.

**STATUTORY/REGULATORY CITATIONS**

AS 42.45

**COMPONENT  
OBJECTIVES AND  
ACCOMPLISHMENT  
MEASURES**  
Form CF2  
Revised 8/26/98

**AGENCY** Community and Regional Affairs

**BRU** Circuit Rider Program

**COMPONENT** Circuit Rider #2157

Page 1 of 1

Revised Date:

**FY 2000**

000424

## Bill Text



BILL ID: CSSB 169(FIN) AM H

00 CS FOR SENATE BILL NO. 169(FIN) am H

01 "An Act relating to missions and measures to be applied to certain expenditures  
02 by the executive branch of state government and the University of Alaska from  
03 the state operating budget for the fiscal year ending June 30, 2000; and providing  
04 for an effective date."

05 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

06 \* **Section 1. Legislative purpose.** The purpose of this Act is to state the mi  
07 expending money appropriated by the operating budget for the fiscal year 2000, fo  
08 departments of state government and for those divisions within departments that t  
09 reviewed in 1999 and, in some cases, to set out performance measures for division  
10 programs within divisions.

11 **Article 1. Department of Administration.**

12 \* **Sec. 2. Department of Administration.** The mission of the Department of  
13 Administration is to

- 14 (1) facilitate the operations of state government by providing cost-effective  
01 business management and information technology support services to state agencies
- 02 (2) provide equitable legal and advocacy services for indigent Alaskans;
- 03 (3) provide quality programs that promote the dignity, security, and  
04 independence of Alaska's seniors;
- 05 (4) provide efficient and accessible vehicle licensing and registration servic  
06 to the public; and
- 07 (5) provide administrative support to those commissions assigned to the  
08 department.

09 \* **Sec. 3. Admin - Division of Administrative Services.** The mission of the Di  
10 Administrative Services is to provide

- 11 (1) cost-effective business management and information technology support;  
12 and

- 13 (2) effectively administer state municipal grants programs.

14 \* **Sec. 4. Admin - Information Technology Group.** The mission of the Informati  
15 Technology Group is to

- 16 (1) assist state agencies in accomplishing their missions by providing  
17 innovative and cost effective technology support; and
- 18 (2) make government more accessible to the public through on-line information  
19 and services; and
- 20 (3) provide an essential piece of the state's information infrastructure by  
21 efficient use of Alaska's satellite-based public communications system ensuring t  
22 of educational programs, children's programs, news, and information material, and  
23 warnings throughout the state.

24 \* **Sec. 5. Admin - Division of Personnel.** The mission of the Division of Pers  
25 contribute to the efficiency and effectiveness of government by working in partne  
26 state agencies to hire and retain a qualified and productive workforce in accorda  
27 and federal rules.

28 \* **Sec. 6. Admin - Division of Finance.** The mission of the Division of Financ  
29 uphold the public's trust in the security, integrity, and stability of the state'  
30 through sound policies and compliance with fiscal rules, laws, and generally acce  
31 accounting principles.

01 \* **Sec. 7. Admin - Division of General Services.** The mission of the Division  
02 Services is to assist state agencies to accomplish their missions by

- 03 (1) facilitating the efficient and legal procurement of goods and service; and
- 04 (2) providing inventory control, surplus property disposal, office leasing,  
05 facility management, and mail room services.

06 \* **Sec. 8. Admin - Division of Alaska Longevity Programs.** The mission of the  
07 of Alaska Longevity Programs is to contribute to the dignity and security of the  
08 by providing timely and accurate longevity bonus payments to eligible individuals  
09 providing assisted living support for Pioneers' Homes residents.

10 \* **Sec. 9. Admin - Division of Retirement and Benefits.** The mission of the Di  
11 Retirement and Benefits is to develop, manage, and administer benefit programs to



12 retain qualified state employees and to extend those services to certain politica  
13 \* **Sec. 10. Admin - Division of Risk Management.** The mission of the Division  
14 Management is to protect the financial assets, operations, and employees of the s  
15 accidental loss through a comprehensive self-insurance program combined with exce  
16 insurance coverage.  
17 \* **Sec. 11. Admin - Division of Senior Services.** (a) The mission of the Divi  
18 Senior Services is to  
19 (1) maximize the independence of vulnerable elder Alaskans by providing  
20 choices and access to prevention, wellness, and quality long-term care services;  
21 (2) ensure that foster care children are expeditiously placed in permanent  
22 homes.  
23 (b) The legislature intends to measure the success of the division in achieving  
24 mission concerning foster care children by considering the percent  
25 (1) decrease in the average time to place a child in a permanent home in  
26 reviewed cases;  
27 (2) increase in the number of recommendations followed by the Division of  
28 Family and Youth Services in the Department of Health and Social Services in revi  
29 cases;  
30 (3) increase in the number of cases reviewed.  
31 \* **Sec. 12. Admin - Division of Motor Vehicles.** The mission of the Division o  
01 Vehicles is to provide protection of life and property through the efficient admi  
02 motor vehicle laws.  
03 \* **Sec. 13. Admin - Office of Public Advocacy.** The mission of the Office of P  
04 Advocacy is to protect the rights of vulnerable Alaskans by providing cost-effect  
05 guardian representation to abused and neglected children and to incapacitated adu  
06 \* **Sec. 14. Admin - Public Defender Agency.** The mission of the Public Defende  
07 Agency is to ensure equal justice for all Alaskans by providing constitutionally  
08 representation to indigent clients.  
09 \* **Sec. 15. Admin - Office of Tax Appeals.** The mission of the Office of Tax A  
10 is to provide impartial, timely, and cost-effective hearing of tax appeals and ot  
11 administrative appeals brought by businesses and individuals.  
12 \* **Sec. 16. Admin - Y2K Project Office.** The mission of the Y2K project office  
13 assure that key business functions of the state are not interrupted due to Y2K re  
14 problems.  
15 \* **Sec. 17. Admin - Alaska Public Offices Commission.** The mission of the Alas  
16 Public Offices Commission is to  
17 (1) increase public confidence in the state's election process and in our elec  
18 and appointed officials by promoting fairness and openness in elections;  
19 (2) uphold the public's right to know the influences on public decision-making  
20 and  
21 (3) encourage participation in the process of representative democracy.  
22 \* **Sec. 18. Admin - Oil and Gas Conservation Commission.** The mission of the O  
23 Gas Conservation Commission is to protect the public interest in exploration and  
24 of oil and gas resources, ensuring conservation practices, and maximum ultimate r  
25 while protecting health, safety, the environment, and property rights.  
26 **Article 2. Department of Commerce and Economic Development.**  
27 \* **Sec. 19. Department of Commerce and Economic Development.** The mission of t  
28 Department of Commerce and Economic Development is to work with the private secto  
29 communities in the state, and other governmental entities in the state in creatin  
30 Alaskans, strengthening the state's competitiveness in the world marketplace, and  
31 a fair and consistent business regulatory environment in the state.  
01 \* **Sec. 20. DCED - Office of the Commissioner.** The mission of the Office of t  
02 Commissioner is to  
03 (1) effectively and efficiently manage the department;  
04 (2) serve as a liaison between the department and private, governmental, and  
05 other public institutions and agencies.  
06 \* **Sec. 21. DCED - Division of Administrative Services.** The mission of the Di  
07 Administrative Services is to provide management services and centralized adminis  
08 support to the divisions and agencies within the department.  
09 \* **Sec. 22. DCED - Division of Banking, Securities, and Corporations.** The ove  
10 mission of the Banking, Securities, and Corporations Division is to  
11 (1) maintain a stable financial network in the state for the safe conduct of  
12 financial services;  
13 (2) protect securities investors;



14 (3) protect shareholders in ANCSA corporations from false and misleading  
15 proxy solicitations;  
16 (4) provide in-state and out-of-state businesses with a legal structure enabli  
17 them to transact commerce in the state.

18 \* **Sec. 23. DCED - Division of Insurance.** The mission of the Division of Insu  
19 to

20 (1) protect and serve the state by developing, interpreting, and enforcing the  
21 insurance statutes and regulations;

22 (2) protect and educate the consumer; and

23 (3) enhance the insurance business environment.

24 \* **Sec. 24. DCED - Division of Investments.** The mission of the Division of In  
25 is to

26 (1) promote economic development through direct state lending within those  
27 industries that are not adequately serviced by the private sector; and

28 (2) provide interagency and interdepartmental loan servicing of other loan  
29 portfolios.

30 \* **Sec. 25. DCED - Division of Trade and Development.** The mission of the Divi  
31 of Trade and Development is to

01 (1) provide economic and business information and services to the private  
02 sector and to trading partners;

03 (2) encourage trade, investment, and sound economic development throughout  
04 the state.

05 \* **Sec. 26. DCED - Division of Tourism.** The mission of the Division of Touris

06 (1) promote the state as a seasonal and year-round travel destination;

07 (2) create jobs and business opportunities in the private sector; and

08 (3) disperse the economic benefit of tourism throughout the state.

09 \* **Sec. 27. DCED - Alaska Aerospace Development Corporation.** The mission of t  
10 Alaska Aerospace Development Corporation is to allow the state to take a lead rol  
11 launching and servicing satellites and downloading data from satellites.

12 \* **Sec. 28. DCED - Alaska Seafood Marketing Institute.** The mission of the Ala  
13 Seafood Marketing Institute is to increase the consumption of Alaska seafood and  
14 the quality and superiority of state seafood products.

15 \* **Sec. 29. DCED - Alaska Science and Technology Foundation.** (a) The mission  
16 Alaska Science and Technology Foundation is to build an entrepreneurial state eco  
17 through the development and application of science and technology.

18 (b) The legislature intends to measure the success of the Alaska Science and  
19 Technology Foundation (ASTF) in achieving its mission by considering

20 (1) whether the number of full-time equivalent jobs in the state that are a di  
21 result of ASTF project increases as compared to the five-year average;

22 (2) the increase in the amount of gross sales from technology resulting from  
23 ASTF projects;

24 (3) the increase in the number of value-added products for export or that  
25 substitute for imported products;

26 (4) the decrease in cost of goods or services purchased by the public sector  
27 from science or technology that results from ASTF projects;

28 (5) the percentage increase of public goods or services projects that show  
29 improvement as measured on a project-by-project basis.

30 **Article 3. Department of Community and Regional Affairs.**

31 \* **Sec. 30. Department of Community and Regional Affairs.** The mission of the  
01 Department of Community and Regional Affairs is to foster the development of self  
02 and productive individuals, families, and communities by providing training, tech  
03 assistance, and financial support.

04 \* **Sec. 31. DCRA - Office of the Commissioner.** The mission of the Office of t  
05 Commissioner is to set policy and program direction to achieve the department's m  
06 providing leadership, training, technical assistance, and financial support that  
07 development of self-reliant individuals, families, and communities.

08 \* **Sec. 32. DCRA - Division of Administrative Services.** The mission of the Di  
09 Administrative Services is to provide general oversight and administrative servic  
10 department programs through the division's audit, personnel, fiscal, budget and p  
11 and information systems sections.

12 \* **Sec. 33. DCRA - Division of Municipal and Regional Assistance.** The mission  
13 Division of Municipal and Regional Assistance is to advise, assist, and coordinat  
14 local governments, individuals, and organizations so that communities can effecti  
15 essential public services.

16 \* **Sec. 34. DCRA - Division of Energy.** The mission of the Division of Energy  
17 in the development of safe, reliable, independent, and efficient energy systems t  
18 state that are financially viable and environmentally sound.

19 \* **Sec. 35. DCRA - Division of Community and Rural Development.** The mission o  
20 the Division of Community and Rural Development is to assist in the development o  
21 reliant communities and individuals by providing training, technical assistance,  
22 support.

23 **Article 4. Department of Corrections.**

24 \* **Sec. 36. Department of Corrections.** The mission of the Department of Corre  
25 to protect the public and encourage offender rehabilitation through humane, safe,  
26 effective confinement and supervision. The department will respect the rights of  
27 recognize the dignity inherent in all human beings as it pursues this mission.

28 \* **Sec. 37. DCorrections - Parole Board.** The mission of the Parole Board is t  
29 administer the release of eligible correctional inmates while providing for publi  
30 for the successful integration of parolees into the community.

31 \* **Sec. 38. DCorrections - Division of Administrative Service.** The mission of  
01 Division of Administrative Services is to assist and provide effective and effici  
02 administrative support services to the operating divisions within the department  
03 implementing their programs, while ensuring compliance with federal regulations,  
04 statutes, state regulations, state policies and procedures, and departmental poli  
05 procedures, as approved by the Office of the Commissioner.

06 \* **Sec. 39. DCorrections - Alaska Correctional Industries.** The mission of the  
07 Correctional Industries is to assist in the rehabilitation of prisoners by provid  
08 experiences as much like those that prevail in private industry as possible.

09 \* **Sec. 40. DCorrections - Division of Institutions.** The mission of the Divis  
10 Institutions is to ensure that the institutions are maintaining an environment fo  
11 prisoners that promotes positive change and at the same time fulfills the statuto  
12 of protecting the public.

13 \* **Sec. 41. DCorrections - Division of Community Corrections.** The mission of  
14 Division of Community Corrections is to

15 (1) develop and maintain public safety through supervision standards in  
16 conjunction with the regional chief probation officers; and

17 (2) provide for public safety through supervision of adult felons who are plac  
18 in the division's jurisdiction.

19 **Article 5. Department of Education.**

20 \* **Sec. 42. Department of Education.** The mission of the Department of Educati  
21 lead and support the development of responsible, economically viable, lifelong le  
22 citizens.

23 \* **Sec. 43. DOE - Office of the Commissioner.** The mission of the Office of th  
24 Commissioner is to direct the department as it leads and supports the development  
25 responsible, economically viable, lifelong learners and citizens.

26 \* **Sec. 44. DOE - Education Support Services.** The mission of the Education Su  
27 Services is to provide management, financial, and technical support services to d  
28 programs and the operation of public schools for lifelong learners and citizens.

29 \* **Sec. 45. DOE - Teaching and Learning Support.** (a) The mission of the Teac  
30 and Learning Support is to improve student performance through professional devel  
31 school accountability, standards, and assessment.

01 (b) The legislature intends to measure the success of Teaching and Learning Sup  
02 in achieving its mission by considering the percentage increase of students

03 (1) who meet or exceed the proficiency level for reading, writing, and  
04 mathematics performance standards as measured by the state benchmark assessment i  
05 3, 6, and 8;

06 (2) in grades 4 and 7 scoring at or above the national average on the state  
07 adopted norm-referenced test;

08 (3) who meet or exceed the proficiency level for reading, writing, and  
09 mathematics performance standards as measured by the state high school graduation  
10 examination.

11 \* **Sec. 46. DOE - Division of Vocational Rehabilitation.** The mission of the D  
12 of Vocational Rehabilitation is to assist individuals with disabilities to overco  
13 employment and maintain suitable employment.

14 \* **Sec. 47. DOE - Libraries, Archives, and Museums.** The mission of the Librar  
15 Archives, and Museums is to provide library, archival, and museum services for th  
16 of lifelong learners and citizens.

17 \* **Sec. 48. DOE - Alyeska Central School.** The mission of Alyeska Central Scho



18 provide a cost-effective, high quality educational program through distance deliv  
19 students who elect to complete their studies at home.

20 \* **Sec. 49. DOE - Mt. Edgecumbe High School.** The mission of Mt. Edgecumbe Hig  
21 School is to provide a comprehensive academic program in a residential setting fo  
22 students who will benefit from a boarding school.

23 \* **Sec. 50. DOE - Alaska Vocational Technical Center.** The mission of the Alas  
24 Vocational Technical Center is to provide market-driven vocational and technical  
25 prepare state residents for employment industry-specific qualifications.

26 \* **Sec. 51. DOE - Alaska State Council on the Arts.** The mission of the Alaska  
27 Council on the Arts is to provide an enriched atmosphere for lifelong participati  
28 state's rich artistic diversity through advocacy, information, and educational se

29 \* **Sec. 52. DOE - Alaska Commission on Postsecondary Education.** (a) The miss  
30 of the Alaska Commission on Postsecondary Education is to

31 (1) support the development of economically viable citizens by providing,

01 through the self-sustaining loan fund, educational loans to postsecondary student

02 (2) authorizing the operation of postsecondary institutions.

03 (b) The legislature intends to measure the success of the commission in achievi  
04 mission by considering

05 (1) the percentage of and the increase in the percentage of Alaska student loa  
06 borrowers completing job-specific training programs;

07 (2) the percentage of and the decrease in the percentage of loans that are in  
08 default;

09 (3) the defaulted loan recovery rate and the increase in the rate of recovery  
10 defaulted loans.

11 \* **Sec. 53. DOE - WWAMI.** (a) The mission of the Alaska Commission on  
12 Postsecondary Education in administering the WWAMI program is to improve the gene  
13 health and well-being of state residents by providing biomedical education, resea  
14 care, and public service.

15 (b) The legislature intends to measure the success of the WWAMI program by  
16 considering

17 (1) whether the program succeeds in increasing the number of Alaska  
18 communities with access to basic or enhanced medical services associated with WWA

19 (2) the percentage increase in WWAMI participants who return to the state to  
20 practice medicine;

21 (3) percentage increase of Alaskans receiving medical care through programs  
22 and physicians supported by the University of Washington School of Medicine WWAMI  
23 program;

24 (4) the percentage increase in health-related programs developed in the state  
25 that are associated with WWAMI/UW; and

26 (5) the number of research projects in or about the state associated with the  
27 University of Washington School of Medicine WWAMI program.

28 **Article 6. Department of Environmental Conservation.**

29 \* **Sec. 54. Department of Environmental Conservation.** The mission of the Depa  
30 of Environmental Conservation is to develop, coordinate, and administer policies,  
31 and planning related to public health and the environment of the state.

01 \* **Sec. 55. DEC - Office of the Commissioner.** The mission of the Office of th  
02 Commissioner is to set departmental policy and implement statutory requirements.

03 \* **Sec. 56. DEC - Division of Administrative Services.** The mission of the Div  
04 Administrative Services is to provide administrative support for the department's  
05 personnel.

06 \* **Sec. 57. DEC - Division of Spill Prevention and Response.** The mission of t  
07 Division of Spill Prevention and Response is to prevent, respond to, and ensure t  
08 of unauthorized discharges of oil and hazardous substances.

09 \* **Sec. 58. DEC - Division of Air and Water Quality.** The mission of the Divis  
10 Air and Water Quality is to identify, prevent, abate, and control air and water p  
11 cost-effective, accountable manner.

12 \* **Sec. 59. DEC - Division of Environmental Health.** The mission of the Divisi  
13 Environmental Health is to prevent and control public health nuisances by establi  
14 standards of cleanliness and sanitation for water, solid waste, and food where a  
15 sanitation may create a condition that causes disease.

16 \* **Sec. 60. DEC - Division of Facility Construction and Operation.** The missio  
17 Division of Facility Construction and Operation is to provide financial and techn  
18 to local governments for construction and operation of water, sewage, and solid w

19 \* **Sec. 61. DEC - Division of Statewide Public Service.** The mission of the Di



20 Statewide Public Service is to provide environmental compliance assistance to com  
21 and businesses.

22 **Article 7. Department of Fish and Game.**

23 \* **Sec. 62. Department of Fish and Game.** The mission of the Department of Fis  
24 Game is to protect, maintain, and improve the fish, game, and aquatic plant resou  
25 state, and manage their use and development in the best interest of the economy a  
26 being of the people of the state, consistent with the sustained yield principle.

27 \* **Sec. 63. DF&G - Office of the Commissioner.** The mission of the Office of t  
28 Commissioner is to provide executive leadership and policy guidance in managing,  
29 maintaining, and improving the fish, game, and aquatic plant resources of the sta

30 \* **Sec. 64. DF&G - Division of Administrative Services.** The mission of the Di  
31 of Administrative Services is to provide efficient and cost-effective professiona  
01 services to the programs of the department.

02 \* **Sec. 65. DF&G - Division of Commercial Fisheries.** (a) The mission of the  
03 of Commercial Fisheries is to manage, protect, rehabilitate, enhance, and develop  
04 aquatic plant resources in the interest of the economy, consistent with the susta  
05 principle and subject to allocations through public regulatory processes.

06 (b) The legislature intends to measure the success of the division in achieving  
07 mission by considering

08 (1) the harvest for each fishery, based on the location, species, and gear,  
09 compared to the 10-year average for that fishery;

10 (2) the percentage of fisheries open in one year compared to total number of  
11 fisheries;

12 (3) the percentage of permits actively fished compared to 10-year average of  
13 permits fished;

14 (4) the actual harvest compared to the projection;

15 (5) the number of escapement objectives met compared to the total number of  
16 objectives;

17 (6) the number of allocation objectives met compared to total number of  
18 objectives.

19 \* **Sec. 66. DF&G - Commercial Fisheries Entry Commission.** The mission of the  
20 Commercial Fisheries Entry Commission is to limit entry into commercial fisheries  
21 purposes of resource conservation and to prevent economic distress among fisherme  
22 those dependent on them for a livelihood.

23 \* **Sec. 67. DF&G - Division of Habitat and Restoration.** (a) The mission of t  
24 Division of Habitat and Restoration is to rehabilitate, enhance, and develop habi  
25 wildlife consistent with sound conservation and sustained yield principles.

26 (b) The legislature intends to measure the success of the division in achieving  
27 mission by considering the number of

28 (1) projects involving construction of a dam or other obstruction in a  
29 fish-bearing water body where efficient fish passage was maintained, mitigated, o  
30 compensated compared to the number of projects permitted;

31 (2) projects where fish and game populations and habitat in specified  
01 anadromous water bodies were maintained, protected, or enhanced compared to the n  
02 of projects in specified anadromous water bodies permitted;

03 (3) projects where unavoidable losses to fish and game populations were  
04 successfully mitigated compared to the number of

05 (A) projects involving unavoidable losses to fish and game; and

06 (B) all projects permitted;

07 (4) permits issued where violations of permit terms and conditions were  
08 satisfactorily resolved compared to the number of

09 (A) permits whose terms and conditions were violated; and

10 (B) all permits issued.

11 \* **Sec. 68. DF&G - Division of Subsistence.** The mission of the Division of Su  
12 is to

13 (1) gather, quantify, evaluate, and report data about uses, users, and methods  
14 of subsistence hunting and fishing; and

15 (2) make recommendations on the effects of federal and state laws and  
16 regulations on subsistence use.

17 \* **Sec. 69. DF&G - Division of Sport Fish.** The mission of the Division of Spo  
18 is to manage, protect, maintain, improve, and extend the state's recreational fis  
19 in the interest of the economy, consistent with the sustained yield principle and  
20 allocations through public regulatory processes.

21 \* **Sec. 70. DF&G - Division of Wildlife Conservation.** The mission of the Divi

22 Wildlife Conservation is to conserve and enhance Alaska's wildlife, consistent wi  
23 sustained yield principle, and to provide for a wide range of uses to the benefit  
24 future generations of people.

25 **Article 8. Department of Health and Social Services.**

26 \* **Sec. 71. Department of Health and Social Services.** The mission of the Depa  
27 of Health and Social Services is to promote and protect the health and well-being  
28 citizens with a focus on prevention and early intervention.

29 \* **Sec. 72. DHSS - Office of the Commissioner.** The mission of the Office of t  
30 Commissioner is to promote and protect the well-being of Alaskans by investing in  
31 and communities.

01 \* **Sec. 73. DHSS - Division of Administrative Services.** The mission of the Di  
02 Administrative Services is to provide quality administrative services that suppor  
03 department's programs.

04 \* **Sec. 74. DHSS - Division of Public Assistance.** The mission of the Division  
05 Assistance is to provide basic living expenses and self-sufficiency services to A  
06 need.

07 \* **Sec. 75. DHSS - Division of Public Health.** The mission of the Division of  
08 Health is to preserve and promote the state's public health.

09 \* **Sec. 76. DHSS - Division of Alcoholism and Drug Abuse.** The mission of the  
10 of Alcoholism and Drug Abuse is to promote the health and well-being of Alaskans  
11 preventing and treating the abuse of alcohol, other drugs and inhalants.

12 \* **Sec. 77. DHSS - Division of Medical Assistance.** The mission of the Divisio  
13 Medical Assistance is to maintain access to quality health care for all Alaskans  
14 health coverage for Alaskans in need.

15 \* **Sec. 78. DHSS - Division of Family and Youth Services.** The mission of the  
16 of Family and Youth Services is to

17 (1) protect children who are abused and neglected or at risk of abuse and  
18 neglect;

19 (2) protect and restore communities and victims; and

20 (3) rehabilitate juvenile offenders.

21 \* **Sec. 79. DHSS - Division of Mental Health and Developmental Disabilities.**

22 mission of the Division of Mental Health and Developmental Disabilities is to pla  
23 provide appropriate prevention, treatment, and support for consumers and their fa  
24 affected by mental disorders or developmental disabilities, while maximizing thei  
25 determination.

26 **Article 9. Department of Labor.**

27 \* **Sec. 80. Department of Labor.** The mission of the Department of Labor is to  
28 promote, and improve working conditions and advance the opportunities for profita  
29 employment of the wage earners of the state to the mutual benefit of employees an  
30 employers.

31 \* **Sec. 81. DOL - Office of the Commissioner.** The mission of the Office of t  
01 Commissioner is to foster compliance with the statutes and policies that foster,  
02 improve working conditions and advance opportunities for profitable employment.

03 \* **Sec. 82. DOL - Division of Administrative Services.** The mission of the Div  
04 Administrative Services is to

05 (1) provide efficient administrative services in support of the department's  
06 programs; and

07 (2) analyze and distribute demographic and economic information that assists  
08 Alaskans in making more informed policy and employment decisions.

09 \* **Sec. 83. DOL - Division of Employment Security.** The mission of the Divisio  
10 Employment Security is to assist in easing the negative effects that involuntary  
11 has on Alaska's wage earners and society and to assist unemployed wage earners fi  
12 employment.

13 \* **Sec. 84. DOL - Division of Workers' Compensation.** The mission of the Divis  
14 Workers' Compensation is to

15 (1) ensure that eligible Alaska workers are provided adequate medical care,  
16 prompt payment of benefits, and, if needed, voluntary rehabilitative services;

17 (2) provide protection to employers from being sued in court by employees for  
18 workplace injuries;

19 (3) provide assistance with medical costs of injuries or illnesses due to  
20 commercial fishing activities onshore or in state water; and

21 (4) reimburse employers for compensation paid to employees involved in a  
22 second injury.

23 \* **Sec. 85. DOL - Division of Labor Standards and Safety.** (a) The mission of



24 Division of Labor Standards and Safety is to provide assistance and oversight to  
25 employees and employers in the state by ensuring safe and healthy working conditi  
26 compensation, and legal employment practices, and to provide public and consumer  
27 by ensuring the integrity and safety of various mechanical systems and equipment.

28 (b) The mission of the Wage and Hour administration in the Division of Labor  
29 Standards and Safety is to

30 (1) assist employers by responding to their questions concerning the applicati  
31 of the wage and hour statutes and regulations to their unique business situations

01 (2) ensure that employees are justly compensated for work;

02 (3) safeguard workers from unscrupulous employment practices; and

03 (4) ensure that children are not exploited in dangerous occupations.

04 (c) The mission of the Mechanical Inspection Section in the Division of Labor  
05 Standards and Safety is to protect employers and employees by

06 (1) providing oversight and inspection for hazards related to boilers, pressur  
07 vessels, elevators, escalators, wheelchair lifts, recreational devices, electrica  
08 installations statewide;

09 (2) testing and licensing people associated with some of the activities set ou  
10 in (1) of this subsection.

11 (d) The mission of the Occupational Safety and Health Administration in the Div  
12 of Labor Standards and Safety is to work in partnership with Alaska employers and

13 toward eliminating workplace injuries, illnesses, and deaths, and to assist emplo  
14 complying with state and federal regulations relating to occupational safety and

15 (e) The mission of the Alaska State Advisory Council in the Division of Labor  
16 Standards and Safety is to work with organizations, individuals, and groups that

17 in the promotion of safety to reduce accidental death and injury.

18 **Article 10. Department of Law.**

19 \* **Sec. 86. Department of Law.** The mission of the Department of Law is to

20 (1) protect the state's sovereignty;

21 (2) prosecute crime;

22 (3) represent and advise the state in all civil matters; and

23 (4) provide other legal services to state government.

24 \* **Sec. 87. DLaw - Office of the Attorney General.** The mission of the Office  
25 Attorney General is to

26 (1) allocate state legal services;

27 (2) represent the state in civil actions;

28 (3) prosecute cases involving violation of state law.

29 \* **Sec. 88. DLaw - Division of Administrative Services.** The mission of the Di  
30 Administrative Services is to provide core services that are essential to the day  
31 operation of the department and the management of department resources.

01 \* **Sec. 89. DLaw - Civil Division.** The mission of the Civil Division is to pr

02 (1) the human, financial, and natural resources of the state by providing lega  
03 advice, prosecution, and defense; and

04 (2) the state's sovereignty and guarantees of statehood.

05 \* **Sec. 90. DLaw - Criminal Division.** The mission of the Criminal Division is

06 (1) prosecute crime;

07 (2) uphold convictions through appellate and post-conviction proceedings; and

08 (3) provide effective representation for state criminal justice agencies.

09 \* **Sec. 91. DLaw - Office of Special Prosecutions and Appeals.** The mission of  
10 Office of Special Prosecutions and Appeals is to prosecute complex economic and n  
11 resource cases, and to uphold the state's position on appeals of criminal convict  
12 statutes relating to criminal justice.

13 **Article 11. Department of Military and Veterans' Affairs.**

14 \* **Sec. 92. Department of Military and Veterans' Affairs.** The mission of the  
15 Department of Military and Veterans' Affairs is to provide strategically position  
16 and ready military forces capable of rapid deployment, joint operations, and miss  
17 accomplishment in the state or throughout the world while also providing organiza  
18 capable of performing required and emergency services to Alaska.

19 \* **Sec. 93. DMVA - Division of Administrative Services.** The mission of the Di  
20 of Administrative Services is to provide effective and efficient administrative s  
21 departmental employees and programs in order to maximize public service.

22 \* **Sec. 94. DMVA - Division of Emergency Services.** The mission of the Divisio  
23 Emergency Services is to lead, coordinate, and support the emergency management s  
24 protect lives and prevent the loss of property from all hazards.

25 \* **Sec. 95. DMVA - Facilities Management Office.** The mission of the Facilitie



26 Management Office is to provide, maintain, and operate safe, secure, high-quality  
27 training areas, and ranges for the Alaska Army National Guard on a cost-effective  
28 meet or exceed unit mission requirements, environmental compliance standards, and  
29 efficiencies.

30 \* **Sec. 96. DMVA - Contracting and Project Management Section.** The mission of  
31 contracting and project management section is to provide specified and unspecific  
01 construction services supporting new construction, maintenance, and repair and to  
02 energy conservation measures that will enable the Alaska Army National Guard to m  
03 established Department of Defense energy goals.

04 \* **Sec. 97. DMVA - Operations and Maintenance Section.** The mission of the ope  
05 and maintenance section is to provide maintenance, repair, minor construction, an  
06 services in support of facilities of the department and other governmental agenci  
07 effective manner.

08 \* **Sec. 98. DMVA - Major Construction Section.** The mission of the major const  
09 section is to provide major construction services for safe, secure, high quality  
10 training areas, and ranges for the Alaska Army National Guard on a cost-effective  
11 meet or exceed unit mission requirements, environmental compliance standards, ene  
12 efficiencies, and plan for future major construction and real property needs.

13 \* **Sec. 99. DMVA - Alaska Air National Guard.** (a) The global mission of the  
14 Air National Guard is to provide strategically positioned units in the state that  
15 and highly trained for rapid global response and joint operations as a part of ou  
16 force policy.

17 (b) The Alaska mission of the Alaska Air National Guard is to provide communiti  
18 in the state and the state with effective, top quality units and people who prote  
19 property, preserve peace and order, enhance public safety, and participate in pro  
20 value to the nation.

21 \* **Sec. 100. DMVA - Alaska Army National Guard.** (a) The global mission of th  
22 Alaska Army National Guard is to organize, man, equip, and train units as a part  
23 nation's total force policy that are capable of rapid response from the state's s  
24 to conduct tactical, stability, and joint operations in support of worldwide Unit  
25 military missions.

26 (b) The Alaska mission of the Alaska Army National Guard is to organize, man,  
27 equip, and train quality units capable of rapid air and land response for state e  
28 missions.

29 \* **Sec. 101. DMVA - Alaska National Guard Youth Corps.** (a) The mission of th  
30 Alaska National Guard Youth Corps is to use proven United States military methodo  
31 techniques to motivate "at risk" youth who are 16 - 18 years of age to become pro  
01 successful citizens.

02 (b) The legislature intends to measure the success of the youth corps in achiev  
03 mission by considering the percentage of

04 (1) graduates who receive their GED or reenter high school;

05 (2) students increasing English or math comprehension one grade level or  
06 more;

07 (3) enrollees who graduate from the youth corps program;

08 (4) graduates working, in school, including continuing education, or training  
09 one year after graduation from the youth corps program.

10 **Article 12. Department of Natural Resources.**

11 \* **Sec. 102. Department of Natural Resources.** The mission of the Department  
12 Natural Resources is to develop, conserve, enhance, and make available natural re  
13 present and future Alaskans.

14 \* **Sec. 103. DNR - Division of Support Services.** The mission of the Division  
15 Services is to provide effective and efficient administrative services to departm  
16 and programs in order to maximize public service.

17 \* **Sec. 104. DNR - Division of Oil and Gas.** The mission of the Division of Oi  
18 is to encourage maximum responsible oil and gas exploration and development.

19 \* **Sec. 105. DNR - Division of Agriculture.** The mission of the Division of Ag  
20 is to promote and encourage development of an agriculture industry in the state.

21 \* **Sec. 106. DNR - Division of Land.** (a) The mission of the Division of Land  
22 provide for maximum use and settlement of state land consistent with the public i

23 (b) The legislature intends to measure the success of the Division of Land in a  
24 its mission by considering

25 (1) the percentage of total entitlement acres that were acquired during the ye

26 (2) the percentage of trespass actions resolved;

27 (3) the percentage of Bureau of Land Management conveyance to third parties

28 contested;

29 (4) the number of amendments to existing area plans;

30 (5) in regions without area plans, the number of site-specific plans as a  
31 measure of changing land classification and land use requirements;

01 (6) the dollar amount of revenue from material sales;

02 (7) the ratio of commercial land use permits as percent of the total land use  
03 permits;

04 (8) the ratio of leases with significant economic benefit (that is, those that  
05 create 20 or more jobs) as percent of total;

06 (9) the commercial rights-of-way as percent of total rights-of-way;

07 (10) the number of land sales held and percent of preference rights conveyed  
08 versus applications;

09 (11) with respect to municipal entitlement requests and applications, the  
10 number of applications received from municipalities and the number of acres;

11 (12) percentage of entitlement remaining to process considered by the number  
12 of acres;

13 (13) the percentage of remaining entitlement selected, considered both by  
14 number and by acres;

15 (14) the number of parcels of entitlement that are expedited, considered both  
16 by number and by acres;

17 (15) the percentage of municipal selections approved by the division but  
18 waiting for municipal survey, considered both by number and by acres.

19 \* **Sec. 107. DNR - Division of Forestry.** (a) The mission of the Division of  
20 to develop, conserve, enhance, and manage the state's forests to provide a sustain  
21 of forest resources for Alaskans.

22 (b) The mission of forest management and development in the Division of Forestr  
23 is to

24 (1) manage state forests and forested state lands, for which forestry is an  
25 identified use, sustainably for the many public uses of forest resources;

26 (2) administer the Alaska Forest Resources and Practices Act on state,  
27 municipal, and private lands in a manner that maximizes sustainable forest resour  
28 economic enterprises that rely on forest resources; and

29 (3) provide support to nonindustrial private forest landowners to ensure healt  
30 and productivity of Alaska forests.

31 (c) The mission of the statewide fire suppression in the Division of Forestry

01 (1) as to fire suppression, is to manage wildland fire for the safety of Alask  
02 and protection of property and to maintain a healthy forest;

03 (2) as to pre-suppression, is to reduce human caused fires and maintain fire  
04 fighting resources in a state of operational readiness to manage wildland fires f  
05 of the state's forest resources and to maintain a healthy forest.

06 (d) The legislature intends to measure the success of the Division of Forestry  
07 achieving the mission set out in (b)(1) of this section by considering

08 (1) the distribution and abundance of forest types and stand ages;

09 (2) the volume of timber offered annually, including volume of timber offered  
10 in-state, and value-added processing;

11 (3) the volume of timber offered over a five-year period, by year; this measur  
12 is a measure of stability;

13 (4) the percentage of harvest acres of state land meeting reforestation  
14 requirements established by AS 41.17 or by regulations adopted under AS 41.17 (Fo  
15 Resources and Practices Act);

16 (5) the volume offered and number of jobs resulting from timber sales sold  
17 under value-added sales (AS 38.05.123).

18 (e) The legislature intends to measure the success of the Division of Forestry  
19 achieving the mission set out in (b)(2) of this section by considering

20 (1) the level of compliance with best management practices, as measured by  
21 implementation monitoring program.

22 (2) the continued productivity of fish habitat, as measured by effectiveness  
23 monitoring studies;

24 (3) the continued protection of water quality, as measured by implementation  
25 monitoring program;

26 (4) the continuation of certification for federal Clean Water Act and coastal  
27 zone compliance in accordance with AS 41.17 or with regulations adopted under AS  
28 (Forest Resources and Practices Act);

29 (5) the compliance with requirements for reforestation on private, municipal,  
30 and non-DNR state land.



31 (f) The legislature intends to measure the success of the Division of Forestry  
01 achieving the mission set out in (b)(3) of this section by considering  
02 (1) the percentage of nonindustrial forest land covered by forest stewardship  
03 plans;  
04 (2) the percentage and number of communities with organized community  
05 forestry activities;  
06 (3) the equipment and amounts provided to highest priority fire departments;  
07 (4) the percentage of total forested acres included in the annual insect and  
08 disease report;  
09 (g) The legislature intends to measure the success of the Division of Forestry  
10 achieving the mission set out in (c) of this section by considering  
11 (1) the percentage of fires in full and critical protection categories held at  
12 than 10 acres;  
13 (2) the percentage of the total cost that was used to obtain personnel and  
14 equipment from out of state;  
15 (3) the percentage of total fire departments with cooperative agreements  
16 between wildland fire protection and structural protection providers;  
17 (4) the percentage of fires that result from human actions, whether as a  
18 function of population growth or of other causes;  
19 (5) the extent and characteristics of damage to structures after wildland fire  
20 \* Sec. 108. DNR - Division of Mining and Water Management. (a) The mission  
21 Division of Mining and Water Management is to facilitate the development and stew  
22 of the state's  
23 (1) mineral and coal resources; and  
24 (2) water resources.  
25 (b) The legislature intends to measure the success of the Division of Mining an  
26 Water Management in achieving the mission of the mining section with respect to  
27 (1) public safety by considering the percentage of abandoned mines on state  
28 land considered hazardous;  
29 (2) rights and development by considering the number of  
30 (A) new leases and claims compared to the total number of leases and  
31 claims;  
01 (B) closed leases and claims compared to the total number of leases  
02 and claims; and  
03 (C) federal claims compared to the total number of leases and claims;  
04 (3) permitting by considering the  
05 (A) adverse audit findings compared to total audit findings;  
06 (B) dollar value and number of jobs associated with mineral  
07 exploration, development, and mine operations, by commodity, over time;  
08 (C) number of active mines over time;  
09 (D) dollar value and number of mineral exploration credits over time;  
10 and  
11 (E) aged rentals and royalties received by commodity over time; and  
12 (4) compliance by considering the  
13 (A) percentage of active mines without violations;  
14 (B) acres reclaimed compared to acres designated for reclamation  
15 (activity measure); and  
16 (C) number and type of permit violations.  
17 (c) The legislature intends to measure the success of the Division of Mining an  
18 Water Management in achieving the mission when measuring the division's performan  
19 respect to public safety by considering the percentage of dams inspected and foun  
20 compliance.  
21 (d) The legislature intends to measure the success of the Division of Mining an  
22 Water Management in achieving the mission when measuring the division's performan  
23 respect to water rights by considering  
24 (1) the percentage change in total inventory;  
25 (2) the average processing time of water rights.  
26 (e) The legislature intends to measure the success of the Division of Mining an  
27 Water Management in achieving the mission set out in (a)(2) of this section when  
28 the division's performance with respect to dam development by considering  
29 (1) the percentage change in total inventory and use authorization;  
30 (2) the average processing time of authorization.  
31 (f) The legislature intends to measure the success of the Division of Mining an  
01 Management in achieving the mission set out in (a)(2) of this section when measur  
02 division's performance with respect to ownership by considering



03 (1) water rights and authorizations with complaints compared to total water  
04 rights and authorizations by type, such as residential, municipal, business, fede  
05 water rights, and instream flows;

06 (2) the percentage of resource development projects applying for water permits  
07 receiving permits within appropriate time frame.

08 (g) The legislature intends to measure the success of the Division of Mining an  
09 Water Management in achieving the mission set out in (a)(2) of this section when  
10 the division's performance with respect to data by considering the percentage of

11 (1) data requests satisfied within appropriate time frame, where data is  
12 available;

13 (2) times data is compatible with other users.

14 \* **Sec. 109. DNR - Division of Geological and Geophysical Surveys.** The missio  
15 Division of Geological and Geophysical Surveys is to determine

16 (1) the potential of Alaska land for production of metals, minerals, fuels, an  
17 geothermal resources;

18 (2) the locations and supplies of groundwater and construction material;

19 (3) the potential geologic hazards to buildings, roads, bridges, and other  
20 installations and structures.

21 \* **Sec. 110. DNR - Division of Parks and Outdoor Recreation.** The mission of t  
22 Division of Parks and Outdoor Recreation is to provide

23 (1) outdoor recreation opportunities and conserve and interpret natural, cultu  
24 and historic resources; and

25 (2) services designed to encourage the development of local park and  
26 recreational facilities and programs.

27 **Article 14. Department of Public Safety.**

28 \* **Sec. 111. Department of Public Safety.** The mission of the Department of Pu  
29 Safety is to ensure and maintain a safe, orderly, and positive environment in the  
30 commitment is delivered through statewide police, resource protection, emergency  
31 fire safety, and other vital public safety services.

01 \* **Sec. 112. DPS - Division of Administrative Services.** The mission of the Di  
02 Administrative Services is to provide administrative support to the department's  
03 to supply criminal justice information to all authorized agencies and other parti

04 \* **Sec. 113. DPS - Division of Fire Prevention.** The mission of the Division o  
05 Prevention is to promote, regulate, and develop ways and means of protecting life  
06 property against fire and explosion.

07 \* **Sec. 114. DPS - Highway Safety Planning Agency.** The mission of the Highway  
08 Planning Agency is to administer grant programs to save lives and prevent injurie  
09 state's highway network.

10 \* **Sec. 115. DPS - Division of Alaska State Troopers.** (a) The mission of the  
11 of Alaska State Troopers is to preserve the public peace and to protect life and  
12 through the prevention of crime, detection, and apprehension of criminal offender  
13 enforce traffic laws and regulations.

14 (b) The legislature intends to measure the success of the Division of Alaska St  
15 Troopers in achieving its mission by considering

16 (1) the increase in the number of sex offender compliance actions;

17 (2) the increase in the percentage of seat belt use in Alaska state trooper  
18 jurisdiction;

19 (3) the decrease in the percentage of repeat offenders in domestic violence  
20 incidents closed by arrest in Alaska state trooper jurisdiction;

21 (4) the reduction in the number of village public safety officer positions in  
22 communities with a local police department;

23 (5) the increase in the percentage of offenses closed by arrest for crimes  
24 assigned to the criminal investigations unit;

25 (6) the cost for each offense assigned to narcotics task force units;

26 (7) the decrease in the total number of traffic accidents that occur in Alaska  
27 state trooper jurisdiction;

28 (8) the increase in the percentage of VPSO-investigated alcohol bootlegging  
29 and importation offenses that are closed by arrest.

30 \* **Sec. 116. DPS - Division of Fish and Wildlife Protection.** The mission of t  
31 of Fish and Wildlife Protection is to protect the state's fish and wildlife resou  
01 enforcement of laws and regulations governing the use of natural resources within  
02 and its adjacent waters to ensure that Alaskans can fish and hunt in perpetuity b  
03 the state's fish and game resources from criminal activity.

04 \* **Sec. 117. DPS - Alaska Police Standards Council.** The mission of the Alaska

05 Standards Council is to

06 (1) implement and enforce standards for the selection and retention of law  
07 enforcement and correctional officers; and

08 (2) approve and fund officer training programs.

09 \* **Sec. 118. DPS - Council on Domestic Violence and Sexual Assault.** (a) The  
10 of the Council on Domestic Violence and Sexual Assault is to alleviate the effect  
11 the causes and incidences of domestic violence and sexual assault in the state.

12 (b) The legislature intends to measure the success of the Council on Domestic  
13 Violence and Sexual Assault in achieving its mission by considering

14 (1) the increase in the percentage of victims of domestic violence and sexual  
15 assault who seek advice;

16 (2) the percentage of repeat clients who return and remain at shelters for  
17 reasons other than to obtain information or receive counseling services;

18 (3) the increase in the percentage of repeat offenders who complete batterers'  
19 intervention programs;

20 (4) the decrease in the percentage of repeat offenders in batterers' intervent  
21 programs;

22 (5) the increase in the percentage of council resources that are directed to t  
23 prevention of domestic violence and sexual assault;

24 (6) the increase in the percentage of Alaskans participating in violence  
25 prevention education training and workshops;

26 (7) the increase in the percentage of school districts in the state with viole  
27 prevention and personal safety curricula.

28 \* **Sec. 119. DPS - Scientific Crime Detection Laboratory.** The mission of the  
29 Crime Detection Laboratory is to provide the highest quality forensic science ser  
30 law enforcement agencies.

31 \* **Sec. 120. DPS - Public Safety Academy.** The mission of the Public Safety Ac  
01 is to produce highly trained and motivated professional law enforcement officers  
02 or exceed the Alaska Police Standards Council requirements.

03 \* **Sec. 121. DPS - Violent Crimes Compensation Board.** The mission of the Viol  
04 Crimes Compensation Board is to decrease the financial and emotional damage to in  
05 victims caused by the trauma of violent crime.

06 **Article 15. Department of Revenue.**

07 \* **Sec. 122. Department of Revenue.** The mission of the Department of Revenue  
08 collect, manage, invest, and distribute revenue and child support payments for th  
09 to provide necessary administrative support to entities under the aegis of the de  
10

11 \* **Sec. 123. DRev - Office of the Commissioner.** The mission of the Office of  
11 Commissioner is to

12 (1) assist the divisions in the department in setting and reaching their goals  
13 the lowest possible cost and with the best service to the public;

14 (2) provide information and expertise as needed by the Office of the Governor,  
15 other departments, and the legislature in managing the state's finances;

16 (3) operate the hearing officer section for child support, permanent fund  
17 dividend, and charitable gaming appeals.

18 \* **Sec. 124. DRev - Division of Administrative Services.** The mission of the D  
19 Administrative Services is to assist the operating divisions in the department in  
20 stated goals in finding new and innovative ways to provide services to the public

21 \* **Sec. 125. DRev - Oil and Gas Audit Division.** The mission of the Oil and Ga  
22 Division is to equitably, efficiently, and expeditiously administer and collect p  
23 property taxes and royalties and to assist policymakers with oil and gas issues.

24 \* **Sec. 126. DRev - Permanent Fund Dividend Division.** The mission of the Perm  
25 Fund Dividend Division is to ensure that eligible Alaskans receive permanent fund  
26 promptly, deny ineligible applicants, and process levies of permanent fund divide

27 \* **Sec. 127. DRev - Alaska Permanent Fund Corporation.** The mission of the Ala  
28 Permanent Fund Corporation is to maximize the value of the permanent fund through  
29 long-term investment and protection of principal to produce income to benefit all  
30 of Alaskans.

31 \* **Sec. 128. DRev - Treasury Division.** The mission of the Treasury Division i  
01 prudently manage the state's assets.

02 \* **Sec. 129. DRev - Alaska Municipal Bond Bank Authority.** The mission of the  
03 Municipal Bond Bank Authority is to provide municipalities, within their capabili  
04 cost-effective financing options for capital projects.

05 \* **Sec. 130. DRev - State Pension Investment Board.** The mission of the State  
06 Investment Board is to prudently manage and invest state pension funds.



07 \* **Sec. 131. DRev - Income and Excise Audit Division.** The mission of the Inco  
08 Excise Audit Division is to  
09 (1) administer the state's tax and charitable gaming laws to collect revenue  
10 efficiently; and

11 (2) treat taxpayers, permittees, and licensees equitably.

12 \* **Sec. 132. DRev - Child Support Enforcement Division.** (a) The mission of t  
13 Support Enforcement Division is to

14 (1) help children by establishing, modifying, and enforcing financial support  
15 obligations in a fair and equitable manner;

16 (2) help people use the division's services; and

17 (3) promote the responsibility of parents in supporting their children.

18 (b) The legislature intends to measure the success of the Child Support Enforce  
19 Division in achieving its mission by considering

20 (1) current collections compared to total current obligations;

21 (2) arrearage cases in collections compared to total arrearage cases;

22 (3) current collections for government (state and federal) compared to current  
23 total government obligations;

24 (4) government arrearage cases in collections compared to the total of  
25 government arrearage cases; and

26 (5) the current cases compared to total cases.

27 \* **Sec. 133. DRev - Alaska Mental Health Trust Authority.** The mission of the  
28 Mental Health Trust Authority is to improve the health, safety, and economic secu  
29 Alaska Mental Health Trust beneficiaries, as well as to ensure that trust benefi  
30 productively engaged, employed, and contributing so they can live with dignity an  
31 members of society.

01 \* **Sec. 134. DRev - Alaska Housing Finance Corporation.** The mission of the Al  
02 Housing Finance Corporation is to provide Alaskans with access to safe, quality,  
03 housing.

04 \* **Sec. 135. DRev - Alcohol Beverage Control Board.** (a) The mission of the A  
05 Beverage Control Board is to protect the health, safety, and welfare of Alaskans  
06 the misuse of alcohol.

07 (b) The legislature intends to measure the success of the Alcohol Beverage Cont  
08 Board in achieving its mission by considering

09 (1) the percentage of licensees in compliance for one full year regarding

10 serving to minors, serving to drunken persons, and server training; and

11 (2) the percentage of servers trained in compliance for one full year.

12 **Article 16. Department of Transportation and Public Facilities.**

13 \* **Sec. 136. Department of Transportation and Public Facilities.** The mission  
14 Department of Transportation and Public Facilities is to plan, design, construct,  
15 all state modes of transportation and transportation facilities, and docks, float  
16 buildings, and similar facilities.

17 \* **Sec. 137. DOT/PF - Aviation.** The mission of the department with respect to  
18 is to plan, establish, construct, enlarge, improve, maintain, equip, lease, contr  
19 regulate, protect, and police airports and air navigation facilities in the state

20 \* **Sec. 138. DOT/PF - Public facilities.** The mission of the department with r  
21 public facilities is to manage, operate, and maintain state public facilities.

22 \* **Sec. 139. DOT/PF - Highway maintenance and operations.** The mission of the  
23 department with respect to highway maintenance and operations is to maintain, pro  
24 control the state's highway system.

25 \* **Sec. 140. DOT/PF - Equipment fleet.** The mission of the department with res  
26 the equipment fleet is to allocate, maintain, and manage state-owned vehicles, eq  
27 attachments for safe and appropriate use.

28 \* **Sec. 141. DOT/PF - Office of the Commissioner.** The mission of the Office o  
29 Commissioner is to provide executive leadership to all activities of the departme  
30 coordinate with the executive and legislative branches of state government, other  
31 agencies, and the federal government.

01 \* **Sec. 142. DOT/PF - Division of Administrative Services.** The mission of the  
02 of Administrative Services is to support the department's operations with quality  
03 administration and information technology.

04 \* **Sec. 143. DOT/PF - Division of Measurement Standards and Commercial Vehicle**  
05 **Enforcement.** The mission of the Division of Measurement Standards and Commercial  
06 Vehicle Enforcement is to provide public protection by enforcing statutory and re  
07 policies in the truck size, weight, and safety enforcement program, and the weigh  
08 measures program.



09 \* **Sec. 144. DOT/PF - Division of Statewide Design and Engineering Services.**  
10 mission of the Division of Statewide Design and Engineering Services is to provid  
11 engineering, environmental, estimating, and other preconstruction services to dev  
12 aviation, marine structure, and facilities projects.  
13 \* **Sec. 145. DOT/PF - Division of Statewide Planning.** The mission of the Divi  
14 Statewide Planning is to develop the statewide transportation improvement program  
15 statewide transportation improvement plan, and regional plans through a public pr  
16 results in orderly project and capital budget sequencing and conduct highway data  
17 \* **Sec. 146. DOT/PF - Construction.** The mission of the department with respec  
18 construction is to administer construction projects to ensure that the projects a  
19 and in conformance with all applicable laws, ordinances, and regulations.  
20 \* **Sec. 147. DOT/PF - Marine Highway System.** (a) The mission of the Marine  
21 Highway System is to assist in meeting the transportation needs of the traveling  
22 communities served.  
23 (b) The legislature intends to measure the success of the Marine Highway System  
24 achieving its mission by considering  
25 (1) the percentage of on-time departures of vessels;  
26 (2) the revenue received and expenditures made for each rider mile;  
27 (3) the total ridership, including passengers, vehicles, and cabin occupancy,  
28 compared to the five-year ridership average;  
29 (4) the onboard sales for each passenger.  
30 **Article 17. University of Alaska.**  
31 \* **Sec. 148. University of Alaska.** The mission of the University of Alaska is  
01 the state's comprehensive, public, postsecondary education system. The Universit  
02 strives for excellence as it provides instruction, research, and public service p  
03 its university campuses and community-based colleges to meet the needs of Alaskan  
04 \* **Sec. 149. Immunity from Suit.** The state and its agents and employees are i  
05 from suit that is based upon accomplishing or failing to accomplish a mission sta  
06 performance measure contained in this Act.  
07 \* **Sec. 150.** This Act takes effect July 1, 1999.

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Bill Root:  Display History/Action  Clear Bill Root

[Return to BASIS Main Menu\(21st Legislature\)](#)  
BASIS Last Updated 8/23/99 11:00 AM

**The Division of Occupational Licensing mission statement:  
To ensure that competent professional and commercial services are available to Alaska  
Consumers by regulating entry into occupations and enforcing performance standards.**

**Subject: Privatization; proposed merger of AHFC & AIDEA**

**Date: Mon, 22 Nov 1999 09:57:49 -0900**

**From: Jeff Bush <Jeff\_Bush@dcad.state.ak.us>**

**Organization: State of Alaska**

**To: Jerry Ward <Senator\_Jerry\_Ward@legis.state.ak.us>, Marco A Pignalberi <Marco\_Pignalberi@legis.state.ak.us>**

**CC: Randy Simmons <rsimmons@aidea.org>, dfauske@ahfc.state.ak.us, Debby B Sedwick <debby\_sedwick@dcad.state.ak.us>**

At the Privatization Commission meeting last week when the DCED subcommittee made its recommendations, you asked for further analysis by AIDEA and AHFC regarding the potential implications on the state's bond ratings if these two entities were merged. I understand that the Department of Revenue subcommittee is scheduled to make its presentation to the commission in the near future, and that report may include recommendations regarding AHFC.

The executive directors of AHFC, Dan Fauske, and AIDEA, Randy Simmons, have requested that they be permitted to meet with the commission at the time of the Revenue presentation and discuss the bond implications of any merger proposal. I believe the Department of Revenue/AHFC are scheduled before the commission on November 30, 1999 (according to the commission's website). Unless we hear otherwise, the agencies will plan to attend the meeting at that time.

--  
Jeffrey W. Bush  
Deputy Commissioner  
Department of Community and Economic Development  
State of Alaska  
P.O. Box 110800  
Juneau, AK 99801  
Phone: (907)465-2500; Fax: (907)465-5442

*\*  
Correct!*

*Tuesday*

*Nov 30th*

*9:00  
am  
///*

*A -  
send Bush, Fauske  
& Simmons an email  
telling them what  
time, date, place to  
come to the mtg.  
M.*



**Make It Alaskan, Inc.**  
*promoting Alaskan products and services since 1987*  
200 West 34th Ave., #600  
Anchorage, AK 99503  
Phone: (907)258-2878  
Fax: (907)276-7255  
email: makeitak@alaska.net

## **MEMORANDUM**

**Date:** November 18, 1999

**To:** Committee on Privatization and Delivery of Government Services

**From:** Steven L. Rouse, President & Executive Director, Make It Alaskan, Inc.

**Re:** DCED Sub-Committee Recommendation on DTD

I am providing the following personal comments allowed under a provision adopted by our sub-committee.

The vote that adopted the Department of Community and Economic Development (DCED) sub-committee recommendation that the State of Alaska, DCED, Division of Trade and Development (DTD) cease their involvement in day-to-day activities in the area of international trade was narrowly approved 5 (yea) to 3 (nay). I was one of those opposed.

After the first voice vote was declared "even" by the co-chair, I requested a roll call vote. When the vote was completed and tallied, I challenged the adoption of this recommendation on grounds that a quorum of the full-sub-committee had not been achieved. Marco Pignalberi stated that standard quorum requirements did not apply to any action taken by the sub-committee. This alone leaves the recommendation suspect.

Based on the limited involvement of the full sub-committee (2/3's of the members being absent from this vote) and the narrow margin of victory as referenced above, I feel it is important for the Commission to be aware that myself and others strongly disagree with this recommendation and the premise from which it sprouted.

In my view, the work and successes of the staff of DTD is well documented and certainly not duplicated by other agencies or organizations. This is in direct contrast to a substantial amount of – to use a military term – "dis-information" provided to the sub-committee by members of the committee staff. An example of such inaccuracies would

be statements made to the sub-committee on or about 11/12/99 suggesting that organizations under contract to the state were doing that same work; that businesses that wished to engage in international trade would have the ability to pay for assistance and; a suggestion that no member of the sub-committee could provide an example of a business that had benefited from DTD assistance.

As President and Executive Director of a non profit trade association representing over 1,200 Alaskan small businesses, I can assure you that I am aware of dozens of small businesses that have developed international trade ties and accounts through the assistance of DTD and DTD alone. Furthermore, the only real private sector international trade organization- World Trade Center (WTC)- is not under contract to the State of Alaska. WTC receives grant funds from the state. There is a huge difference between obtaining a contract through competitive bid and a grant.

Also, in the course of several and exhaustive interviews conducted by the original sub-committee -chaired by Ric Davidge- several issues were illuminated and then addressed in our working group report. The text of that report, representing many hours of volunteer work, is important information. I would suggest that all members of the Commission review that document.

I appreciate the opportunity to provide a different perspective to the recommendation before you.



and Delivery of Government Services

Co-Chairs:  
Representative John Cowdery  
Senator Jerry Ward

Senator Al Adams  
Bill Allen  
Representative Tom Brice  
Tom Fink  
Michael Harper  
Emil Notti  
Kathryn Thomas  
Don Valesko  
George Wuerch

## **AGENDA**

### **SUBCOMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT**

**November 5, 1999  
1:30 PM  
Anchorage LIO**

- 1. Call to order**
- 2. Teleconference Site Roll Call**
- 3. Committee Reports**
  - **Tourism**
  - **Local Government**
  - **International Trade**
  - **Regulatory Agencies**
  - **Economic Development**
  - **Seafood Promotion**
- 4. Assignments for next meeting**
- 5. Set next meeting date**



## **Steven C. Levi**

Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

### **MINUTES, October 29, 1999**

Present at the October 29, 1999 meeting were Representative John Cowdery, Chair Lee Wareham, Gene Furman, Don Smith, Kathryn Thomas, , John Haxby, Linda Leary, Justin Ripley, Steve Smirnoff, Marco Pignalberi, Steven Levi, Mel Nichols, Jim Sanders, Don Schroer, Greg Wolf, Pat Poland, and Jeff Busch. On line from Wasilla was Ric Davidge and, from Homer, Steve Rouse.

Davidge gave an overview of the Local Government and Economic Development subcommittee report and raised several issues which he suggested the committee investigate. With a regard to ASMI, he suggested – after conversation with ASMI staff – that a mechanism be developed to allow the weight of the state's taxing authority to be used to enforce membership contributions. It was stated that an Attorney General's opinion stated that this might legal. Chair Wareham requested a copy of the opinion. Davidge also suggested that the committee look at the ASMI charter to see if it could be fine-tuned to be more effective.

With regard to the Alaska Tourism Marketing Council, Davidge raised the suggestion that a statewide tax be developed which would support the tourism industry. This theme was discussed by the tourism subcommittee members.

**The Commission on Privatization and Delivery of Government Services**  
**Trade and Development Subcommittee**  
**Program Review and Recommendations**  
**Revised 11/1/99 (Ripley, Fox, Anderson)**

Every state in the nation and most countries in the world have some version of a Division of Tourism employing varying degrees of privatization in the quest for economic development. Of the 50 states, Alaska has fallen from a position of 7th to 29th since 1991 in total tourism spending. Reduced state investment has paralleled flat or declining performance in many sectors of Alaska tourism. It is critical to adequately fund tourism marketing efforts if we as a state hope to encourage positive economic development.

For over 25 years, statewide cooperative marketing has been accomplished through various private/public partnerships involving the industry and the Division of Tourism, most recently as a three way partnership between AVA, ATMC and DOT. Legislation was passed last session to further privatize this program by allowing the Division of Tourism to contract with a private trade association for marketing functions, thereby eliminating the ATMC and parallel marketing efforts administered by the Division. This "New Millenium Plan" calls for the formation of the Alaska Tourism Industry Association that would ostensibly be the organization contracting for all marketing functions. Significant State funding will be necessary in the formative years of ATIA, as it will take years to reverse the cumulative damage of diminished spending. Public funding is appropriately used to make participation affordable for the thousands of smaller Alaska businesses that depend heavily on cooperative marketing.

#### **RECOMMENDATIONS**

The "New Millenium Plan" is underway with a new ATIA Board elected and set to meet in November. It is recommended that the following functions be contracted to the new ATIA organization.

- 1) Development and approval of multi-year marketing plan to include domestic, international, and travel trade markets.
- 2) Implementation of marketing plan to include production, placement and distribution for all markets and types of media, including the web.
- 3) Fulfillment of consumer, travel industry, press and media information requests for all markets.
- 4) Developing markets including international.
- 5) Participation in domestic and international travel trade (i.e. NTA, Pow Wow, etc.).
- 6) Market research including conversion studies and travel trend analysis.

The following are recommended activities of the Division of Tourism.

- 1) Administration of fiduciary, contract and regulatory compliance issues involving the ATIA marketing contract.
- 2) Communication and coordination with outside governmental agencies.
- 3) Implementation of rural tourism development and training programs, limited to traditional small business development functions.
- 4) Leadership in State of Alaska inter-agency advocacy and coordination (i.e. Marine Highway, Fish & Game, DOTpf).
- 5) Administration of visitor statistics program as lead agency, with consultation from ATIA for marketing aspects of study.

The following are recommended activities of the Alaska State Legislature.

- 1) Adequately fund State's share of "New Millenium Plan" budget (\$5 million).



**Subject:**

Tourism comments

**Date:**

Thu, 04 Nov 1999 09:19:25 -0900

**From:**

Jeff Bush <Jeff\_Bush@dced.state.ak.us>

**Organization:**

State of Alaska

**To:**

Justin Ripley <justin@2alaska.net>

**CC:**

Ginny Fay <ginny\_fay@dced.state.ak.us>, Dale Anderson <dale@admiraltytours.com>, Tom Tougas <ttougas@ciri.com>, Tina Lindgren <tlindgren@avanet.com>, Susan Springer <hbay@alaska.net>, Pam Foreman <kicvb@ptialaska.net>, Kirk Hoessle <kirkAWA@aol.com>, Ken Dole <kdole@home.com>, Kathy Dunn <kathy\_dunn@dced.state.ak.us>, John Binkley <jbinkley@alaska.net>, Frank Rose <aklm@polarnet.com>, Gary Odle <garyodle@aol.com>, Chris Von Imhof <vonimhof@alyseskaresort.com>, Ann Campbell <ann@auroraconsulting.com>, Bill Pedlar <bpedlar@halw.com>.

**References:**

1

During the last two sessions, the legislature devoted considerable thought and discussion to tourism. A compromise bill was passed last year that is the product of extensive debate and public hearings. The bill that was passed is fairly clear about the respective roles of the State of Alaska via the Department of Community and Economic Development (DCED) and Division of Tourism. In state statute as set forth by the

this legislation, the Department will contract with a qualified trade association (QTA) to implement a marketing plan. The Department is responsible for identifying components of the marketing plan and approving the plan. The Department also negotiates a contract, on behalf of the state, for implementation of the marketing plan. If there are any components of the plan that the QTA refuses to accept and perform as part of the contract, DCED can look elsewhere to have that portion of the plan conducted.

The role of the State in contract oversight is also relatively well established in state practice. The legislation identifies a contractual relationship between DCED and the QTA; the concept of a state grant for these purposes was rejected by the legislature. This contractual relationship entails a reasonable amount of responsibility and oversight over the use of public funds including the identification of deliverables and performance measures. The implementation oversight identified in Mr. Dindinger's email is actually less than the level of oversight the state provides for grants and is not appropriate for contracts.

We believe it is premature for the Privatization Committee to now consider changes to legislation that was enacted to essentially "privatize" the state's tourism marketing program and has not yet even been implemented. In addition, many of the issues regarding implementation of the tourism program, such as whether the QTA will choose to perform a particular function, will be addressed through the contract negotiation process.

Tourism marketing in Alaska is currently primarily conducted via multiple contracts with the private sector. Under this new legislation, these contracts will be consolidated into a single contract with the QTA. There will continue to be the need for the Division of Tourism to conduct research, transportation and land use planning, and business and community tourism development technical assistance, especially in rural areas. These roles were clearly maintained in the legislation that was passed.

Regarding other privatization efforts, it is my understanding that the HVB implements a marketing plan developed by the Hawaii Tourism Commission. The Commission is appointed by the Governor and the marketing program is funded through a statewide bed tax.

Justin Ripley wrote:

Greetings! Dale Fox, Chris Anderson, Bob Southall and myself were recently tapped to serve on the rejuvenated Trade & Development Subcommittee of the Commission on Privatization and Delivery of Government Services. This Subcommittee is charged with the responsibility of delivering



privatized. RECOMMENDATION: None \*\*\*\*\* END OF DRAFT REPORT

\*\*\*\*\*

JUSTIN RIPLEY

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\*\*\*\*\*

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Jeffrey W. Bush

Deputy Commissioner

Department of Community and Economic Development

State of Alaska

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Juneau, AK 99801

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recommendations relating to all Dept of Community & Econ Development functions by 11/19/99. The four tourism members above, along with Jeff Bush at DCED will be working to make recommendations regarding the Division of Tourism. Since all but a few committee members are brand new, and there was previously little tourism representation, we are essentially working from scratch with the exception of a draft report prepared previously by subcommittee members. I have included the report below in its entirety, however it is unclear what portion of this draft report, if any, will be included in final recommendations. Although I am not representing ATIA on this committee, I would welcome your thoughts regarding the division of responsibilities or partnership opportunities between the Division of Tourism and private organizations (presumably ATIA heads the list). Following is an incomplete & oversimplified list of tourism functions. It would be very helpful to me if you have the time to respond by dividing these functions into three categories: Division's role, private organization's role, or a split role accomplished through some sort of partnership. Please add, reword and provide comments as you see fit.

**SOME TOURISM MARKETING & ECONOMIC DEVELOPMENT FUNCTIONS**

- 1) Administration and oversight of marketing contract.
- 2) Approval of marketing plan.
- 3) International and emerging market development.
- 4) Communication, coordination with agencies outside Alaska.
- 5) Rural tourism development, training.
- 6) Development of statewide marketing plan.
- 7) Implementation of marketing plan including production, placement and distribution.
- 8) Implementation and maintenance of tourism web presence.
- 9) Fulfill consumer, travel industry, press/media information requests.
- 10) Administer visitor statistics program.
- 11) Other functions???

Thank you for any guidance you can provide me on this topic. Given the present stage of ATIA's infancy, I am hesitant to provide recommendations on such short notice without input from both industry & DCED leadership. I therefore welcome your comments and apologize for this impersonal method of gathering information.....

JR Note: I am including the following draft report as the public record of work done previously by the Subcommittee. I emphasize that this is only a working document, and that the content may or may not be incorporated into final recommendations. \*\*\*\*\* START OF PRIOR DRAFT REPORT \*\*\*\*\*

**PROGRAM REVIEW & RECOMMENDATIONS -- DIVISION OF TOURISM**

Responsible for the continued development of Alaska's tourism industry, the Division is responsible for initiating and contributing to the planning process for effective growth of the visitor industry, developing new markets, and assisting in development of new tour products. The Division is a clearinghouse for thousands of trade, consumer, and press/media requests for information and assistance. It also compiles, analyzes and distributes information on markets, consumer trends, and industry diversification. New markets are identified and targeted for development in a broadly coordinated partnership between industry and the state in an effort to spread the economic benefits of the visitor industry to smaller communities or special areas. Every state and territory in the nation has a Division of Tourism in some type of organizational structure. The experiments by the State of Colorado (resulting in a loss of 30% of market share in only 2 years) and the Province of Alberta, Canada to privatize these functions have not been successful; in fact they have seriously damaged tourism development in those jurisdictions. The visitor industry, both providers and consumers, have a high expectation that states and nations will provide this coordinative information, marketing, and support functions. While general fund support for this program has continued to decline over the past ten years, the Division has responded by reducing employees and relying more on technology. A related market decline in visitation has paralleled reduced state investment with a flat industry growth rate over the past two years. Effective partnering with local communities and the private sector have greatly increased the program's efficiency and responsiveness. The elimination of the ATMC and the consolidation of all other programs within the division appear to have also streamlined management and performance efficiencies.

**RECOMMENDATION:** The State of Alaska is the only state or territory in the United States that does not have a statewide taxing mechanism for the purpose of supporting this function. Some municipalities have room or sales taxes that are targeted to specific activities to offset their reinvestments in development of tourism markets. The Governor and State Legislature should seriously investigate and enact a seasonal sales tax or other targeted means of generating revenue to support this function. As long as such a tax is reasonable, complaints by the industry that such taxes will harm the industry are baseless given all comparables. The Division should also give a much higher priority to retaining tourism industry profits in state. Such an initiative will likely have strong public support and do more towards industry stability and diversification than other efforts. Appropriate output or production measurements for this function should be based on the rise or decline of total visitors and their economic affect on the Alaskan economy. This may be contrary to "contacts" or "placements" measures that have been used in the past. The Division appears to be moving in this direction. One other measure of output or success should be visitor response to broadening the geographic areas of Alaska that benefit from tourism dollars. This area of activity not only benefits the overall economic value of the industry in Alaska; it also broadens its economic and political base.

**ALASKA TOURISM MARKETING COUNCIL** With the 1999 passage of SB 107, the ATMC will be dissolved at the end of FY00 and the program will be implemented by the ATIA. This program has been



**The Commission on Privatization and Delivery of Government Services  
Trade and Development Subcommittee  
Program Review and Recommendations**

**Municipal and Regional Assistance Division**

**General Comments:**

The function of a state organization responsible for stimulating and encouraging economic development and diversification is to leverage public funds and knowledge toward that purpose. The combination of the former Department of Commerce with this program expands this former purpose. Now, what is added, is building a communities capacity so that it can not only meet accepted public health and safety minimums, but also make informed economic choices about what kind of community it wishes to be.

This mix of purposes causes the subcommittee some concern in the face of growing budget deficits and pressing economic development needs. We are concerned that the critical purpose and function of a department focused on generating sustainable economic activity may be diluted as a result of the recent merger. This is not to imply that the merger was not appropriate, to the contrary, but rather that some of the programs placed within the new Department may be more appropriately delegated to other agencies. A number of program specific recommendations are made to this end.

In reviewing the programs in the Municipal and Regional Assistance Division, the subcommittee first engaged in a broad philosophical discussion on public policy issues including: strategic focus, public/private subsidies, leveraging, appropriate roles, and short-term vs. long-term goals, and mixed subsistence/cash economies. It became clear, during that discussion, that a fair, legitimate, and appropriate discussion of a few of these programs is wrought with the potential allegation from some special interests that any change in many of these programs is racist. This became the case during the last legislative session as serious budget cuts were prioritized in the face of a significant budget gap. The notions of equal access, individual equality and responsibility, and equal application of the law seem to be lost when discussing subsidies. They appear to now be considered entitlements.

From the perspective of this subcommittee, such an allegation is flatly untrue, and those who advance a racist allegation are doing a disservice to their interest, the legitimate work and intent of this Commission, and the integrity of the people of Alaska. We believe that communities have the inherent right to choose their own economics, lifestyles, and futures. The choice not to be like Anchorage, Fairbanks, Juneau, the Mat-Su, or even Bethel is a legitimate choice.

We believe that government programs should be funded, focused, and managed based on need, accepted public interest goals developed through citizen participation and representation, and efficiently responsibly managed. They should not be based on location, race, of life style choices.

Some, not all, of the questions explored included:

1. What is a community? Is such a definition based on population or other factors?
2. Should the definition of "community" include some reference to a viable economic base?
3. Does any "community" warrant state financial or technical assistance?
4. When does a community stand on its' own economically?
5. Can a community gain or loose its economic base and what are appropriate public policies as these changes occur?
6. If we continue subsidizing communities without an economic base, are we encouraging economic choices by these communities that result in economic independence or dependence?



7. Can a state agency build "capacity" without private investment?
8. Can we delineate between programs that provide for fundamental human needs, such as basic health and safety, from other program subsidies? If so, how should that delineation take place? Based on what standards?
9. If it is an appropriate role of the state to financially support communities that have no economic base, for how long and to what purpose?
10. Is it the role of the state to financially support persons who make the choice to live in communities that have no economic base?
11. Subsistence is a legitimate and accepted economic or lifestyle choice in Alaska. But, should those who choose other lifestyles be required to financially subsidize that choice?
12. When does the state say, it is no longer appropriate for the state to subsidize communities unable or unwilling to support themselves?
13. Is it appropriate public policy to let communities without the ability or willingness to support themselves, cease to exist? If so, what are the implications?
14. Is there such a thing as socio-economic evolution for communities? Is this what building capacity does?
15. If the state interferes with the natural process of socio-economic evolution by injecting financial subsidies, is such a policy in Alaska's long-term public interest?
16. What will be the results of terminating state financial and technical assistance to communities that do not have an identifiable economic base or choose not to be self-taxing?
17. What will be the results of not terminating state financial and technical assistance to communities that do not have an identifiable economic base?

The dialogue between the subcommittee and the leadership of MARD greatly assisted the subcommittee in its understanding of the purpose, function, and mission of each program. It became clear that the State of Alaska has, over the past twenty to thirty years, made a significant investment in the management talent of these evolving programs, and that the investment is paying off. Each program manager respectively has many functions and areas of responsibility and vast on-the-ground experience in rural communities. To duplicate this talent pool in the private sector could be costly; if the goals and objectives of each program were to be fully privatized as currently configured.

The general consensus of the subcommittee was that it is appropriate for the state, as long as it can afford it, to provide basic health and safety needs for people who choose to live in communities that are without an economy sufficient to be self-supporting. The state has been an active and willing partner in efforts by the Alaska Congressional Delegation to fund basic health and safety needs of rural communities. Other areas of social services such as education were discussed in context but not addressed in this analysis, as the subcommittee needed to focus only on the programs assigned to it.

It was also recognized that essentially all communities in Alaska receive some level of economic assistance in the form of redistribution programs be they Federal or state. This is a reflection of political strength in Washington, D.C. as well as Juneau and regional governments and the policy assumption that such transfer payments are appropriate and beneficial when faced with community needs.

If reallocation programs are to continue, the subcommittee prefers reallocation structures that operate on the basis of formulas, so long as they are fair and representative, as we believe they attempt to remove more subjective means of public policy decision making and more fairly meet the needs of Alaskans.

A recent decision by the Alaska Supreme Court has spoken to at least a part of this dynamic. In its 9/1/99 Kasayuli decision, the Court said that State government is required to consider "disparate impacts" on rural areas even if policy decisions are grounded in purely economic, revenue, or any other issues. The Court in fact found that the state violated the Civil Rights Act

of 1964 and the Equal Protection Clause of the Alaska Constitution by having a "disparate impact on racial minority school children." The Court thus differentiated racist intent from disparate impact.

But what is "economic development" and what is "capacity building?" How do they really relate? These two concepts continued to run together at times and in opposition at other times in the discussion. Should you call building a rural water and sewer system "economic development?" If you build a road, is that economic development? Or is it something else? In the mind of some members of the subcommittee, economic development is **PRIVATE** investment for economic return. This may need a push or an incentive in order to accelerate both investment and return, but it is founded on private risk.

If the private sector is unwilling to take economic risk in a community, and if we subsidize the building of capacity, can we then reach a point in political or economic time and space that encourages or finally enables private risk? Or are we just throwing public money at an uncertain future? This continued to be a core dilemma for the subcommittee as it looked at many of the programs in this division.

**In an effort to place the discussion of Alaska urban and rural economies the following is provided from a 1997 report commissioned by the North Slope Borough.**

"The economy of Anchorage receives enormous stimulus from the rest of Alaska. Anchorage, the State's economic core, exports one-third of its output of goods and services, and over 60% of these exports are destined for other regions of Alaska."

"Of the \$16.9 billion in total 1996 output from the Anchorage/Mat-Su core region, \$3.4 billion—over 20%—were goods and services purchased by rural and other peripheral areas of Alaska."

"In 1996, over 25,000 jobs in anchorage/Mat-Su core region were due directly or indirectly to trade with the rest of Alaska. This exceeded the region's combined number of federal civilian and military jobs, and was also more than the total number of state and local government jobs."

"The ration of Anchorage/Mat-Su jobs created by 1996 trade with the rest of Alaska was greater than one in seven. The \$833 million paid to these workers exceeded the earnings of all retail trade employees in the region and was almost as large as the total for service sector employment."

"100% of Anchorage/Mat-Su construction exports, 90% of health services exports; 88% of wholesale trade exports; 86% of finance, insurance, and rural real estate exports; and 69% of business services exports were purchased by the rest of Alaska."

"Anchorage/Mat-Su construction companies made almost 50% of their total sales to buyers located elsewhere in Alaska. For firms in engineering, legal services, and wholesale trade the comparable figure was over one-third. The periphery accounted for over 60% of total exports and one-eighth of total sales in retail trade."

"Alaska's economy is heavily natural resource based. In 1996, resource industries contributed \$15.5 billion share to the state's \$25.85 billion total output, a 60% share. Activity I oil and gas, minerals, fisheries and seafood processing accounted for nearly 90% of the resource total and is based almost 100% outside Anchorage/Mat-Su."

**Alaska's Economic Links. A Multi-Regional Analysis**

*prepared by Gross & Associates*

**E** *But what happens when Senator Stevens goes away?*

Although the discussion of the subcommittee did not address race or cultural communities directly, one member of the subcommittee brought to its attention a federal program that is making some progress in addressing economic development needs of "Native Americans" to include Alaska Natives. The following brief discussion is provided to assist in considering this model for small rural communities in Alaska and highlights the possibilities for contracting out of appropriate state programs.



The Federal government is now involved in substantive change in the way it delivers goods and services to Native Americans. Under what is referred to as Section 638, tribes or tribal governments (in Alaska that is tribal IRA councils), if the federal government is proposing to provide goods or services to Native Americans or on Native American lands, and if the tribal government can show they are qualified, they may choose to take the funds as a grant and provide the goods or services themselves. This is becoming very popular in Alaska and is starting to catch on with Native Americans outside of Alaska.

The greatest impact in Alaska to date has been on the delivery of health care by the federal government to Native Alaskans. Virtually all health care is now delivered by the Indian Health Service under contract to Native non-profits. There have been some great successes. For example: Maniliq, in Kotzebue, now can afford to build its own capital improvements and is planning to construct \$1MM clinics in each of its villages using their own funds.

This process encourages the private sector to seek out local tribal IRA's and offer their expertise to them. By partnering with private companies, the IRA's can show the expertise needed to be awarded a 638 selection grant. They then take control of how the money is spent. It is not the BIA or some other federal government doing it for them. There have been some great successes with this approach with housing projects, road construction, and other capital improvements. It gives the local Alaska Natives control over the money and how and where it is spent. It is obviously a far more efficient process.

This same approach could be used by the State to better deliver goods and services. In fact, some state government programs within the DEC and Village Safe Water Programs are already successfully using a similar approach.

It will not work in all cases, in all villages, or at all times, but it has been highly effective in many projects.

## **Division Overview**

The Municipal and Regional Assistance Division (MRAD) of the Department of Community and Economic Development is, according to publications from that division, the agency called for in the Alaska State Constitution to "advise and assist" local governments. The framers of the Constitution clearly indicated their belief that local government would play a critical role in Alaska's future and that the state had a responsibility to work with local governments to help them be successful in providing local governance and effective public services for community residents.

There are over 160 municipal governments in Alaska, and only a few of which are considered "urban" in the classic sense. While all municipalities receive assistance from the division, the focus of division staff is technical assistance and training for the smaller communities that lack resources essential to effectively operate their local government. The division's basic strategy is "capacity building." The division focuses on increasing the capacity of local people to deal with local problems without outside assistance.

The division also administers a number of programs that provide financial assistance to municipal governments to supplement local revenue generation.

The division's support for larger municipalities concentrates on provision of professional training and development opportunities in cooperation with organizations such as the Alaska Association of Municipal Clerks, Alaska Association of Assessing Officers, and Alaska Planners Association.

## **RECOMMENDATION:**

Recognizing the current limitations of the Internet and locally trained support, the subcommittees recommendations is that the division appropriately advise all local governments of the resources available to any municipality over the Internet and through a host of state and national trade and professional organizations. Further, the subcommittee



believes that rather than try and address local governance issues from the perspective of the State, that communities be encouraged to interact and share problems and solutions with similar community's in Alaska or other rural communities. This is a function for the Alaska Municipal League (AML) and should be a major goal of that organization in serving its current and future membership. A departmental partnership with AML and the University of Alaska and just about any local government training or support program can encourage independence.

It was also concluded that most municipal challenges are not new or unique. Most often they have raised their head before and by reaching out to information sources within Alaska or other similar communities; a host of successful solutions can be identified, considered, tried, and institutionalized.

This approach can greatly reduce travel costs and the cost of state services while helping build a greater sense of self-sufficiency. As humans solve their own problems, through their own initiative they gain independence. The Internet is a very cost-effective means of searching for answers and obtaining assistance.

The State is currently reviewing its integrated communications future. Building a transforming bridge with Internet links and cables is a cost effective and responsible way to help span the Cultural Revolution forced on many communities in a time continuum that few in urban communities can grasp or understand.

The expansion of the Alaska Municipal League (AML), to include smaller rural communities who may not be able to pay their membership fees initially, would do much to include and integrate such communities as they "build capacity." This is an appropriate and legitimate role and function for AML as a trade or professional association. This effort to reach out would also do much to break down the divisive conflict between rural and urban communities in our state. AML should be aggressive in looking at expanding its programmatic matrix and build partnerships with state programs that provide training and technical assistance to its members or possible members.

Over a hundred cities in Alaska have populations numbering only in the hundreds. For many of these cities, it is a constant struggle to maintain basic services. This situation threatens the State's investment in essential community facilities and poses a threat to the health and safety of rural residents. Some of the more common problems are:

- Very frequent city staff turnover
- Lack of financial management and local government skills
- Significant decline in state financial assistance to communities as state revenues are reduced
- Limited local tax base or economy

#### **RECOMMENDATION:**

The subcommittee recognizes that the division has already been forced to choose communities that will receive services and those that will not based on the communities willingness to make change. Consistent with this appropriate public management decision, the subcommittee recommends that the division add an additional threshold that seriously looks at the question of "return on investment" even when doing capacity building. Does a community get to the point, given limited program funding, that further state assistance is not going to provide a reasonable level of return to justify continued investment? At this threshold, it may be appropriate that the state terminate any further

assistance, at least for the immediate future, as it is no longer cost effective. These are hard choices, but the subcommittee believes they are appropriate given the growing budget deficit and the need to target public investments where they have a reasonable expectation of generating a reasonable return.

#### **Management Structure – Regional Offices**

The division currently has seven regional offices including its main office in Anchorage. Some staff deal with unique challenges in a few rural communities where English is a second language.

#### **RECOMMENDATION:**

The cost of regional offices, in contrast to consolidated services and the financial and intellectual efficiencies they bring, deserves review. Given the availability of information sources now on the Internet and with Email and video conferencing, regional offices could be reduced in number or eliminated, while the program continues services to rural communities. This consolidation should be reviewed and cost savings passed on to other program areas or eliminated as a BRU expense.

#### **Financial Management Assistance General Local Government Assistance**

These two programs appear to have had some success in reducing the cost of local government by increasing financial and management efficiencies. They have become, in fact, the basic day to day function of this division.

#### **RECOMMENDATION:**

The subcommittee would again like to see the Alaska Municipal League, as well as other appropriate professional and trade associations and the University of Alaska explore providing these services in a partnership with the division. Initially, some level of contracting may be appropriate by the division with the League and/or University, but eventually we believe it appropriate that these organizations provide these services on a fee for service basis or at the cost of the organization. This is the role and purpose of such groups.

#### **Rural Utility Business Advisor (RUBA) Program**

The goal of this program is to help rural communities manage and operate sanitation utilities developed with state and federal funds. Providing business, finance, personnel, and general management assistance to governments responsible for operating newly constructed sewer and water utilities does this.

After an internal analysis and some modest effort to provide these service on their own, DEC approached MARAD and requested the division develop and provide training and technical assistance in this program area. DEC took the position that it is a regulatory agency with some construction responsibilities, not in the business of providing these kinds of services.

#### **RECOMMENDATION:**

Although this subcommittee is not charged with reviewing any DEC programs or functions, the decision to differentiate between regulatory "enforcement" programs in DEC and local government assistance programs is a reflection of one of the problems with that agency. There is no question that DEC must perform its regulatory function but it needs to reexamine how it does that. Regulatory programs need to be as much in the



business of helping a community succeed in the face of ever imposing environmental mandates as do other services. The separation of these functions is troubling and reflects an attitude in government that is one of the reasons citizens and businesses are so hostile to regulatory agencies.

"I'm from the state, and I'm here to help you," should not be a joke. It should honestly be what every state agency should do.

Although the subcommittee found, initially, that components of this program more appropriately belong in the Department of Environmental Conservation or contracted out to appropriate Regional or Village corporations with the skills to assist neighboring communities, the subcommittee recognizes that DEC turned this program over to the MRAD division. The subcommittee believes, however, that there should be a partnership between DEC and MRAD as the effort of capacity building goes forward.

### **Coordinated Response Partnership**

The principle function of this program is response coordination to economic disruption.

#### **RECOMMENDATION:**

Although the subcommittee agrees that this is an appropriate role for state government, they also believe the more appropriate agency to provide these services is Emergency Services and thus recommends this program be transferred to that agency. Some adjustment within the Emergency Services program may be necessary, but responding to an economic disruption is in many ways similar to responding to a natural disaster. Both are economic disruptions.

The legislature and administration should explore the integration of economic and physical disaster response, within a single agency, as it may offer some management and programmatic efficiencies.

### **Office of the State Assessor**

This office provides assistance to communities on assessment and taxation issues. It develops the annual Full Value Determination, and administers the Senior Citizen and Disabled Veteran Property Tax Exemption Program and the Senior Citizen and Disabled Veteran Property Tax Equivalency (renter rebate) Program. It also monitors municipal assessment and taxation practices and procedures.

#### **RECOMMENDATION:**

The subcommittee found that this was an appropriate role for state government, but felt it should be placed in the Department of Revenue rather than Commerce.

### **Community Development Programs**

These programs address the relationship between investment into a community's infrastructure and development of an economic base.

#### **Community Development Block Grant Program**

This is a pass through federal grant program to enhance the quality of life for low and moderate-income residents in rural Alaska by providing grants for public facilities and planning for basic health and safety. These grants subsidize the cost of local services.



Special Economic Development funds may be used to provide capital to assist in the creation or retention of jobs that principally benefit low and moderate income persons.

#### **RECOMMENDATION:**

The subcommittee believes that, consistent with the intent of the federal program, the state should not be the holder of these grants, but they should pass directly to the regional (borough) governments in partnership with ARDORs. This will enable more local control. This action is considered more efficient as it would lower state overhead attached to such grant programs, putting money directly into communities. All reporting requirements would effectively remain the same, but the state office would be eliminated.

The subcommittee recognizes that this is a radical departure from what is done in any other state, but given the legislative mandate of the Commission, and the pressing budget imperative we face in Alaska, it is time to step outside of the box of conventional public sector management structures and pursue proven notions of enabling greater local control.

To meet any competitive mandate in the allocation of limited funds in face of demand, a partnership between the Alaska Municipal League and representatives of state agencies should be challenged to wrestle with this alternative.

#### **Rural Development Assistance Program**

*Although still on the books, his program has not been funded for many years.* It is a state funded rural development program that provides grants, on an annual competitive basis, to rural communities for a wide range of development projects. One application per community is accepted for a maximum of \$50,000 per year.

#### **RECOMMENDATION:**

The subcommittee believes that since the program has not been funded for many years, it should be eliminated as a program mandate. If the legislature determines that it wishes to keep this program as a vehicle for future funding, consistent with similar programs, this funding base should be allocated and distributed directly to the regional (borough) governments in partnership with ARDORs. The Alaska Municipal League could oversee the competitive process.

#### **Emergency Shelter Grant Program**

Assists in providing emergency shelter for the homeless. It is a part of a package of programs the federal department of Housing and Urban Development grants to the State of Alaska. These programs are considered, by the Fed's, as community development tools rather than social or emergency services.

#### **RECOMMENDATION:**

Regardless of what the federal agencies call it, this is either a social or an emergency service. Either way, this program should be reassigned to Health and Social Services or the Division of Emergency Services.

#### **Community Services Block Grant**

A program designed to reduce or prevent poverty through community-based educational activities that lead to a greater degree of self-sufficiency for low-income persons. RurAL

CAP also deals with alcohol and drug abuse, energy conservation, economic development activities, local control strategies, participation, etc.

#### **RECOMMENDATION:**

This program also appears to be more focused on social services and should be reassigned to Health and Social Services or delegated to RuralCAP or boroughs. Alternatively, the Subcommittee would suggest consolidation of these programs and support funding through the regional governments in partnership with ARDORs and/or AML. This is particularly true for one of the major expenditures under this grant, RuralCAP's annual Village Participation Conference – where village leaders from around the state get together to discuss common problems, issues, and solutions.

The continued segregation of rural community gatherings from those of larger communities feeds the festering conflict between urban and rural areas in our state. A public mandate that such functions be integrated would go far to initiate the construction of appropriate bridges between rural and urban communities. As pointed out in the opening discussion of this evaluation, this needs to be accomplished by an integration of AML of all communities in Alaska, even those who financially are unable to meet AML's membership fees. Appropriate AML scholarships and "developing community" or "capacity building" grants should be offered to assist in building these critical bridges.

#### **Economic Development Programs**

##### **Rural Development Assistance/Forest Service Mini-Grants (RDA Mini-Grants)**

Funding is available on a competitive basis to communities of less than 10,000. Municipalities, Native Village or IRA Councils, and nonprofit corporations may submit one application per year for a maximum of \$30,000. This program provides funds for economic development projects or other enterprises that increase jobs, income, or services in rural communities.

#### **RECOMMENDATION:**

In this case the definition of what is "economic development" is a function of federal regulations. Some members of the subcommittee do not agree that roads, water and sewer projects are "economic development" although they may be "capacity building."

In past years ARDORs have played a role in the competitive review process. This should be encouraged, but a partnership with AML should also be explored. As long as federal regulations mandate the process for allocation of federal dollars, this may be the closest we can get to any process reform.

##### **Rural Development Initiative Fund (RDIF) Loans**

This program provides loans for new businesses or expanding businesses that have been unable to secure funding through more conventional sources. The program is to encourage investors to place funds into new ventures in smaller communities (less than 5,000) by reducing the financial risk to the lender. A commercial lender must apply for any loan.

#### **RECOMMENDATION:**

Again, it is the subcommittee's feeling that these funds/loans be directly administered by a partnership of AML and regional ARDORs and local banks in communities that



qualify. These organizations know the communities and their needs far better than a state agency does. Such a re-delegation would further target these funds in a more efficient organizational structure.

#### **Community Development Quota Program**

This is a federal program specific to fishing communities to address serious economic and social problems of the western Alaska region. Federal statute and regulation mandate the state's role.

#### **RECOMMENDATION:**

Again, even in the face of federal mandates, it is important for the state to explore alternative management strategies if they prove effective and efficient. Developing a partnership with appropriate ARDORs, the AML, and regional governments for the allocation of these funds would further push decisions down. This management philosophy has consistently proven more responsive to local needs than federal or state management.

#### **Alaska Regional Development Organizations (ARDORs)**

Created by the state legislature, ARDORs prepare regional economic development strategies and assist communities and businesses implement them. They are eligible for grants and other pass through economic development oriented programs.

#### **RECOMMENDATION:**

Consistent with the legislative intent of creating regional organizations to assist communities and businesses grow and be productive, a stronger and more integrated partnership between state and federal programs, ARDORs, and the AML should be crafted. This would enable ARDORs to be more project oriented, yet still meet their planning and coordination responsibilities. It would put some muscle where the rhetoric has been, by annually funding project or need areas.

If legislative changes are needed in specific funding programs or in the ARDOR statute, the Commission should advance them.

#### **Local Boundary Commission**

One of five state boards with origins in Alaska's Constitution, the commission ensures arguments for and against boundary adjustment proposals are analyzed objectively, taking areawide and statewide needs into consideration.

#### **RECOMMENDATION:**

This is an appropriate role for state government. The Subcommittee believes, however, that Internet technology could greatly enhance and expand the capability of this function.

## **Community Planning**

Provides assistance on regional and community planning issues with technical advice and training. It also oversees the Alaska Coastal Management Program and the National Flood Insurance Program.

### **Local Government Planning Assistance**

Provides surveys, land use studies, technical services, and other planning work for municipalities that exercise planning and zoning authority.

## **RECOMMENDATION:**

This is a service that should be provided by the Alaska Municipal League (AML) as a part of its membership services. As pointed out in earlier recommendations, however, the AML needs to expand its role and function to be more inclusive of smaller rural communities. A partnership between AML and the Alaska Chapter of the American Planning Association to provide annual planning commission training should also be explored.

### **Alaska Coastal Management Program (ACMP)**

Conducts a program of research, training, and technical assistance to coastal resource districts including granting ACMP funds.

## **RECOMMENDATION:**

This program should be delegated to DNR. It is a land management; land regulation function that should be combined not segregated. The grant administration and technical assistance activities within this program area should also be delegated to DNR. Providing money and technical assistance to local land planning agencies needs to be integrated with the land management function. Segregation of these two functions is not appropriate from a land and program management perspective.

### **National Flood Insurance Program (NFIP)**

State is the coordinating agency for the NFIP providing over \$207 million in flood insurance coverage to 30 cities and boroughs. Staff assists local governments dealing with flood management issues so that local's can obtain flood insurance.

## **RECOMMENDATION:**

This program should be privatized consistent with efforts nationally to have all federal flood insurance privatized. The Congress of the United States found, over 16 years ago, that federal spending in flood prone areas encourages building and rebuilding in those areas and further taxes federal revenues. It is a program of incentives where disincentives should prevail. Proceeded only by Social Security and Medicare, government provided flood insurance is the third largest exposure to the national treasury.

Fundamental to such an effort, however, is the objective of significantly reducing, over time, or eliminating repeat assistance. Damaged structures should receive one payment following a flood, but if they choose to rebuild in the same "flood prone" location, they



should not receive further assistance in the event of disaster. The state's efforts should focus on this goal.

## **Financial Assistance to Communities**

### **State Revenue Sharing**

This is the largest program in MRAD. The program reallocates, based on formulas, "excess" funds obtained by the state, to local communities for a host of projects and needs.

#### **RECOMMENDATION:**

As long as there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. Once the state determines there are not sufficient funds from general revenue to "share" with other levels of government, this program should be eliminated.

Although the subcommittee recognizes that reallocation schemes predate oil revenues, the assumption that it is in the public interest to take funds away from some and reallocate them to others, for purposes other than those mandated by the Constitution, is a pervasive notion of some in government. If the State of Alaska finds that this socio-political engineering through the reallocation of wealth, be it of communities, businesses, or persons is consistent with the role and purpose of state government, then such programs should continue. If, on the other hand, the legislature finds that reallocation programs can be harmful to communities, businesses, and persons, then an alternative action would be suggested.

### **Safe Communities**

This is a targeted revenue sharing program that redirects corporate income tax revenue to a priority list of services. In FY00 the state estimates \$220 million will be collected.

#### **RECOMMENDATION:**

The collection of corporate taxes is a disincentive to business in Alaska. The elimination of this tax on business and industry would encourage business expansion and reinvestment in Alaska. This is a far more efficient means of economic development than any reallocation strategy by the state.

As long as the state legislature finds that this is an appropriate function of state government, and there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. Once the state determines this program is inefficient or there are not sufficient funds from corporate income taxes to "share" they should eliminate this program.

### **National Forest Receipts**

This is essentially another revenue sharing program, where 25% of the income earned from activities within the national forest is distributed to boroughs and cities within the national forest. Federal and state law requires expenditures only for public schools and public roads. The FY99 program distributed about \$1.9 million to nine boroughs, 18 cities, four Regional Educational Attendance Areas, and the Metlakatla reservation. The

division receives no funding for administration of the NFRS program, thereby subsidizing this federal reallocation strategy.

**RECOMMENDATION:**

As long as the federal government mandates state management of this reallocation program, it should pay for the cost of that management by a percentage of the funds that pass through. Alternatively, the allocation should be based on a formula based on population in communities that qualify, and the funds could be sent directly to such communities without state participation.

**Shared Fisheries Business Tax Program**

Provides an annual sharing of fish taxes collected outside of municipal boundaries on the basis of nineteen "fisheries management areas." FY99, \$1,208,039 was distributed to eligible municipalities. Allocations are based on level of significant impacts resulting from fishing industry activity compared to the level of impact experience by other municipalities in the area. The division receives no funding for administration of this program, and therefore subsidizes the state program.

**RECOMMENDATION:**

This is again a tax reallocation program based on the subjective standard of socio-economic impact. The state should allow a percentage of each dollar to off-set the cost of management or the funds should be directly allocated to the qualifying local or regional governments reducing state participation.

**Federal Payments in Lieu of Taxes (PILT) Program for Cities in the Unorganized Borough**

Provides federal funds in part payment of local tax losses due to federal presence. \$3.19 million was distributed to 96 cities in FY99.

**RECOMMENDATION:**

Somewhat similar to the previous two federal reallocation programs, the state subsidizes the process with staff. PILT can be structured to directly target those communities that do not receive taxes due to federal property ownership. These funds should be directly allocated to the affected communities based on objective formulas by the federal agency. The state should not continue to subsidize the management and oversight of this program.

**Land Management and Mapping**

These programs address Land title issues that hinder economic and community development in both private and public sectors. Resolving current land issues assists in preventing future land management problems.

**RECOMMENDATION:**

The subcommittee believes all of the below listed programs should be moved to the Department of Natural Resources. They are directly consistent with that agency's purpose and function and DNR has the staff to assimilate these programs efficiently.



Although MRAD argues that these programs are about community development, they still are a function of land management. To assert that DNR mandate is state-owned land and therefore manages to the "state's best interest," thus not capable of considering community needs or the interests of local governments is incorrect.

MRAD points out that lands impacted by these programs are held in trust for community and public purposes and the decisions about land use are made by local village councils often complicated by local social and political issues. This does not change the land and program management capabilities of DNR. The subcommittee would argue that a partnership between DNR and these communities is a good match allowing significant land management skills to be tapped by small rural communities.

This does not mean that the subcommittee does not support the concepts of strong local government as identified in Title 29 of the Alaska State Constitution – it does.

#### **Land Management Program**

##### **Site Control**

##### **ANCSA 14© survey plans**

##### **Municipal Lands Trustee Program**

##### **Land Management Assistance and Training**

#### **Mapping Program**

### **Research and Analysis and Community Data**

Provides research, analysis and general technical support for internal program operations, as well as develops and maintains a wide range of information about Alaska's communities, sharing that information with agencies and the public.

This program is located in this division because it was believed that the state agency could perform this function most efficiently. The department has researched options for doing the research and analysis work and have found no one willing to do the work for anywhere near what it costs the department.

One of the directives contained in the constitutional mandate of this MRAD division is to "collect and publish local government information." In addition the department continues to be flooded with requests for this type of information from the Legislature, private development sector, and other agencies.

#### **RECOMMENDATION:**

First the subcommittee examined if the work done was necessary and useful. It was found that based on requests from the Legislature, other state agencies, federal agencies, and the private development sector that the information is needed and used.

Objective information gathering and redistribution is an appropriate and necessary function of government. In fact it is the principle function of government if assessed based on function.

But what level of government or agency of government should provide this function in looking at communities?

Two options present themselves with these programs. They are:

1. The function is contracted out to such organizations as the Alaska Municipal League or the University of Alaska
2. That an internal, multi-agency review of all research and analysis programs within state agencies, be combined and relocated.

Some relationship with the University of Alaska, Institute for Economic Research and the Alaska Municipal League as well as with other agencies should be explored as it may offer significant database efficiencies.

The function of research and analysis is essentially a means through which agencies attempt to better understand their clients or customers. This is not dissimilar to private businesses that study their markets. There is, however, a board public interest issue that makes this an appropriate university activity.

This recommendation is applicable to all of the below listed programs:

**Community Database/Community Profiles**  
**Promoting Alaska's Communities Through a new Web site**  
**Community Capital Project Database**



**TO:** Mr. Lee Wareham, Chairman  
Economic Development Subcommittee  
The Commission on Privatization and Delivery of Government Services

**FROM:** Pat Poland, Director,  
Municipal and Regional Assistance Division  
Department of Community and Economic Development

Thank you for the opportunity to respond to the recommendations of the subcommittee responsible for reviewing and making recommendations regarding the services delivered by this division. The Division and the Subcommittee exchanged a great deal of information and, while we still disagree with many of the recommendations of the subcommittee, I believe everyone has benefited from the exchange of viewpoints.

I would also note that, conceptually, the Division agrees with many of the recommendations of the subcommittee. For example, the subcommittee's concept of partnering with other appropriate organizations to deliver services is one the division embraces with enthusiasm. In fact, whether it is delivering technical assistance and training, responding to economic "emergencies", or providing management assistance in conjunction with sewer and water utilities, the division is an active partner with many organizations. We currently "partner" with all of the organizations identified in the final subcommittee recommendations.

Where I disagree with the subcommittee is when they move from a general philosophical approach to suggesting specific recommendations with no supporting documentation. Our initial response raised a number of valid concerns and issues associated with the subcommittee's draft recommendations. For reasons unknown, the subcommittee either failed to acknowledge the issues or dismissed them based on philosophy. No where is there an explanation of how service delivery will be improved. Rather, the recommendations appear to make a philosophically based assumption that someone, anyone other than state government, can do a better job.

I believe our original response does a good job of explaining why we believe the present system of delivering services is the best at this point in time. I have attached an edited version of that document. I regret that it is so lengthy, however, the subcommittee made very detailed recommendations regarding the division programs and services which necessitate a response in kind.

Once again, thank you for the opportunity to comment on the subcommittee's recommendations. I look forward to discussing these recommendations with the full committee.

**TO:** The Commission on Privatization and Delivery of Government Services  
Trade and Development Subcommittee

**FROM:** Pat Poland, Director  
Municipal and Regional Assistance Division

## Department of Community and Economic Development

Thank you for the opportunity to review and comment on your draft paper making recommendations regarding the Municipal and Regional Assistance Division.

Before responding to the specific comments and recommendations, I would like to address a number of premises that your recommendations appear to be based on. Specifically:

**Premise #1: The Department of Community and Economic Development's mission is exclusively a business/economic development mission.** The Department of Community and Economic Development's mission was thoroughly reviewed, debated, and defined by the Alaska legislature less than six months ago. To suggest that the Department's mission has been "diluted" because of the inclusion of programs this division administers ignores the work of the legislature in merging the Departments of Community & Regional Affairs and Commerce & Economic Development. The mission of the new DCED rightfully includes all aspects of community and economic development.

**Premise #2. ARDORs are capable of providing additional public services.** The ARDORs do represent an important economic development tool at the regional level. However:

- They are not a broad-based public service delivery agency. The boards governing ARDORs have no statutorily designated composition and may or may not represent the variety of interests within the region they work with. ARDOR boards are not elected.
- The ARDORs are not present statewide. Substantial portions of the state are not located within an ARDOR.
- Generally, the ARDORs have very minimal staff; several executive directors have no support staff. None of the programs suggested for transfer to ARDORs have sufficient financial support to provide even one additional staff person in each ARDOR.
- ARDORs, generally speaking, have no track record with respect to delivering on-going program services. To date, ARDORs, with few exceptions, have been limited to providing general technical assistance with respect to economic development. To suggest that this experience automatically translates into the ability to administer public programs is an assumption without a basis in fact.
- It should be noted that the statute authorizing ARDORs is due to sunset at the end of this fiscal year. In recent years the Legislature has re-authorized the ARDOR program in 2-year increments, an indication that the Legislature has not made a long term commitment to the ARDOR concept.

**Premise #3. Federal agencies would be willing to transfer programs to ARDORs, the Alaska Municipal League, and other undefined corporations. Again, this is a major assumption. In certain cases it is clear that the federal government would not make such a transfer. In others, an entire evaluation process would have to be gone through and individual determinations by various federal agencies made.**



**A very substantial portion of MARAD's actual service delivery budget comes from federal program receipts. Assuming these funds can simply be transferred to another organization is a big assumption.**

**All of these federal program receipts require a match – varying from 25 to 50%. If another organization were to assume the program responsibility it would have to provide that match.**

**Premise #4. The Internet is a useful teaching tool in rural Alaska and can replace virtually all forms of Local Government Assistance. This is simply not the case. We in the department have been exploring this approach for several years and, while there are exciting possibilities, this does not by any means represent a total solution for delivering remote technical assistance. In the vast majority of communities we work with, access to the Internet by local government entities is simply not available. If access to the Internet is available, it is at considerable expense and extremely poor quality. We have put substantial effort into exploring the possibilities of the Internet for local government educational purposes and have used it to a limited degree; e.g. certain training documents have been put on the department's web site. But access to this information by rural local governments remains quite limited.**

**The assumption that if local government officials have access to information on the Web, the rest of the educational process will take care of itself, is a misinformed. Many municipal officials in small communities have limited education, may use English as a second language, and often have limited or no exposure to concepts that professionals in government have had.**

**Our investigations into possible online resources find that very little "local government" or "rural development" information now on the web has practical application to rural Alaska. On the web, "rural" means places like Fairbanks. To have any meaningful impact on rural Alaska, a whole range of "Alaska-relevant" online materials need to be developed. Further, to be effective, these online resources need to be maintained and updated by real human beings that understand rural Alaska and are available to address special situations as they arise.**

**Premise #5. The Alaska Municipal League is capable of providing the training and technical assistance services provided by the division. The AML is a member organization that serves principally as a lobbying and advocacy organization. What training the league has done has occurred at its annual conference and is, by necessity, fairly general in presentation. Division staff has often provided the training elements that were focused on smaller municipalities. The League has no significant experience in traveling to and working with small rural community officials in providing local government services.**

**No doubt, given adequate financial resources the League could eventually develop an organization capable of delivering training and technical assistance to small municipalities. However, as noted**

above, much of the division's financial resources are federal funds; they would not be available to the Alaska Municipal League. To suggest that the membership of the league could generate the financial resources necessary reflects general ignorance of the financial plight of most small second class cities. Most of these municipalities struggle to generate the financial resources needed to provide the most basic of public services, let alone pay the travel and service fees for a professional to come to their community.

Finally, because AML is a member organization, it serves only its membership. While many of MARAD's programs are targeted at municipal governments, many of the programs also include unincorporated communities. Examples include the Rural Utility Business Advisor program, State Revenue Sharing, RDA/Mini grants, and the ARDOR program.

**Premise #6. The Department and Division's mission is not relevant to this review.** The programs the division administers are housed under this one roof because they relate to each other in the context of developing healthy communities. The strength of the organization revolves around the synergistic effect that is created by having these programs and related staffs work with each other. The programs the division administers and delivers are a means to an end, not an end in and of themselves. The question should be: is the division doing the mission the legislature charged it with? Not, "can we transfer these programs somewhere else"?

**Premise #7. Municipal Government is not part of the solution.**

Many of the recommendations of the subcommittee, particularly those relating to transferring functions to ARDORs and other non-profit organizations, would serve as a dis-incentive to the formation of municipal regional governments. This is a pattern that has been practiced for years and is, in our opinion, one of the reasons the state's system of service delivery is so fractured. The bottom line is that if residents can get services from a local non-profit, supported by the state, why should they form a local government and pay a portion of the costs themselves. As noted in the body of our response, if there is going to be a massive decentralization of state programs it should be to organized, legitimate local governments.

## **Specific Responses –**

### **General Comments, Page 1**

The paper starts out by stating that it does not question the appropriateness of the recent DCRA/DCED merger, but worries that it might dilute "the critical purpose" of the department. This statement flies in the face of the legislature's action to place the division in DCED, re-name the department, and adopt by statute most of the duties of the former DCRA into the new DCED.

*Recommendation: Provision of Services by AML, University and other Trade Organizations", Pages 5 & 6.*



Several recommendations are made regarding training and technical assistance to local government officials. Specific recommendations include:

- The Internet – I indicated earlier the general lack of availability of the Internet to rural local governments and why simply providing information is not sufficient to enable local government officials to build the capacity they need in order to manage and deliver public services.
- National trade and professional organizations – again, this is simply not realistic. Issues of education, language, culture and cost all work against this recommendation. We are not talking about the education of a city administrator in Wasilla or Palmer, whose principal function is management and public relations. But rather, the education of an individual who as city administrator:
  - Is expected to do everything for a city that would normally have a public works and planning staff, utility manager, building official and other support staff;
  - Is working in remote parts of the state in isolation from other professionals and education resources
  - Often has a different language and culture; and
  - Typically has no college level education, often works only part time, and receives minimal wages.
- The exchange of information through municipal organizations - this is a sound recommendation and we wholly endorse it. We encourage all municipalities to join and participate in AML activities. However, those activities are limited and serve a diverse range of needs. It is rarely possible to deliver a substantive training program that works for municipal officials from such diverse communities as Ketchikan, Cordova, Unalakleet and Mekoryuk.
- This recommendation also contains the statement that "municipal challenges are not new or unique" and suggests that reaching out to other information sources in the lower 48 is part of the solution. This statement is not true of rural Alaska! Challenges associated with:
  - human and financial capacities;
  - differences in language and culture
  - an undeveloped local government structure;
  - incredible logistical and environmental issues;
  - isolation from resources available in urban Alaska;
  - demands placed on rural local government administrators; allcombine to provide some of the most unique and challenging conditions in the United States.

#### ***Financial Management Assistance & General Local Government Assistance – Page 6***

The recommendation for these programs is that the Alaska Municipal League and the University of Alaska provide them. The recommendation notes that initially there may be some contractual funds but that eventually user fees should support these services.

Why we believe this approach is not going to be effective has been discussed. The University is not in the business of providing educational services on a village level. It provides education on campus or through its distance education efforts. While the latter is a worthy effort it takes highly motivated individuals, with an ability to pay, and an ability to study and learn independently, to

succeed. This model does not have a good track record when dealing across the cultural and socio-economic divide that separates rural and urban Alaska.

Finally, the difference between teaching and training should be noted. MARAD is in the business of training local government officials how to perform various skills – from preparing a budget, to setting up a utility billing system, to conducting a municipal election. The University teaches students about a subject in a classroom setting – the emphasis is on transfer of information, not necessarily the transfer of skills.

***Recommendation: "Return on Investment", Page 6.***

The committee recommends that the division establish a process that looks at "return on investment" and establish a threshold that, if not met, results in the termination of assistance.

It is our opinion that a "return on investment" approach to measuring the value of communities is simplistic and ignores moral, ethical and legal considerations. Moreover, to make a 180-degree policy switch after 40 years of investing in, and promoting the enhancement of the quality of life in rural Alaska, because of budget considerations is, at best, reactive policy making.

Notwithstanding the above, the division does annual work planning, makes assessments of a community's willingness to improve their management systems, and allocates its resources in a deliberate, thoughtful manner. If we do not believe that a community is willing to make change and work towards basic standards of competency, we do not commit our resources. At this point, the workloads generated by communities who are willing to work towards basic standards of competency exceed the division's capacity to respond.

***Recommendation: Management Structure – Regional Offices, Page 6.***

The division has, on several occasions, done a financial analysis of the regional office structure to determine if meaningful savings could be obtained by locating staff centrally. On each occasion, that analysis has revealed little if any financial savings while acknowledging the loss of substantial staff expertise available only in rural centers. The division keeps the cost of regional offices low by:

- Sharing office space with other state and federal agencies;
- Providing centralized administrative support – there is only one clerk present in the seven regional offices;
- Sharing technology costs (computers, telephone, FAX) with other agencies.

Much of the work done by regional office staff is done on-site, in a community. The financial savings that are realized by not having to fly staff out to a regional center is very substantial. Also, by virtue of our presence in regional centers we are able to partner with regional non-profit corporations to lower the cost of training and technical assistance.

Regional offices afford us the opportunity to hire local residents from the region. Sometimes these are individuals who have had long term success as a city administrator, other times they are a younger person who has gone off to college and returned home looking for work. Regardless, the individuals typically possess knowledge and language skills that are not available from individuals in urban areas. These skills are often critical to the success of the division's role in local capacity building.

Finally, it should be noted that the regional offices provide a vital connection between program staff located in urban settings and the real world of rural Alaska. This is not simply for MARAD



programs but for other state and federal agencies as well. The Regional Offices often provide the information and "reality check" that enables the department to have credibility with legislative and executive branch policy makers when speaking to issues concerning rural Alaska.

***Recommendation: Rural Utility Business Advisor Program – Page 7***

The relationship with DEC/Village Safe Water was begun over ten years ago. Since that time we have expanded our presence in the sewer and water field to include relationships with DEC, Indian Health Service, Alaska Native Health Board, the Environmental Protection Agency, the Denali Commission and a number of regional Health Corporations. All of these organizations have endorsed and supported the housing of RUBA services in MARAD. Formal recommendations to this effect were made by the Governor's Sanitation Council under Governor's Hickel and Knowles, by the Federal Field Committee on Rural Sanitation, and by the Rural Alaska Sanitation Council.

It should be noted that while the majority of funds spent on this program are federal, receipt of such funds does require a local match. This could be an impediment to other agencies or organizations receiving the funds.

***Recommendation: Review and integrate Coordinated Response Partnership – Page 7.***

The recommendation is that the legislature explores integration of economic and physical disaster response into one single agency. We believe this ground has been covered but have no objection to reviewing the issue.

***Recommendation: Transfer the State Assessor to Revenue – Page 7.***

The recommendation for this program is that it be placed in the Department of Revenue.

The Municipal and Regional Assistance Division represents a group of individuals possessing the professional and technical expertise needed to help a municipality carry out its public service responsibilities. We are grouped together because our focus is healthy local governments/communities and because placing us together creates a synergistic effect that you would not get if we were scattered to a number of separate departments. For example, the state assessor can help a Local Government Specialist who is working in a community trying to implement a local sales or property tax. This doesn't happen when the State Assessor is sitting in a Department whose principal focus is assessing oil property and generating revenue for the State.

***Recommendation: Transfer the Community Development Block Grant Program to ARDORs – Page 8***

The recommendation is that this program be transferred to the ARDORs. This is a Federal program delegated to the State. Federal officials have advised us that delegation to ARDORs is not an option.

The CDBG is a statewide competitive grant program with many requirements. The State's oversight is subject to significant federal scrutiny. Federal receipts pay for the bulk of the administrative cost of the program.

Finally, I would point to the CDBG program as another example of the synergy referenced earlier. Regional office staff plays an important role in helping communities identify potential projects and develop well thought out proposals that will succeed.

Absent that assistance, grants tend to go exclusively to the larger communities that can afford to hire grant writers.

**Recommendation: Transfer Emergency Shelter Grants to Health and Social Services or Emergency Services – Page 9**

The recommendation is that since this is either a social service or an emergency service the program should be transferred to DHSS or DES.

This is part of a package of "community development" programs that the Federal government grants to the State of Alaska. Administration associated with these grants is fairly minimal. Whether the Federal government would accept another agency administering the grant is not clear.

**Recommendation: Transfer the Community Services Block Grant to Health and Social Services. – Page 9**

The recommendation for this program is that it be transferred to DHSS or given to the ARDORs.

The only organization eligible for this grant is RuralCommunityActionProgram. While Rural CAP deals with what could be called "social issues" these funds do not provide social services.

As with Emergency Shelter Grants, this grant requires fairly minimal effort to administer.

**Rural Development Assistance/Forest Service Mini-Grants – Page 10.**

The recommendation is that the division partners with AML and ARDORs to administer this program. The division currently involves ARDORs in the grant selection process. We will explore whether there is a role for AML to play..

**Recommendation: Have ARDORs administer the Rural Development Initiative Fund (RDIF) Loans – Page 10.**

The recommendation is that the ARDORs administer this program.

This program has seen minimal activity the last several years. Private banks have serviced loans under this program. The Department has actively encouraged ARDORs to identify potential loan applicants.

**Recommendation: Use ARDORs and AML to push decision making regarding the Community Development Quota Program down – Page 10.**

The recommendation is that this program be "delegated to the appropriate ARDOR or other regional entity for management".

Regional CDQ groups, pursuant to federal statute, manage this program. The state's role is in the resource allocation process and the financial monitoring of the CDQ groups. This is an appropriate role for State government to play and, is called for by federal statute and regulation.



***Recommendation: Delegate State and Federal programs to Alaska Regional Development Organizations (ARDORs)- Page 10.***

The recommendation is that state and federal programs be delegated to ARDORs to the maximum degree possible.

I have already commented on the issues associated with ARDOR administration of state and federal programs.

One additional point: If there is going to be a massive decentralization of all state programs, the programs should go to organized boroughs. Boroughs are legitimate regional governments, part of Alaska's local government system defined in the Constitution, operate pursuant to statutory authority, and are governed by an elected body subject to the equal representation provisions of state and federal law.

**Recommendation: Local Boundary Commission – Page 11.**

The recommendation is that the Commission make use of the Internet to enhance and expand the capability of this function.

The Commission currently makes extensive use of the Internet for its business including:

- Providing notice on the Internet and via e-mail;
- Providing copies of its draft and final reports on the Internet as well as distributing copies of the same;
- Providing copies of petitions, notices and all other forms the Commission uses via the Internet;
- Providing copies of documents explaining the various procedures for municipal boundary change on the Internet;
- Providing copies of the laws and regulations governing the Commission's business on the Internet.

If the committee would like to make specific recommendations on how the Commission could further use the Internet we would be glad to explore them.

**Recommendation: Have the AML provide Local Government Planning Assistance – Page 11.**

The recommendation is that the Alaska Municipal League provide this service.

The Division provides extremely few community planning services and those that are provided are typically in conjunction with administration of a grant program. For example assistance might be provided in determining an appropriate site for a public facility, including dealing with issues such as site control, flood and erosion potential, and the general appropriateness of the site relative to the purpose of the facility. . The Division also works with the Alaska Chapter of the American Planning Association to

provide annual planning commission training. However, in practical terms, MRAD does not have a Local Government Planning Assistance "program".

**Recommendation: Transfer the division's Alaska Coastal Management Program (ACMP) responsibilities to the Department of Natural Resources – Page 11.**

The recommendation is that the program be "re-delegated to DNR" because it is a land management/regulation function.

There are a number of aspects to the ACMP including land management. However, MARAD's role deals with grants administration and technical assistance to local land planning agencies. DNR is a regulatory agency and along with DEC and ADF&G exercises regulatory authority through the ACMP. It is appropriate that the functions are in two different agencies. In FY97, the Legislature held numerous hearings to disband the Division of Governmental Coordination (the lead ACMP agency) and move much of the ACMP into DNR. Last year, after holding a number of public hearings to consolidate ACMP functions in DNR, the Legislature again decided not to move ACMP functions into DNR. It seems redundant to revisit an issue that the legislature has dealt with extensively in the last 2+ years.

**Recommendation: Privatize the National Flood Insurance Program (NFIP) – Page 12.**

The recommendation is that the program be "privatized". How that would be done is not explained. Private insurance companies already provide the actual insurance. The assistance provided by the division is federally funded.

Staff with this program provides assistance to local governments and to homeowners in understanding and implementing procedures and standards necessary to participate in the NFIP. Participation by a local government makes low cost flood insurance available to homeowners that would otherwise be unable to secure such insurance. There is no incentive for any private institution to take on this role. Funding for the program requires a 50% match, which could be an impediment to privatizing the program.

**Recommendation: State Revenue Sharing & Safe Communities – Page 12.**

The recommendation is that the programs be funded so long as there is sufficient general fund revenues.

This agency strongly supports continued funding of these programs. Note also that these programs were funded before the state was receiving oil royalties. The Safe Communities program is based on the sharing of corporate income taxes. In FY 00 the Department of Revenue estimates Corporate Tax Revenue will be approximately \$220 million.

**Recommendation: National Forest Receipts – Page 13.**

The recommendation is that this pass-through program be contracted to qualifying ARDORs.



The division receives no funding for administration of the NFRS program. Federal statute directs that the state re-distribute the funds pursuant to formula. It is an annual, one-time occurrence. Contracting out would require funding for ARDOR administration and Federal approval.

**Recommendation: Shared Fisheries Business Tax Program – Page 13.**

The recommendation is that this program be contracted out to the ARDORs.

The division receives no funding for administration of this program. Distribution of funds is an annual, one-time occurrence. Previous concerns with ARDOR administration of state programs apply. Contracting out would require a funding for ARDOR administration.

**Recommendation: Federal Payments in Lieu of Taxes (PILT) – Page 13.**

The recommendation is that this program be contracted out to the ARDORs.

The division receives no funding for administration of the PILT program. Federal statute direct that the state re-distribute the funds pursuant to formula. It is an annual, one-time occurrence. Contracting out would require a funding for ARDOR administration and Federal approval.

**Recommendation: Land Management Programs - Page 14**

***Site Control***

***Municipal Lands Trustee Program***

***ANCSA 14© Survey Plans***

***Mapping Program***

The recommendation is that these programs be transferred to DNR. The stated reason is that the programs are consistent with that agency's purpose and function.

There is a failure to understand why these programs were put in division. It was not because we had some local planning expertise, although that certainly was an element, but the overriding reason is that because these programs – particularly the Municipal Lands Trust program – are about community development. The lands are held by the state in trust for community and public purposes, decisions about land use are made by local village councils and are often complicated by local social and political issues.

These functions were put in the division to help build the capacity for a future city incorporation and because the division deals with local governments and the broad community development concept. DNR is a land manager for State-owned land with the "state's best interest", not community or regional interests guiding it's decision making. Along with privatization, we hope the committee supports the concepts of strong local government as identified in the Alaska constitution and Title 29.

These programs are clearly in the statutorily defined mission of the Department of Community and Economic Development. This is a mission that was thoroughly reviewed, discussed, and approved by the Alaska legislature less than six months ago.

### **Recommendation: Research and Analysis – Page 15**

The recommendation is that this function be transferred somewhere – the University appears to be the leading candidate.

We have researched options for doing the research and analysis work and have found no one willing to do the work for anywhere near what it costs us. MARAD started performing the research and analysis function for two reasons: First, one of the directives contained in our constitutional mandate is that we “collect and publish local government information”. The second is that we kept getting requests for this type of information from the Legislature, private development sector, other agencies, etc. and no one else was willing to do it.

Is the information used? Absolutely! For example, the Alaska Community Data Base web site receives over 10,000 hits a day, which represents over 2,000 unique users each day. This has become an invaluable resource for state and federal agencies and the general public. We receive regular and frequent statements of appreciation for the web site from the public, from researchers, from legislative staff and from other agency staff.

Again, thank you for the opportunity to share our perspective on the subcommittee's recommendations.



November 3, 1999

Mr. Marco Pignalberi, Executive Director  
Mr. Rick Davidge, Staff to the Commission on Privatization  
Members, Trade and Development Subcommittee

## **Re: Commission on Privatization and Delivery of Government Services**

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Thank you for the opportunity to review and comment on the recommendations contained in the October 29, 1999 report of the Trade and Development Subcommittee of the Commission on Privatization and Delivery of Government Services. The report raises some interesting questions and demonstrates generally thoughtful consideration of how Alaska can deliver basic services to its citizens in this time of reduced resources.

I am concerned, however, that some of the information contained in the report is not fully accurate, and may lead the Commission to improper conclusions. Allow me to clarify for the benefit of the Commission, the scope and depth of RurAL CAP's constituency and programming.

The Rural Alaska Community Action Program (RurAL CAP) is a diversified *statewide* private non-profit corporation. RurAL CAP operates nineteen programs, located in Anchorage, Juneau, Homer, Seward, and approximately sixty villages from Selawik in Northwest Alaska to Klawock in the Southeast. The only area of the state in which RurAL CAP does not operate or administer programs is the North Slope Borough.

As noted in the report, RurAL CAP's programs are primarily human services. RurAL CAP is one of the oldest non-profits in Alaska, and is the state's largest administrator of the Head Start programs. Sixty percent of RurAL CAP's funding supports delivery of Head Start, Early Head Start, Child Care, and Child Development services in twenty-eight communities.

In addition to these efforts, RurAL CAP has a significant presence in Alaska's largest city. In Anchorage, RurAL CAP provides

- **Services to the homeless.** RurAL CAP is the lead agency in a **collaboration** among the **Municipality of Anchorage, the Salvation Army, and the Cook Inlet Tribal Council** to provide transitional housing and supportive services to homeless public inebriates. The program directly reduces government expenditures for interception, enforcement, and incarceration of public inebriates, and helps restore formerly homeless people to productive lives, contributing to society through employment and taxes.
- **Internship opportunities for college students.** Through a **partnership** with the **University of Alaska, School of Social Work**, RurAL CAP provides education awards to sixty interns entering the social work profession.
- **Quality child care.** Rural CAP operates a **Child Care Center** serving forty-one children with unequalled day care and educational experiences. The parents of many of these children are leaving welfare to obtain employment, training, or education.
- **Affordable and decent housing.** RurAL CAP operates 12 units of low-cost housing, offered to low-income households at below-market rents without benefit of other public subsidy.

The report references, on page 9, the Community Services Block Grant. However, the narrative does not completely describe the program, its purpose, or its relationship to RurAL CAP. Beginning in 1980 the Community Services funds designated for Community Action Agencies (such as RurAL CAP) were block granted to the states. The funds originate with the US Department of Health and Human Services, and are intended to be *passed through* the state to the Community Action Agency. The funding requires no matching funds from the State of Alaska. Alaska is unique in that, because of its small population, it served by only one Community Action Agency – RurAL CAP.

The report recommends that the Community Services Block Grant be directed to another agency, which in the opinion of the authors, would better bridge rural and urban communities. This recommendation is flawed.

The CSBG Act, Sec. 676A (a) (1) prohibits the state from arbitrarily reducing or terminating CSBG funding to an eligible entity by being very specific as to the causes for which funds may be reduced or terminated. The Act requires that the State CSBG Plan which every State submits to the federal Office of Community Services, contain an assurance that

*"any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b)."*  
(From the CSBG Act, Sec 676(b)(8).

In short, federal law restricts the State's ability to shift CSBG funding from RurAL CAP without due process and public notice. Such a move to shift CSBG funding to another entity would unduly jeopardize the flow of these resources to Alaska, and ultimately to the low-income citizens they were designed to directly benefit.

The recommendation appears to hinge on the assertion that a major portion of CSBG funds are presently used to present a conference that "...feeds the festering conflict between urban and rural communities..." by bringing together "...village leaders from around the state get together to discuss common problems, issues, and solutions." I respectfully refute this assertion. The conference in question has had several names over the years, including Citizen Participation Conference, Village Participation Conference, and Alaskan Participation Conference. Indeed, CSBG funds were used to support the event. However, three years ago, the Village Participation Conference was deemed to be a project that would be defunded by RurAL CAP. This action was taken in response to a careful cost/benefit analysis of the event, as required by RurAL CAP's *Results Oriented Management and Accountability* system. The funds were reallocated, and today support higher education for village Head Start staff, who are now required by the federal government to obtain AA degrees by 2003.

We agree with the Commission that there are cost-effective alternatives to direct government delivery of many services. RurAL CAP's own excellent and credible record of providing education, training, information and advocacy to the poor and low-income of the state is testament to that fact. RurAL CAP delivers its services with one of the lowest indirect cost rates in Alaska. The agency's federally-approved indirect rate of 14.5% is significantly lower than the indirect rate charged by the University of Alaska, which ranges from 36.3% for most grants to a high of 56.1% on research grants. Many other Alaska non-profits charge at least 30%. RurAL CAP is able to keep its rate low by managing cost-effectively, engaging in value engineering, and employing the same kind of management discipline that is common in the private sector. The agency has received national recognition of its outcome-based management system, and its ability to maximize resources. Despite its low indirect rate, RurAL CAP offers its employees, who are all non-union, competitive wages and benefits, including generous health and dental insurance, a retirement plan, and life insurance.

We encourage the Commission to capitalize on RurAL CAP's capacity to provide cost-effective, by expanding its partnership with RurAL CAP to administer and deliver additional human and community services programs that are presently managed by state agencies. RurAL CAP offers a competitive advantage over the University of Alaska, which is mentioned in the report as a potential partner, not only in terms of cost, but also in terms of:

- Field experience,
- Service delivery infrastructure,



- Capacity,
- Statewide presence, and
- Ability to respond effectively to changing demands and market conditions.

I will be attending the November 5 meeting of the subcommittee, and would be pleased to discuss these ideas with any of the members present.

Sincerely,

Jeanine Kennedy, Executive Director  
Rural Alaska Community Action Program, Inc.

## **November 1999 – Current Programs Administered by RurAL CAP**

### **AmeriCorps Programs:**

- RAVEN AmeriCorps
- Child Development AmeriCorps
- Students-in-Service AmeriCorps
- Summer Youth Mentor Program

### **Child Development Programs**

- Head Start
- Early Head Start
- Child Care Center
- Parents as Teacher Program
- Project Northern Lights Program

### **Community Service Programs:**

- Village Council Management
- Energy Conservation Initiative
- Preventor Fire Safety Project
- Underage Drinking Prevention

### **Programs:**

- Alcohol Prevention (Wellness)
- Affordable Housing Services
- Homeward Bound
- Legal Technical Assistance
- NAPIL Fellow
- Subsistence Program
- Weatherization

### **Subsidiary:**

- Rural Energy Enterprises

RurAL CAP is a statewide, multi-purpose, non-profit that provides education, training, information, and advocacy for low-income and poor people throughout the State of Alaska through Head Start, Early Head Start, Child Care, AmeriCorps, Subsistence & Natural Resources Protection, Alcohol Prevention, Decent and Affordable Housing, Homeless Program, Weatherization and Energy Conservation.



**The Commission on Privatization and Delivery of Government Services  
Trade and Development Subcommittee  
Program Review and Recommendations**

**Division of Trade and Development - International Trade**

**General Comments:**

The State Government plays an important role in fostering International Trade for Alaska. It does this through funding certain trade organizations, and through activities carried out within DCED, Division of Trade and Development.

Concerns about inevitable mission overlap among state funded organizations, duplication by Division of Trade and Development of activities carried out by these state funded organizations, and the need for demonstrating quantifiable results of state funded programs, make it appropriate to take further steps in a process already underway.

**Recommendations:**

1. A coordinating committee consisting of the heads of all state funded organizations involved in international trade, and the director of DTD, should be formally established. Active participation, with frank and open exchange of information, among all parties should be a condition of receipt of state funds. The mission of the committee should be to rigorously minimize overlap and duplication of effort. The director of DTD should take the lead in identifying and minimizing overlap. The committee should meet at least quarterly, with the initial chair being the Director, DTD, and then rotating among the other members.
2. State funded trade organizations should be strongly encouraged, where ever appropriate and practical, to carry out what amount to "inter agency" contracts between each other, in areas of natural mission overlap, where the lead agency lacks an internal capability, and a sister organization possess it. This, properly done, is what the Chinese call a "double happiness".
3. DTD should lay down its role as a pick and shovel participant in international trade and focus on trade policy, coordination and oversight of state funded organizations, and critical government to government relations. The department should decisively devolve down into the appropriate state funded organizations those functions found to be duplicative of their efforts. Inherent in devolution should be an objective assessment of what functions currently serve a useful purpose, and for whom. Those that don't pass muster should be unhesitatingly eliminated.
4. It's critical DTD not be burdened with the role of micromanaging the activities of the state funded organizations. This would be a distraction from their primary responsibilities, waste resources, and not be fair either to DTD or the organizations. It would, in fact, be a prescription for acrimony and failure. A designated grant form of funding for state funded organizations may be appropriate to minimize the burden on both DTD and the organizations.
5. DTD and the state funded organizations should, at the earliest practical time, conduct a carefully crafted and objective survey of their particular constituencies to find out what they currently need from the state to accomplish their trade objectives. These constituencies should be clearly identified as part of the survey. DTD should, in their oversight role, prior to the actual survey, convene a meeting of the state funded

organizations (de facto, the Coordinating Committee referred to earlier) and come up with guidelines for questions to be asked in the survey. This survey should be updated annually. Survey results should play a key role in setting trade policy.

6. The measurement of results of trade policy must be approached very carefully, lest we do more harm than good. In order to provide a context within which to accurately evaluate international trade results, an annual assessment of the business and economic climate of Alaska's major markets and trading partners should be done by the University of Alaska, at the behest of DTD, either under contract or through some other appropriate mechanism. Within this context, DTD, as the policy and oversight agency for the state, should answer for overall results. Individual state funded organizations, at the time of their grant applications, should be required to be specific about what they intend to accomplish with the funds requested. At the end of the grant period, and prior to being considered for further funding, organizations should be required to quantify their results against earlier stated purpose. A major part of measurement thus becomes distributed among participant organizations and an intrinsic part of the funding process. DTD can, in addition to the foregoing, compile additional measurement data as required.



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Generally speaking, the subcommittee on Department of Community and Economic Development [DCED] with the economic development focus came to three conclusions. First, DCED is being managed from a Chamber of Commerce perspective rather than with an eye to the nuts-and-bolts of how businesses are actually run. The department is top heavy with individuals who have limited, if any, actual business experience and particularly start-up operations. Alaska is the land of the small business yet there is little evidence the top level DCED personnel understand even basic small business survival requirements.

Second, there is an amazing amount of duplication of offerings of services, particularly in the field of international trade. Though DCED, in its response to Representative Cowdery's report, stated that each of the agencies/associations responsible for international trade were slightly different, from the perspective of the private sector, they are duplicative. Further, as DCED personnel do not have the nuts-and-bolts experience of operating small businesses, they do not have the business perspective to do their jobs effectively.

Third, and most important, careful examination of all of the reports submitted to this subcommittee convinced its members that the DCED does not have a clear focus as to what economic development is. The term is sprinkled throughout all of the paperwork and is thus a catchphrase rather than a statement of ongoing, quantifiable results. As presented it is paperwork, top level DCED personnel seem to feel that going to a meeting about economic development means that economic development has happened. As result, DCED appears to be all motion and no movement. DCED offered no proof that it had any success stories. In fact, some of the paperwork presented, most notably the Office of International Trade, failed to provide any information that it had done anything in the last two years!

Additionally, and unfortunately, the one program in DCED that should have been a prototype of what DCED should be doing had been cut. This was the Alaska Film Commission. The Film Commission was the epitome of how to leverage state dollars to service the private sector. The average film pumps \$100,000 a day into the private sector. With no Film Office, filmmakers now have limited access to Alaska. Further, the fact that the terminated Director of the Film Office was related to a staff member of John Cowdrey's staff makes it difficult for the subcommittee to recommend that the Film Office be re-instated without being subject charges of favoritism. However, we so recommend.

## Steven C. Levi

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### FINAL COMMENTS

One of the primary problems with any discussion regarding privatization is that the State budget is based on dollars in BRUs and not functions. Thus it is very hard to find the specific duplicative services. For instance, personnel whose duties include "economic development" are sprinkled throughout the budget but cannot be personally identified. This means that the overall economic development function is disjointed, uncoordinated and lacking in definition.

Another problem facing the privatization committee is that the state budget is designed by department, not function. This means that services cannot be rated and compared. The ideal state budget is designed like an onion with the most critical services at the center. The least critical services are on the outer layers. In lean times this kind of a budget is necessary because everyone knows which services are the first to be cut; the ones on the outermost layers of the onion-like budget. But the State of Alaska's budget is designed to hide staff and functions making the job of the privatization committee more of detecting than cutting.

In order to add a sense of reality to the bureaucratic process, the subcommittee suggests that the new department of Community and Economic Development be required to quantify the results of its service. Just saying that economic development has occurred does not mean that it actually has.

One of the great shortcomings in this administration is the lack of a long term plan or vision. The key to being a leader is saying "we are here and, in four years, we should be there." A comprehensive statement such as that would indicate to all employees where the state government is going. Without this administrative target, divisions and departments will feel perfectly justified in 'just doing business.' Ships don't leave port without destinations; bureaucracies should not be funded without specific long term goals.

Another day-to-day problem that became clear is that the department and its myriad of alphabet soup programs and divisions, is uncoordinated in its efforts. This makes getting anything substantive done like drinking tea on a subway. A good example is the confusion, lack of coordination and duplication clearly apparent in the field of international trade. Unless someone is well-versed in the differences between the United States Department of Commerce, World Trade Center, American Russian Center, and the Office of International Trade, their services are duplicative. And Alaskans are paying for three of these four functions.

Another clear and present problem that lay at the periphery of the purview of the subcommittee was the lack of creative, innovative ideas. None of the division gave any indication they were doing anything other than performing the same functions as their predecessors. This is particularly dangerous for this department because economic development is the heartbeat of any state and unless there is substantial change in economic nuts-and-bolts of the bush, Alaska will become a state with two destinies: an expanding, wealthy urban environment and a bush Alaska as backward as a Third World country. What is particularly frightening is that Alaskans are paying for that Third World status very handsomely.



**TO: DCED Subcommittee of the Commission on Privatization and Delivery of Government Services**

**FROM: Division of Trade & Development, DCED**

**DATE: November 3, 1999**

**RE: Minority Report by Steven C. Levi**

In response to the Minority Report submitted by Steven C. Levi, we make the following observations:

1. Mr. Levi suggests DCED is managed from a "Chamber of Commerce perspective," with little experience in business. First of all, we are not sure what he means by a "Chamber of Commerce perspective," since the Chambers of Commerce in Alaska are totally made up of businesses, both large and small. Secondly, DCED managers and specialists have experience in both the government and private sector, from Commissioner Sedwick down. The wealth of experience available to Alaskans in the Division of Trade & Development has helped numerous Alaska businesses, large and small, whether just starting out or expanding. The role of government is not to do business – that is the private sector's job – it is to strengthen Alaska's economy and increase employment through the development of a diverse and self-sufficient private sector.
2. Mr. Levi suggests there is duplication and overlap by providers of trade services. Our experience suggests that the private sector companies that utilize these services are NOT confused, and, in fact, regularly call on the division or other trade entities based on their particular needs and their assessment of the relative strengths and capabilities of these trade organizations. In addition, there is enormous cooperation among these trade entities, which work as a team to take advantage of each organization's strengths and avoid duplication of services. International trade is very important to Alaska's economy, and if anything, Alaskans need more services to compete globally and increase trade, not fewer.
3. Mr. Levi suggests that DCED in general, and the Division of Trade & Development in particular, have no success stories and have failed to provide any information of having done anything in the last two years. It is possible Mr. Levi did not see the description of activities and sampling of accomplishments presented to the subcommittee (see attached). The accomplishments of the Division of Trade & Development include successful promotions, trade missions and trade shows, matchmaking, market intelligence, and other assistance to export-oriented Alaska businesses, and cover Alaska's major markets: Japan, Korea, Taiwan, China and the Russian Far East. In addition, the division serves the government-to-government and government-to-business functions that help Alaskans and Alaska businesses. Although state government is neither a buyer nor a seller, government can assist Alaska companies by introducing them to interested buyers in our major markets. Businesses using the services the Division of Trade & Development provides have expressed satisfaction with our services. And while the division cannot always track specific business deals (and businesses do not want to be required to give the government this type of information), evaluations from businesses indicate our work is making a difference for them. (See attached sampling of letters from private sector companies and newspaper articles)
4. In his comments Mr. Levi expresses concern that the state's budget is designed to hide staff and functions. I would like to assure Mr. Levi that the Division of Trade & Development consists of twenty-one staff in total – that includes the director, trade specialists, development specialists, administration and clerical staff. His concern that there is duplication in international trade staff is unwarranted: the state has three trade specialists, whose function is to assist Alaska businesses in Alaska's major markets – Japan and Korea, Greater China (Taiwan, the PRC and Hong Kong), and the Russian Far East and Canada. We know of no other local trade organization that has staff with country-focused expertise to provide information and assist Alaska companies in their overseas endeavors. Again, no duplication.
5. Finally, Mr. Levi suggests the department is uncoordinated in its efforts. In fact, under Commissioner Sedwick, two formerly separate divisions (Office of International Trade and the Division of Economic Development) became the Division of Trade & Development in 1996. Together with the Division of Tourism, which must exist as its own division under state statute, we work as a well-coordinated team, benefiting Alaska's industries. In the past year, the Department of Commerce & Economic Development merged with portions of the Department of Community & Regional Affairs, creating the

Department of Community and Economic Development. Under Commissioner Sedwick's leadership, the result is even more coordination among the state agencies involved in economic development: Tourism, Trade & Development, and the Municipal and Regional Assistance Division. This coordination will be very important in the "economic nuts and bolts of the bush," about which we share Mr. Levy's concern.



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November 4, 1999

Thank you very much for the opportunity to respond to DCED's comments.

- 1) A "Chamber of Commerce" perspective is synonymous with networking, a productive mechanism in a 'big' city setting where business can be conducted in regular social settings. No such regular social settings exist for 'small,' 'very small' and 'bush' businesses.
- 2) While DCED may not be confused by the plethora of state, federal and nonprofit organizations that support international trade, 'small,' 'very small' and 'bush' businesses are – as are many urban small businesses.
- 3) If DCED has success stories, those should be introduced on the record along with specific quantification.
- 4) DCED is probably alone in believing it does not duplicate any service offered by the World Trade Center, Russian American Center, Small Business Development Center, Anchorage Economic Development Council, United States Department of Commerce, Alaska Seafood Marketing Institute, Alaska Fisheries Management Foundation, Institute of Social and Economic Research, Small Business Administration, Alaska Village Initiatives, or any of the other internationally-oriented nonprofits in Alaska.
- 5) DCED executive staff responding to my comments have clearly not spent enough time in the bush. Further, consolidation of bureaucracies does not mean increase of service; it usually means an increase in the complexity in the offering of the same service as before – along with an agonizingly long transitional period.

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FAX TRANSMITTAL

DATE: 9/22/99  
TO: Don Schroer  
FAX: 19072792566  
FROM: Denny Schlotfeldt  
RE: Recommendations for Privatization of Banking and Securities

Don, attached please find the two responses to my two questions that were addressed to Terry Elder, Div of Banking and Securities. I appreciate the in-depth answers Terry provided and am now much better informed.

I don't agree with his conclusions however. Our committee should recommend the following:

1) DISCONTINUE DUPLICATION OF BANK EXAMINERS.

Alaska doesn't need to accompany (and duplicate) the FDIC examiners for all FDIC regulated banking institutions. In the later part of his message, it seems contradictory because he says most of the auditor function isn't about regulating-it's about assuring that the bank is secure. Even though FDIC's purpose is to verify security for its own insurance fund, the fact that they completed an audit and can attest to the bank's FDIC soundness should be a reasonable assurance for the state's purposes.

2) CONTRACT OUT STATE BANK EXAMINATIONS TO ACCOUNTING FIRMS.

The examination function for state-chartered banks not examined by FDIC could very readily be contracted out to reputable accounting firms. Obviously the privatizing contract would have to spell out the type and purpose of the exam and the contractor could be held to that purpose. Would there be a savings? I'm certain there would be! Even if wages are comparable for state examiners versus private accounting personnel, there's no doubt in my mind that the fringe benefit package received by state employees is far more costly! I'm told that state employees receive benefits above salary in an amount approximating 46% of salary. That's plenty of room for considerable savings to the state when contracted out....

3) ELIMINATE COMSUMER COMPLAINT FUNCTION.

Terry explains that his department does not have the authority to investigate consumer complaints against the banks. I suppose it would be the AG's office that would have such authority to prosecute banks that breached state laws so move this function to the AG or eliminate it altogether.

4) SECURITIES: Stop handling ANCSA Corporation annual reports and proxies.

Terry states that his department has never received any funding for this function. How much time does it take? It's not appropriate for the state of Alaska to handle corporate affairs for one group such as the native corporations while not handling all other corporations in the state. In fact we shouldn't be involved in any not publicly traded corporation in the state unless state law is broken. Then I assume that should fall under the purview of the AG's office. If state employees have extra time for this function they should be assigned other duties.



**Agency & Department Name**  
**Department of Community and Economic Development**

**BRU and Component Names**

Divisions of – **Banking, Securities and Corporations**  
**Insurance**

|                         |                  |
|-------------------------|------------------|
| Total Budget, all funds |                  |
| Banking -               | \$1,654.9        |
| Insurance               | <u>4,561.6</u>   |
| <u>Total</u>            | <u>\$6,216.5</u> |

**Constitutional and Statutory Provisions Governing Agency Operations**  
AS 21 and AS 10, among others

**Agency Mission, Goals and Objectives**

These agencies regulate the financial services industries of Alaska which are not regulated by the federal government. The Insurance Division bears the statutory authority for licensing insurance sales agents and a variety of insurance sales and service organizations. The Banking, Securities and Corporations Division licenses state banks and credit unions, securities sales persons and charters corporations and tracks same.

**Number of Employees**

Banking - ?  
Insurance 52

**Technology Used to Perform Mission**

Each division operates from an office environment making use of computerized data base, communications and other familiar programs such as the system to track insurance licenses and the system to track corporate charters.

**List of Existing Agency Contracts**

The Insurance Division has financial examination contracts for the examination of state chartered insurance companies, insurance broker's holding premium trust funds and for legal services dealing with the liquidation of insurance companies.

**Existing Privatization Practices**

The agency contracts listed above represent the existing privatization practices.

**Recommendation #1**

**ELIMINATE DUPLICATE REGULATORY ACTIVITIES**

Place the activities of the Insurance Division into the Division of Banking, Securities and Corporations regulatory activities. Each regulates a piece of the financial services industries.

This will eliminate the need for two separate directors; the staff dedicated to their support, the travel expenses for one of the directors, costs of interacting between the division, some of the costs of one of the divisions interacting with other areas of state government and other expenses.

Eliminate the Division of Insurance examination of insurers whose solvency has already been reviewed by other regulators.

### **Rationale for Recommendation**

The collapse of the banking industry during the depression of 1929 and later years produced a great deal of legislation designed to avoid a similar financial collapse. A principal piece of this legislation was the Glass-Steagall Act, which, among other steps, separated the banking, securities and insurance industries.

Several states have separated their banking and insurance regulators into widely separate reporting entities. Several others have a combined regulatory function. Thirty-five to forty have separate divisions, which report to one commissioner before reporting to the governor, i.e. a "separate" but close arrangement.

Recently federal legislators have agreed that the financial services industry has become so homogenized that the need for the separation of the banking, securities and insurance industries no longer exists. In fact, many commentators believe that the industry became one over a decade ago. Legislation is being prepared to eliminate the separation feature of the Glass-Steagall Act. The federal government is planning to do insurance regulation and solvency review now performed by the states.

Alaska has nine domestic insurers. Of these only two are physically located in Alaska as stand alone insurers, Alaska National Insurance Company and Umialik Insurance Company. Alaska's other insurers are subsidiaries of large national organizations which are already regulated by their parent's domestic state and which will also be regulated in the future by the federal government. Three separate levels of regulation for domestic insurers not located physically in Alaska is overkill.

The Alaska banking industry is far larger than its domestic insurance industry.

Alaska did have these functions combined. However, the insurance industry requested and received their "own regulator." Alaska can no longer afford this luxury.

With the demise of the separation between the financial services industries there is no reason to have separate regulatory divisions. The Division of Banking, Securities and Corporations will have to develop insurance expertise to examine the insurance activities of Alaska domestic banks. Collapsing the Division of Insurance into the Division of Banking, Securities and Corporations avoids this unnecessary new cost and eliminates duplicated costs.

### **Problems or Barriers to Implementation**

Each segment of the financial service industry has grown accustomed to close relationships with their Alaska state regulators. These comfortable relationships will not be abandoned without protest.

Fees to the Division of Insurance for examinations not made will be eliminated. If federal regulators establish a fee schedule for examinations, this will represent a "tax" on Alaskans paid to the federal government.

The federal government will seek to usurp the insurance premium taxes paid in lieu of state income taxes.

#### **Recommendation #2**

### **ACTUARIAL SERVICES**

Privatize the actuarial work done by two actuarial positions in the Division of Insurance.

### **Rationale for Recommendation**

At this time the Division of Insurance has two actuarial positions for persons qualified and licensed in actuarial science. The original purpose for creating these two positions was to review an expected deluge



of loss cost filings. This volume of filings has not materialized. There is little other work for these highly paid and highly specialized employees. These actuaries are being utilized to accomplish work not requiring knowledge of actuarial science, which work could be accomplished by lower compensated employees.

It has not been possible to hire fully trained and certified actuaries for these positions. Accordingly, trainees for whom the Division of Insurance has paid some training costs are being paid a fully qualified actuary's salary while they learn at state expense.

The minimal tasks, which require knowledge of actuarial science, could be hired out to one of the many actuarial firms who provide this service to other state regulators.

### **Problems or Barriers to Implementing Proposed Privatization**

The bureaucracy will resist shrinkage.

#### **Recommendation #3**

### **DUPLICATION OF BANK EXAMINATIONS**

When state chartered banks insured by the Federal Deposit Insurance Corporation are examined, Alaska bank examiners accompany and duplicate the work of bank examiners from the Federal Deposit Insurance Corporation. Most of this state examination function is not about regulating. The examination plan is designed to assure the financial soundness of the state-chartered bank. The Federal Deposit Insurance Corporation performs the identical work and can attest to its soundness. The Federal Deposit Insurance Corporation also reviews for compliance with its rules and regulation.

### **Rationale for Recommendation**

The sub-committee felt that the performance of the same work by two different regulatory agencies is unnecessary. This duplication of work can be eliminated.

### **Problems or Barriers to Implementing Proposed Privatization**

The bureaucracy will resist shrinkage.

The state bank examination staff should retain an oversight function for state bank compliance with state banking law.

#### **Recommendation #4**

### **CERTAIN FINANCIAL INSTITUTION EXAMINATIONS**

Privatize the financial examination of financial institutions not insured by the Federal Deposit Insurance Corporation.

### **Rationale for Recommendation**

At this time financial examiners from the banking division examine financial institutions such as state chartered credit unions which are not insured by the Federal Deposit Insurance Corporation. These financial examiners receive compensation that is greater than the cost of auditors that could be hired from the private sector.

The sub-committee felt that privatizing financial examinations of financial institutions not insured by the Federal Deposit Insurance Corporation would capture the cost savings from this compensation variance.

### **Problems or Barriers to Implementing Proposed Privatization**

The bureaucracy will resist shrinkage.

Auditors from the private sector may not be adequately trained or experienced.

#### **Recommendation #5**

##### **ANCSA CORPORATION ANNUAL REPORTS AND PROXIES**

Eliminate the requirement that the banking division review the annual reports and proxies of ANCSA corporations.

#### **Rationale for Recommendation**

At this time state law instructs the division of banking to review the annual reports and proxies of corporations established under ANCSA. The division indicates that funding has never been received for this function.

It is not appropriate for the state of Alaska to handle corporate affairs for native corporations while not handling the corporate affairs of all other corporations in the state.

The sub-committee felt that the state should not be involved in the affairs of corporations that are not publicly traded, i.e. regulated by the federal Securities and Exchange Commission, unless state law is broken. The violation of state law is a matter for the office of the Attorney General.

#### **Problems or Barriers to Implementation**

One side or the other in the frequent disagreements between ANSCA corporation stockholders will seek to have the state represent their viewpoint and fight their battle.

Exactly what role the state of Alaska should play in these entities unique to Alaska is an unsettled question that has had considerable legislative attention in the past without definitive action.

#### **Recommendation #6**

##### **CONSUMER COMPLAINTS IN THE BANKING DIVISION**

Eliminate the consumer complaint function of the division of banking.

#### **Rationale for recommendation**

Division of banking personnel indicate that they do not have the authority to investigate consumer complaints against banking institutions.

It was felt that the office of the Attorney General would have the authority to deal with or possibly prosecute banks that break state laws.

The sub-committee felt that it should recommend that the investigation of consumer complaints be moved to the office of the Attorney General.

#### **Problems or Barriers to Implementation**

The office of the Attorney General does not have the staff or funding to investigate consumer complaints. In the near past, the consumer complaint area of the office of the Attorney General has been downsized if not eliminated.

The banking industry will complain that state regulation is becoming too intrusive.



Comments of Division of Banking, Securities & Corporations  
Terry Elder, Director

Federal legislation regarding financial institutions does NOT mean regulatory divisions should be merged.

1. There have already been buyouts and combinations in the financial sector, so the **pending** federal legislation is not really new. It will only expand the types of combinations allowed. While there may be economic synergies for these companies (cross-selling of products and services, for example), there are no similar synergies or efficiencies on the regulatory side that would encourage regulators to merge.
2. Insurance, banking, and securities regulators have agreed on the need to continue functional regulation of the various activities of financial firms, regardless of their structure. This means that trained insurance examiners, bank examiners, and securities examiners would regulate their respective activities of the firm. This is to ensure consistency in the regulation of merged **and** independent firms in the same business. At some time in the future, we may increase joint regulatory activities. That is nothing new, however, since we **already** have conducted joint examinations with
  - (a) other states,
  - (b) the Securities and Exchange Commission,
  - (c) the National Association of Securities Dealers,
  - (d) the Federal Deposit Insurance Corporation, and
  - (e) the National Credit Union Administration.
3. Insurance examiners, bank examiners, and securities examiners all require extensive specialized training. We try to provide at least one major training event per year to maintain a competent staff. They each have to know the laws and regulations for their job. It is unreasonable to expect one examiner to be able to go into an institution and do an examination of each of those activities.
4. Regulation, in fact, is already merged in the Department of Community and Economic Development under one commissioner. The commissioner, a member of the executive branch, delegates that authority to the division of insurance and to the division of banking, securities and corporations (BSC) because it is efficient and makes management sense. Not only do missions differ, but there is ample work to be done and expertise needed to support the existence of separate divisions within the department. If that changes in the future, the commissioner at that time can reorganize the divisions within the department, including the regulatory divisions.
5. It is doubtful that the insurance companies, lending and depository institutions, and securities firms would support the combination of their regulators into a mega-regulatory agency.

A merger would not produce any real savings.

1. The director of banking, securities and corporations has plenty of responsibility that takes up all of his time without also being responsible for the administration of insurance regulation. No doubt the insurance division director can say the same. As securities administrator, for example, I retain the responsibility for issuing final administrative orders even if I delegate the hearing to a hearing officer. Thus, I have to know administrative and securities law well enough for my decisions to be sustained in court, if necessary. That is just one example of the expertise needed in the director's position. Other areas of responsibilities include corporation and other filings, and 8 different types of lending institutions. There is really no way to merge the divisions and believe you can simply ask the surviving director to do both jobs. That person could not do it.
2. Since we are physically located in a separate building, and there is no room for a combination, the practical matter is that a secretary-receptionist would still be needed in insurance and in BSC.
3. Since both divisions have budget staff that are busy all of the time, there is no way all the administrative and budget work of both divisions could be done by the staff of just one of the divisions.
4. If a merger of two divisions included a physical combination of the divisions in Anchorage and Juneau, substantial moving costs and disruptions of services would result.
5. Since the memo mentions eliminating some insurance examinations, it is not clear if the intent is to reduce staff levels. We have not had an increase in examination staff in 20 years, and cannot sustain a staff

reduction in BSC. Also, all examinations by the banking section are paid for by the institutions by invoice. The securities section brings in about \$7.3 million in annual revenue while costing about \$475,500. The corporations section brings in about \$2.1 million and costs about \$360,800. As a whole, the division brings in \$9.7 million and costs only \$1.7 million. Any reduction in division would likely result in a net loss to the state.

### **There is NO duplication of bank examiners**

1. Alaska does not accompany and duplicate the FDIC examiners. Instead, we have participated in joint examinations on an equal footing with federal examiners. The examiners work as a team and do not duplicate activities. Elimination of either the federal examiners or the state examiners would mean the examinations would take twice as long and be twice as disruptive to the financial institution.
2. Federal examiners do not examine for, and cannot enforce sanctions against, violations of state law such as the legal lending limit. That is a state law and violations can lead to over-concentrations in specific areas of lending, making the institution more vulnerable.
3. Since the state issues the charter to allow the institution to do business here, it must have the ability and authority to examine the institutions for safety, soundness, and compliance with Alaska law. It is inconceivable that the state would charter an institution and then rely solely on a federal agency to regulate it, when the federal agency has no role in issuing the charter.
4. The examination staff of the banking section examines numerous institutions in Alaska which are not insured by and examined by the FDIC. These include bank holding companies, CFAB, BIDCOs, trust companies, premium finance companies, and small loan companies.

### **State bank examinations should NOT be contracted out to accounting firms**

1. We do examinations and not audits. The examiners require specialized training, and this training is not related to the training an auditor (CPA) gets. We examine for safety, soundness and compliance with state law.
2. Not to belittle auditors, but history is replete with examples of companies that failed even though they had a clean audit report. On the other hand, no state financial institution has ever been closed directly following the receipt of a satisfactory rating by our examiners.
3. Special expertise is required on staff in the unfortunate event that an institution does fail. State law requires this division to manage the closing and disposition of an institution.

### **Consumer complaint function against banks**

There is nothing to move. We do not have statutory authority to investigate consumer complaints against banks (although we do have this authority in securities). We provide what assistance we can to resolve conflicts, however.

### **ANCSA corporation proxy materials**

1. Corporations that meet the size requirements of the ANCSA corporations that file with us are covered by the SEC's proxy rules. Federal law has exempted ANCSA corporations from those rules until they have tradable shares. If state proxy rules were eliminated, there would be no regulation of proxy contests. This would likely result in a repeat of the legal battles and chaos of the late 1970's that led to the adoption of our regulations.
2. As it is now, we only get involved when a state law is broken. Until then, we are just a filing agency for the proxy materials.
3. Anytime we issue an order, the person may request an administrative hearing. That is our responsibility. The AG's office is not involved directly until and unless we go to court.



## Comments of Division of Insurance

**You have asked me to review and comment on the recommendations prepared by the sub-subgroup of the Commission on Privatization and Delivery of Government Services that relate to the Division of Insurance.**

The draft contains two recommendations. The first is:

- 1) Eliminate duplicate regulatory activities by "placing the activities of the Insurance Division into the Division of Banking, Securities and Corporations... This will eliminate the need for two separate directors and their staffs." (draft, p. 2)**

There is no duplication in the regulation of insurance companies in Alaska. A given insurance company is regulated by only one regulatory agency. If federal legislation modernizing financial services is adopted and signed, this will still be the case. The role of individual state insurance regulators in regulating insurance is specifically confirmed and upheld in the conference report language of the bill.

It is correct that Alaska has nine domestic insurers. However, to say that only two are physically located in Alaska is incorrect. At this time four companies regulated by the division are wholly located in Alaska. These are Alaska National Ins Co, Umialik Ins Co, Alaska Timber Ins Exchange, and ARECA Ins Exchange. The draft states that Alaska's other insurers are subsidiaries of large national organizations, which are already regulated by their parent's domestic state. This is wrong. The parent companies of Alaskan subsidiaries are insurance companies and they are examined by their domestic state. However, the parent company domestic state does not examine the Alaskan subsidiary. The other state relies on the regulatory examination and authority of Alaska Division of Insurance as the sole level of regulation of the subsidiaries. Our accreditation is the designation, which indicates to the other states that we have the necessary authority and use it in regulating the Alaska insurance industry.

The report indicates that banking will have to develop insurance expertise because federal legislation may remove the separation between financial services industries. The expertise already exists in state government, therefore, it would not have to be developed.

The draft recommends placing the Insurance Division with 52 staff into the Division of Banking with 26. It is not a combining of the two into a new entity. Overall the tone of the draft comes from this point of view of moving insurance into existing banking. This fails to reflect that the regulatory regimes, the required skills, the accounting systems of these separate regulatory parts are different. In addition a single director would be unable to oversee these combined areas effectively and would likely require additional staff in the deputy director range. The elimination of other staff would be unlikely since the duties of the two organizations would not change.

The report argues for not examining insurers whose solvency has already been reviewed by other regulators. There is no other regulator that reviews the same companies examined by the Division of Insurance.

The legislature committed the mission Division of Insurance to statute last year:  
The mission of the Division of Insurance is to:

- (1) protect and serve the state by developing, interpreting, and enforcing the insurance statutes and regulations;



- (2) protect and educate the consumer; and
- (3) enhance the insurance business environment. \* Sec. 23, CH 77 SLA 1999.

In addition to licensing agents, brokers and producers, the division regulates the solvency of Alaska insurance companies and conducts financial and compliance audits of a wide variety of insurance companies doing business in Alaska. In addition the division investigates allegations of insurance company, agent and claimant fraud. In short, the division protects the public from crooks and shady business practices, and this serves to improve the insurance business environment.

The Insurance Division uses a budget of \$4.4 million and 52 employees to carry out its responsibilities. The Division is entirely self-supporting from fees paid by its licensees and company reimbursement of examination expenses. The division receives no unrestricted general funds.

In addition, the division collects in excess of \$28 million in premium taxes paid by the insurance industry, which are paid into the general fund as unrestricted receipts. Thus, the division is a significant net contributor to the general fund.

The draft report skips over one point in the Privatization Committee's suggested outline for subcommittee report, that asks what specialized expertise is needed for accomplishing the mission. Certified financial examiners and certified market conduct specialists and other experts are required to accomplish the mission of the Insurance Division. Without them the Alaska program would lose its certification as a regulator by the National Association of Insurance Commissioners. As with a school that loses its accreditation, the credibility of its regulatory examination program would be seriously impaired. Alaskan insurance companies that do business in other states could also be affected.

The draft accurately surmises that if the federal government were to take over responsibility for insurance regulation, they would likely seek to capture the stream of premium tax revenues that the state now receives. This is another reason the state should not abdicate to the federal government in its responsibility to regulate the Alaskan insurance industry.

The Department of Community & Economic Development already consolidates functions at the most efficient level: personnel, fiscal and property, as well as travel matters, are handled at the departmental level for all divisions.

The second recommendation in the draft was:

**2) Actuarial Services: privatize the work done by the two actuarial positions in the Division of Insurance.**

The draft concludes that: "The minimal tasks, which require knowledge of actuarial science, could be hired out..." In fact the division does contract for actuarial services as part of large examinations where it makes sense to do so. The National Association of Insurance Commissioners accredits the Alaska Division of Insurance, like other state insurance departments. Accreditation requires that specialists including actuaries be on the examining teams. This is just one of the reasons for having actuaries on staff.

Examples of the work performed by the actuaries that can only be performed by an actuary or that must be performed by a highly trained insurance professional, such as an actuary, include:

1. Participation in financial examinations of insurers and licensees to perform surplus and reserve analyses to assure compliance with Alaska law and actuarial standards
2. Technical rate filing review and approval, such as worker's compensation rate filings and health insurance rate filings
3. Participation in market conduct examinations of insurers and licensees to perform underwriting and rating analysis to assure compliance with Alaska law and actuarial standards
4. Technical assistance to filings staff in review of complex form filings and associated actuarial memorandums
5. Drafting technical regulations and legislation and providing expert testimony.

Actuaries are uniquely qualified and trained professionals specializing in insurance. An actuary's education and experience develop job skills that extend beyond simply insurance rating and reserving. The complex and technical nature of insurance products, in many cases, necessitates the expertise of an actuary.

The life/health actuarial position was primarily created to provide required actuarial expertise in the review of complex life and health insurance products sold in Alaska, to provide actuarial support for financial examinations and market examinations of insurers and licensees operating in Alaska to better protect consumers and support the insurance market in Alaska.

It is standard industry practice, and that of insurance regulators as well, to hire actuaries and provide continuing education while they work. The process of becoming a fellow can take 10-12 years requiring many exams and years of work experience. However, in the meantime associate actuaries are fully qualified and authorized to perform actuarial duties, which generally requires a minimum of 3 years of work experience and several exams. Both actuaries employed by the Division of Insurance are fully qualified actuaries. Both are paid two grades lower than the actuary originally hired by the division.

I would be happy to respond to any questions you have about the division.

Sincerely,  
Bob Lohr, Director  
Division of Insurance



## MEMORANDUM

To: Chairman, Legislative Committee on Privatization

From: Mel Nichols, Jim Crawford

Subject: Subcommittee final report on cost savings

Date: November 3, 1999

As a subcommittee, we examined the premise of cost saving, consolidation and privatization of state functions in four divisions of the Department of Community and Regional Development. Those divisions were the Alaska Science and Technology Foundation, (ASTF) the Division of Investments, (DI) the Alaska Aerospace Development Corporation, (AADC) and the Alaska Industrial Development and Export Authority, (AIDEI).

### **THE ALASKA SCIENCE AND TECHNOLOGY FOUNDATION THE ALASKA AEROSPACE DEVELOPMENT CORPORATION**

We had no cost saving or consolidation suggestions for ASTF or AADC. One can debate whether or not it is appropriate for the state of Alaska to be in the business of promoting science, technology and aerospace. That is a decision for the legislature and not this subcommittee. Both operations, however, are run cost effectively and utilize other branches of the state for their expertise. ASTF sets a good example by utilizing the investment staff of the Alaska Permanent Fund Corporation to invest their funds rather than adding staff to accomplish those functions. Both organizations have developed their specialized expertise and are focused on their goals and objectives. We do, however, recommend a reexamination of AADC next year to determine the feasibility of contracting out the launch functions of AADC.

### **THE DIVISION OF INVESTMENTS**

The functions of these department personnel are similar to the functions of the Division of Investments personnel in the Department of Revenue. We recommend consolidation of the divisions into one department. We further recommend that the loan servicing functions of this division be put out for public bid to qualified seller servicers of Alaska Housing Finance Corporation. The savings due to the recommended consolidation of the divisions and the privatization of the functions of this division are estimated as \$3 million.

## **THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

AIDEI is a state lender for commercial and industrial purposes. Its net worth as of June 30, 1999 was \$846,577,244. If the lending functions of AIDEI are transferred to the Alaska Housing Finance Corporation, the \$846,577,244 could be reappropriated to the General Fund or the Budget Reserve. The fact is that Alaska Housing Finance Corporation with a net worth over double the size of AIDEI, is sufficiently capitalized to handle both the capital requirements of AHFC and AIDEI functions.

With a \$5,074,700 BRU budget, the operational cost savings to the state are estimated to be half or \$2.5 million since the administrative functions that are duplicated would simply be eliminated. Lending functions, be they in the housing, commercial or industrial arenas, can and should be consolidated at AHFC. AHFC is well respected on Wall Street. Demonstrated by the smooth merger of the Alaska State Housing Authority a few years ago, AHFC can manage a merger of this size.

The transfer of the net capital of AIDEI does no violence bold holders of AIDEI. There may also be a potential of AHFC, with a stronger presence on Wall Street, of doing some bond refunding which may accelerate the pay off of current AIDEI debt and or lessen the cost. AIDEI, as a division of AHFC, can perform its total existing functions with no loss in service to its constituents.

Adoption of our recommendations create combined operational savings of an estimated **\$5.5 million**. Much greater, obviously, is the financial benefit to the state of transferring the excess capital of AIDEI into the General Fund or the Budget Reserve. The **\$846.6 million** can postpone by several years the necessity for either the reinstitution of income taxes or spending a portion of the earnings of the Alaska Permanent Fund on state government.

Thank you for the opportunity to be of service to the people of Alaska.



**MEMORANDUM**

**Date:** October 25, 1999

**To:** Committee on Privatization and Delivery of Government Services

**From:** Steven L. Rouse, Executive Director, Make It Alaskan, Inc.

**Re:** Additional Suggestion in Review of DCED

I have a personal recommendation that may be relevant to the DTD report and consistent with our charge. This is in the same area of questions I had regarding MRAD i.e. changing and/or reducing the scope of the mandate or work responsibility and/or getting unattended programs or laws off the books.

Currently there are several programs that are not working and should be taken off the books. So, I would ask that we consider recommending eliminating Alaska Products Preference Program (APPP), Recycled Products Preference Program (RPPP) and Forest Products Preference Program (FPPP) or as an alternative contracting for administration (similar to the model now used with MADE IN ALASKA).

Please refer to page 26-28 of the Governor's Small Business Program Evaluation Task Force Report issued March 1997 which states: " evaluation indicated that programs such as APPP and FPPP are becoming obsolete".."  
..."Alaska's many preference programs including APPP and FPPP, have created a maze for state purchasing agents creating confusion and inconsistent application of the programs between state departments... There appears to be little reason for such product preference programs at this time, even if funding and personnel were available. In review of APPP and FPPP the task force seriously questioned the need for these programs to continue."

The report also concluded there are no measures established for these programs and a previous survey done in 1995 concluded there was little benefit to the clients of these programs. Total budget savings of 5K-10K.

Fishermen unease could impede new marketing efforts**Fisheries turf fight: Commerce vs. ASMI?**

Fishermen are a little nervous about what they see as a turf grab by the Dept. of Commerce fisheries development section, at the expense of ongoing fish marketing programs through Alaska Seafood Marketing Institute (ASMI). Fisheries development specialist Donna Parker, with the backing of Commerce Commissioner Paul Fuhs, has several marketing initiatives underway that seem to duplicate, or at least appear out of sync, with similar programs under ASMI, which is funded with state, federal and industry money. *But there may be more to it than a turf-fight: What also makes fishermen nervous is what they perceive as the view that Parker, and Fuhs, have of fisheries as food manufacturing turning out product for the dinnertable. This implies a somewhat less exalted role for fishermen (that of mere suppliers) than what they might like to see.*

For example, it implies fishermen on equal footing with the state's private nonprofit hatcheries as sources of fish (several of Alaska's hatcheries are getting into marketing). And at the end of this line of thinking, fishermen fear, are salmon farms. That's an idea Fuhs strongly supported when he was mayor of Unalaska, but one that fishermen have fiercely fought (state law now bans salmon farming).

***Traditional fisheries policies support fishermen — period.***

Traditionally, Alaska's fisheries policies — bolstered by the political clout of fishermen — have supported the current structure of the fishery as an open common-property resource where fishermen worked as independent contractors. Recently, the apparent coziness of Commissioner Fuhs, Parker's boss, with Tyson Foods magnate John Tyson sent a signal to fishermen. In talks in Anchorage and Juneau, Tyson, whose company recently bought the 30-vessel factory trawler fleet of Arctic Alaska, Inc., emphasized the need for "steady supplies." Fishermen interpreted that as an implied endorsement of salmon farming. Fuhs was forced to state, at a House confirmation hearing, that he has no plans to promote salmon farming in Alaska.

Parker heightened concerns after preaching unity between fishermen and processors at the Southwest Alaska Municipal Conference convention in Anchorage last month, but leaving fishermen out of a January meeting, also in Anchorage, on long term relationships that included hatcheries, processors and marketers. Parker raised more fears by announcing DCED initiatives that repeat ongoing ASMI projects, at the same time that the Hickel administration wants to cut state funding for ASMI. *For example, at a recent briefing for the House Special Fisheries Committee, Parker described plans for an Alaska seafood seal for use only by producers of top quality products. ASMI debuted its quality seal last year after more than three years of market study and preparation, but executive director Kim Elton said the hearing was his first notice of Parker's effort.*

Parker also described a 175-page primer on the Japanese seafood market produced by the university's Institute for Social and Economic Research, funded by DCED. Elton was, again, unaware of its preparation before the briefing despite years, and millions of state and seafood industry dollars, spent by ASMI learning the nuances of the Japanese seafood business. He also expressed concerns that a suggestion from Parker during the hearing for a joint domestic promotion of salmon with Chilean and Norwegian fish farmers could endanger federal dollars ASMI receives to support international sales of American salmon. The proposal would also run counter to ASMI's ongoing efforts to upgrade wild-caught Alaskan seafood as a distinctive item.

***Turf fight could impede new legislation on marketing***

Meanwhile, the ASMI-DCED turf fight could hurt legislature efforts to strengthen domestic salmon promotion. Rep. Bill Hudson is ready to revive his past to establish a special domestic marketing program. Hudson's mdraft bill is now under review by fisheries groups. It would tax entry permit holders one percent of wholesale catch value per year to fund promotions through ASMI to get Americans to eat more salmon. Harvesters are balking at the cost because of drops in their income, due to low salmon prices.





SENATOR KIM ELTON

## MEMORANDUM

TO: Jeff Bush, DCED

FROM: Kim Elton

RE: Salmon Marketing

DATE: 3/13/99

This is a memo I've struggled with since returning this morning from the Salmon Forum. Mother always said "if you can't say something nice. . ." so I'll begin by expressing my appreciation for the role the department played in the '99 forum. I think it worked, I think momentum is building for changes that will make salmon an industry that survives well into the new millennium, and I'm sorry I had to leave early for today's senate session on the supplemental appropriation. Also, I generally appreciate your efforts, and the efforts of your staff.

Now, having heeded mom's advice, what are you doing meeting with environmental groups in Portland for discussions on either promoting Alaska wild salmon or dissing farmed salmon?

I ran the gamut of emotions when a board member told me yesterday ASMI was out of the loop on your trip to Portland. First stunned, then angry, now feeling like I'm forced to take sides over another incident that should never have happened.

Let me be perfectly clear (I'm tempted to reiterate the 'let me be perfectly clear line' three times to remind you of the Lewis Carroll quote you used yesterday in your opening remarks to the forum, the line from *Alice in Wonderland* that notes if you hear something three times it's true): I think you are meddling where you ought not be meddling. Again.

You didn't tell ASMI. You traveled outside the state at a time when the governor is restricting all travel. You went to a meeting you weren't qualified to attend. You didn't ask for any help from the marketing pros at ASMI. You stiffed a salmon industry that is taxing itself to accomplish generic Alaska salmon marketing, an industry that selects the professional staff at ASMI and trusts them enough to have them use millions of dollars of their money (and none from your department which contributes nothing but bureaucratic overhead) to market salmon and other seafood. What were you thinking?

This is on top of the department's overseas market research trip to Japan last year. I can guarantee, if the industry was paying for your department's seafood marketing trips the way they pay for ASMI, they would have sent professionals to Portland and wouldn't have sent your staff to Japan and Korea for duplicative research that has been done by ASMI and by the agricultural attaches in the embassies who work closely with ASMI.

ASMI meets an industry test I think you'd fail. Their budget is supported by a voluntary tax processors pay and a regularly sunsetted marketing assessment on salmon harvesters. They vote with their dollars--seven or eight million of them a year to provide generic marketing. A board of directors, comprised of processors and harvesters, hires staff and

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ALASKA SENATE

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SENATOR\_KIM\_ELTON@LEGIS.STATE.AK.US

makes marketing decisions in domestic and overseas markets. I doubt they'd voluntarily give your component a dime for marketing. If ASMI staff made bone-headed decisions like sending non-professionals to Portland and doing duplicative work in Japan, the executive director would run the risk of being fired by a board that applies industry measurements and standards when dealing with their dollars.

If you had been listening to the other participants at the '99 salmon forum, you'd know that. I did get the clear impression that fishermen who pay, processors who pay, outside marketers, the competition, and state regional marketers think ASMI is doing a good job.

I'd suggest that you read the report "Perspectives on Alaska's Publicly Funded International Trade Programs" (House Special Committee on International Trade and Tourism, 20th Alaska Legislature, Rep. Cowdery, chair), especially the discussion of your trade and development section. Read, also, the ASMI section. Think about it.

I've mentioned these concerns before. I don't know what your overseas trips accomplish, I don't understand why you paid for a trip to Portland when there is a 'hard frost' on state travel. I just don't understand.

The unfortunate part of all this is that, in most respects, I think you do a good job. That makes your dealings in fish marketing an aberration, an aberration that wastes money and is duplicative. It reinforces the notion that there is a lot of fat in your bureaucracy.

You know, there are things your office and the industry development component of DCED can do that ASMI isn't doing: technology development; working on behalf of the fishing industry with ADF&G, and DEC; working with the maturing mariculture industry on regulatory problems; or perhaps helping to develop the sea urchin industry. If you want to travel out of state, maybe you can assess what happens when commercial and sport interests collide in jurisdictions like Florida, California, and Washington. Using the experiences of those jurisdictions to help meet challenges in Alaska may make sense.

Four years ago, I heard from the department that the economic development component of the department would begin to monitor outcomes of your economic development programs. I'm tired of waiting. I think the Japan and Portland trips demonstrate what happens when you ad hoc your way into marketing and don't concentrate on outcomes. I'm tired of waiting for an assessment of your fish program and the other programs in your trade and economic development sections. I'm quite tired of paying for components in your agency that demonstrate what appear to be egregious inefficiencies without having in place any measurements of progress. ASMI is meeting a market test--the industry is paying them about \$8 million annually for marketing. The feds pay millions more for overseas marketing done under the eagle eyes of federal auditors and the in-country embassies.

I feel quite strongly about this. We've talked about it in the past. I feel like I've wasted my time talking about this. I feel like you're squandering scarce resources better spent really helping the fish industry, the mineral industry and the timber industry.

cc: Jim Ayers, chief of staff, Office of the Governor  
John Sisk, special assistant, Office of the Governor  
Deborah Sedwick, DCED commissioner  
Sen. Lyda Green, Chair DCED budget subcommittee  
Sen. Tim Kelly, DCED budget subcommittee  
Sen. Georgianna Lincoln, DCED budget subcommittee  
Barbara Belknap, ASMI executive director  
Jim Kallander, ASMI board president

Rep. Bill Hudson  
Rep. Alan Austerman  
Rep. John Cowdery



To: DCED Subcommittee of the Commission on Privatization and Delivery of Government Service  
From: Greg Wolf, Director, Division of Trade and Development  
Barbara Belknap, Executive Director, Alaska Seafood Marketing Institute  
Date: November 3, 1999  
Re: DTD and ASMI Roles for International Seafood Marketing and Export Promotion

The roles of the Alaska Seafood Marketing Institute (ASMI) and the Alaska Division of Trade and Development (DTD), as it relates to international seafood marketing and export promotion are related but different. Taken together, they are an effective combination that benefits the Alaska seafood industry and the many thousands of Alaskans whose jobs result, directly or indirectly, from the sale of Alaska seafood around the world. It is no secret that Alaska faces strong competition in the global seafood marketplace. Against this backdrop, it makes sense that state government and private industry work together, leveraging each other's strengths and resources, to defend and, hopefully, expand Alaska's market share overseas.

The efforts are complimentary:

DTD's main focus is **export promotion**. Seafood is Alaska's number one export. DTD is responsible for the state's export promotion program. Thus, it is not only appropriate that DTD be engaged in export promotion of seafood, it would be derelict in its duties if it was not. DTD works to connect Alaska exporters with overseas importers, primarily in Asia. Emphasis is placed on helping small and medium-sized companies find buyers for their products. DTD, through its overseas representatives, responds to inquiries from prospective buyers seeking Alaska suppliers. The division also works closely with individual companies to find markets for their value-added fish products through trade shows, trade missions, catalogs, and visits to companies. DTD also produces weekly fish market price reports from the Japan and Korea wholesale markets.

ASMI's main focus and statutory mandate is **seafood marketing and quality enhancement**. ASMI promotes all species of Alaska seafood to retailers, food service (hotels, restaurants and institutions) and consumers in the United States and certain countries overseas. ASMI's domestic marketing program is funded by the Alaska seafood industry through assessments. The export marketing program is funded by a grant from the U.S. Department of Agriculture with a 27% match from industry (processor) assessments. This year the overseas marketing budget is \$3.4 million. Currently, ASMI has full-time contractors in Japan, China/Hong Kong, Australia and the European Union. ASMI also has a part-time contractor in Taiwan. Where ASMI markets overseas is subject to approval by the USDA as a condition of the grant.

By statute, ASMI is not allowed to promote the seafood products of a particular company, brand or region. Instead, the organization promotes Alaska seafood in a "generic" manner, creating the opportunity for all industry members to sell through ASMI promotions. DTD, on the other hand, is able to work with individual companies as well as organizations seeking to market a "regional" brand of fish products. ASMI has significant resources to conduct consumer marketing. DTD does not and focuses instead on matching buyers with sellers. These are just two examples of how the two

organizations, with different mandates and capabilities, are able to support Alaska companies in a complimentary fashion.

It is important to note that DTD has trade representatives in both Korea and Taiwan. At present, ASMI does not have a program in Korea and has part-time representation in Taiwan. In these instances, DTD carries out a number of marketing efforts designed to educate potential buyers and to connect these buyers with Alaskan sellers of seafood.

In other areas beyond export promotion and marketing, such as quality issues and new product development, both DTD and ASMI are capable of performing these tasks but lack the resources necessary to "do it all." Therefore, it is logical and beneficial that DTD and ASMI cooperate and determine who will take on which task. This is an appropriate division of labor among parties who share a common goal. The result is a larger effort on behalf of Alaska's seafood industry.

The efforts are coordinated:

The directors of ASMI and DTD communicate regularly to discuss various efforts and potential areas of cooperation. There is also ongoing communication at the staff level. Further, the Deputy Commissioner of the DCED is an ex-officio member of the ASMI board of directors. In Japan, the only market where both ASMI and DTD have representatives, there are deliberate steps taken to ensure that duplication of effort is avoided. The two representatives meet on a monthly basis, or more frequently if necessary, to discuss projects and areas of potential cooperation. The U.S. government's seafood specialist in Japan also participates in these meetings.

In Taiwan, ASMI has recently contracted with DTD's contractor to provide services to the organization. Duplication is not an issue.





and Delivery of Government Services

Co-Chairs:  
Representative John Cowdery  
Senator Jerry Ward

Senator Al Adams  
Bill Allen  
Representative Tom Brice  
Tom Fink  
Michael Harper  
Errol Notti  
Kathryn Thomas  
Don Valesko  
George Wuerch

## **AGENDA**

### **SUBCOMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT**

**November 9, 1999  
1:30 PM  
Anchorage LIO**

- 1. Call to order**
- 2. Teleconference Site Roll Call**
- 3. Committee Reports**
  - **International Trade (page 2)**
  - **Regulatory Agencies (page 6)**
- 4. Assignments for next meeting**
- 5. Set next meeting date**

## **Steven C. Levi**

Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscj@alaska.net](mailto:afscj@alaska.net)

MINUTES, November 5, 1999

Present at the November 5th meeting were Representative John Cowdery, Chair Lee Wareham, Gene Furman, Don Smith, Kathryn Thomas, , John Haxby, Linda Leary, Justin Ripley, Steve Smirnoff, Marco Pignalberi, Steven Levi, Mel Nichols, Jim Sanders, Don Schroer, Greg Wolf, Pat Poland, and Jeff Busch.

Dale Fox gave an overview of the Tourism subcommittee's recommendations which will be added to the Economic Development report. There was discussion about the Film Commission as to if it existed and if it did, where it should be placed. DCED stated that the film commission did exist and there was currently discussion as where it should be placed administratively. The full committee voted that the actual bureaucratic location of the Film Commission was not at issue but its existence should be assured.

Pat Polland gave a detailed presentation on his department's concerns with regard to the Local Government and Economic Development subcommittee report. It was suggested that it would be too complicated to vote on the Davidge Committee recommendations in their current form. Chair Wareham volunteered to work with Davidge to reduce the recommendations to single lines and these would be presented at the next meeting.

There was a discussion on the International Trade report and Greg Wolf asked for time to respond to Chair Wareham's consolidation of those recommendations. Wolf was given the time and also noted that the DCED was dedicated to the service all businesses in Alaska, contrary to the minority report. Levi, author of the minority report, stated that it was very difficult for small and very small businesses to deal with the state on any level and for bush businesses, it was virtually impossible.

It was moved by Smirnoff and seconded by Levi that all investment services and personnel be housed under the Department of Revenue and that AIDA be housed under AHFC. It passed unanimously.

With regard to the seafood industry report, it was moved by Crawford and seconded by Levi that all seafood promotion and marketing functions be placed under ASMI. It passed unanimously. Wolf stated that there was no specific AG opinion on the ability of ASMI to use state authority to tax but not be under state control.

Bob Lohr gave the position of the Division of Insurance with regard to the Regulatory Committee and Chair Wareham suggested a delay in consideration of the subcommittee report until the next meeting.



# **The Commission on Privatization and Delivery of Government Services**

**Trade and Development Subcommittee – November 9, 1999  
Program Review and Recommendations**

**Division of Trade and Development - International Trade**

## **General Comments:**

The State Government plays an important role in fostering International Trade for Alaska. It does this through funding certain trade organizations, and through activities carried out within DCED, Division of Trade and Development.

Concerns about inevitable mission overlap among state funded organizations, duplication by Division of Trade and Development of activities carried out by these state funded organizations, and the need for demonstrating quantifiable results of state funded programs, make it appropriate to take further steps in a process already underway.

## **Recommendations:**

- 1. A coordinating committee consisting of the heads of all state funded organizations involved in international trade, and the director of DTD, should be formally established.**

Active participation, with frank and open exchange of information, among all parties should be a condition of receipt of state funds. The mission of the committee should be to rigorously minimize overlap and duplication of effort. The director of DTD should take the lead in identifying and minimizing overlap. The committee should meet at least quarterly, with the initial chair being the Director, DTD, and then rotating among the other members.

- 2. State funded trade organizations should be strongly encouraged, where ever appropriate and practical, to carry out what amount to 'inter agency' contracts between each other, in areas of natural mission overlap, where the lead agency lacks an internal capability, and a sister organization possess it.**

This, properly done, is what the Chinese call a "double happiness". You use the same money twice within the state-funded organizations.

- 3. DTD should lay down its role as a pick and shovel participant in international trade, and focus on trade policy, coordination and oversight of state funded organizations, and critical government to government relations.**

The department should decisively devolve down into the appropriate state funded organizations those functions found to be duplicative of their efforts. Inherent in devolution should be an objective assessment of what functions currently serve a useful purpose, and for whom. Those that don't pass muster should be unhesitatingly eliminated.

**4. It's critical DTD not be burdened with the role of micromanaging the activities of the state funded organizations.**

This would be a distraction from their primary responsibilities, waste resources, and not be fair either to DTD or the organizations. It would, in fact, be a prescription for acrimony and failure. A designated grant form of funding for state funded organizations may be appropriate to minimize the burden on both DTD and the organizations.

**5. DTD and the state funded organizations should, at the earliest practical time, conduct a carefully crafted and objective survey of their particular constituencies to find out what they currently need from the state to accomplish their trade objectives.**

These constituencies should be clearly identified as part of the survey. DTD should, in their oversight role, prior to the actual survey, convene a meeting of the state funded organizations (de facto, the Coordinating Committee referred to earlier) and come up with guidelines for questions to be asked in the survey. This survey should be updated annually. Survey results should play a key role in setting trade policy.

**6. In order to provide a context within which to accurately evaluate international trade results, an annual assessment of the business and economic climate of Alaska's major markets and trading partners should be done by the University of Alaska, at the behest of DTD, either under contract or through some other appropriate mechanism.**

Within this context, DTD, as the policy and oversight agency for the state, should answer for overall results. Individual state funded organizations, at the time of their grant applications, should be required to be specific about what they intend to accomplish with the funds requested. At the end of the grant period, and prior to being considered for further funding, organizations should be required to quantify their results against earlier stated purpose. A major part of measurement thus becomes distributed among participant organizations and an intrinsic part of the funding process. DTD can, in addition to the foregoing, compile additional measurement data as required. The measurement of results of trade policy must be approached very carefully, lest we do more harm than good.



**Page One of Two**

To: Mr. Charles "Lee" Wareham,  
Co-Chair, DCED Subcommittee  
Commission on Privatization and Delivery of Government Services

From: Greg Wolf  
Director, Division of Trade and Development,  
Department of Community and Economic Development

Date: November 8, 1999

Re: Response to Subcommittee Recommendations

Thank you for the opportunity to respond to proposed recommendations of the DCED subcommittee in regards to the Alaska Division of Trade and Development (DTD). These recommendations are focused on the division's international trade program. I found your comments to be thoughtful and reflecting a sincere desire for there to be a balanced evaluation on how state funds for trade can most effectively be put to work.

Like you, we too are concerned about potential mission overlap or duplication of services by trade organizations within Alaska. We take deliberate steps to ensure that the organizations avoid duplication of efforts and that activities are designed to complement those of the others. Today there is very good communication and coordination between these agencies.

For example, projects carried out by World Trade Center, Alaska (WTCA) with grant funding from the State of Alaska are discussed and agreed upon by DTD and WTCA at the beginning of the fiscal year. The DTD director and the WTCA director meet at least once a month to discuss project status and other trade activities. The DTD director attends WTCA board meetings during the course of the year. There is also regular communications at the staff level. By taking these steps, DTD and WTCA carefully avoid potential duplication.

DTD has physically co-located with the federal government's Export Assistance Center (EAC), the other major provider of trade services in Alaska, to ensure regular communication, avoid duplication and also to offer convenience to those who utilize our services. While not a state-funded organization, we believe it is important for there to be close coordination with the EAC so that programs and efforts do not overlap or duplicate, but instead complement and add value.

It is important to note that there are real differences between the organizations, including structure, funding source, mission, capabilities, experience, activities and constituencies. However, the business people we work with on a day-to-day basis are not confused by

the various service offerings of the local trade organizations. These are smart people who utilize the organization most appropriate for a particular need or situation. Typically, these companies will utilize more than one of the local trade providers, cognizant of the specialized capabilities that the respective organizations bring to the table.

As you know, virtually every state in America has a state-funded, state-conducted international trade program. The legislatures and administrations support strong international trade programs because they understand how important trade is to the economic well being of their states. They also understand the competitive nature of trade, not only among the states, but also among nations on a global basis. A reduced or weakened state trade effort by Alaska would open the door for the companies who compete with Alaska companies for market share and who benefit from the support of a strong trade program.

We agree with you that development of trade policy at the executive level is important. What you are suggesting is already happening on an informal basis and it may be appropriate to formalize this dialogue and coordination. However, the state needs to maintain a viable division of trade that continues to offer hands-on assistance to Alaska businesses. Trade policy should not be developed in the absence of real world experience. More importantly, assisting Alaska businesses is critical to the state's economy and state funds should be available to help all Alaska businesses, not just those who belong to private membership organizations.

State funds do require oversight. While DTD never wants to "micro-manage" grants or contracts, is it important to note that DTD has a fiduciary responsibility to make sure that state funds for trade are spent wisely. This responsibility includes ensuring that state funds are not used to create duplicate programs and services.

We also agree that the evaluation of the division's performance, or that of other organizations receiving state funds for trade, be done so with meaningful, realistic measures. In other words, that the performance be looked at in context to what is happening in the world economy in general, the key markets for Alaska in particular, and within Alaska itself.

In summary, we appreciate this opportunity to provide feedback on the proposed recommendations. We hope you find this information to be helpful in your deliberations on how to maintain effective trade assistance in the state of Alaska.



# **The Commission on Privatization and Delivery of Government Services**

Community and Economic Development Subcommittee  
Program Review and Recommendations

Divisions of Banking, Securities and Corporations  
Insurance

## **General Comments:**

These agencies regulate the financial services industries of Alaska which are not regulated by the federal government. The Insurance Division bears the statutory authority for licensing insurance sales agents and a variety of insurance sales and service organizations. The Banking, Securities and Corporations Division licenses state banks and credit unions, securities sales persons and charters corporations and tracks same.

## **Recommendations:**

1. Place the activities of the Insurance Division into the Division of Banking, Securities and Corporations regulatory activities. During that reorganization eliminate the examination of insurers whose solvency has already been reviewed by other regulators.

The financial services industry was artificially separated during the depression by the Glass-Steagall Act. Consolidation of the industry began twenty years ago and has become a fact for everything except controlling ownership interests for the last five to ten years. Law lags reality. Just last week congress passed a law to eliminate the artificial barriers between banking, insurance and the brokerage houses. It does not make economic sense to pay twice for the infrastructure to regulate one industry. Multiple regulation of insurance companies is overkill.

2. Privatize the actuarial work done by two actuarial positions in the Division of Insurance.

An expected deluge of loss cost filings originally justified these positions. The heavy volume of filings has not materialized. These positions now are engaged in substantial work, which does not require an expert in actuarial science. Independent actuaries are already used for review of insurer reserves during financial examinations. Alaska has a life insurance actuary without having a domestic life insurance company. A number of other states regulate insurance without in house actuaries. These actuaries are listed as salary Range 25. Range 25 is a salary range whose salary and benefits totals approximately \$90,000 each. Alaska with only nine insurers can privatize this function.

Comments of Division of Banking, Securities & Corporations  
Terry Elder, Director

Federal legislation regarding financial institutions does NOT mean regulatory divisions should be merged.

1. There have already been buyouts and combinations in the financial sector, so the **pending** federal legislation is not really new. It will only expand the types of combinations allowed. While there may be economic synergies for these companies (cross-selling of products and services, for example), there are no similar synergies or efficiencies on the regulatory side that would encourage regulators to merge.
2. Insurance, banking, and securities regulators have agreed on the need to continue functional regulation of the various activities of financial firms, regardless of their structure. This means that trained insurance examiners, bank examiners, and securities examiners would regulate their respective activities of the firm. This is to ensure consistency in the regulation of merged **and** independent firms in the same business. At some time in the future, we may increase joint regulatory activities. That is nothing new, however, since we **already** have conducted joint examinations with
  - (a) other states,
  - (b) the Securities and Exchange Commission,
  - (c) the National Association of Securities Dealers,
  - (d) the Federal Deposit Insurance Corporation, and
  - (e) the National Credit Union Administration.
3. Insurance examiners, bank examiners, and securities examiners all require extensive specialized training. We try to provide at least one major training event per year to maintain a competent staff. They each have to know the laws and regulations for their job. It is unreasonable to expect one examiner to be able to go into an institution and do an examination of each of those activities.
4. Regulation, in fact, is already merged in the Department of Community and Economic Development under one commissioner. The commissioner, a member of the executive branch, delegates that authority to the division of insurance and to the division of banking, securities and corporations (BSC) because it is efficient and makes management sense. Not only do missions differ, but there is ample work to be done and expertise needed to support the existence of separate divisions within the department. If that changes in the future, the commissioner at that time can reorganize the divisions within the department, including the regulatory divisions.
5. It is doubtful that the insurance companies, lending and depository institutions, and securities firms would support the combination of their regulators into a mega-regulatory agency.

A merger would not produce any real savings.

1. The director of banking, securities and corporations has plenty of responsibility that takes up all of his time without also being responsible for the administration of insurance regulation. No doubt the insurance division director can say the same. As securities administrator, for example, I retain the responsibility for issuing final administrative orders even if I delegate the hearing to a hearing officer. Thus, I have to know administrative and securities law well enough for my decisions to be sustained in court, if necessary. That is just one example of the expertise needed in the director's position. Other areas of responsibilities include corporation and other filings, and 8 different types of lending institutions. There is really no way to merge the divisions and believe you can simply ask the surviving director to do both jobs. That person could not do it.
2. Since we are physically located in a separate building, and there is no room for a combination, the practical matter is that a secretary-receptionist would still be needed in insurance and in BSC.
3. Since both divisions have budget staff that are busy all of the time, there is no way all the administrative and budget work of both divisions could be done by the staff of just one of the divisions.



4. If a merger of two divisions included a physical combination of the divisions in Anchorage and Juneau, substantial moving costs and disruptions of services would result.

5. Since the memo mentions eliminating some insurance examinations, it is not clear if the intent is to reduce staff levels. We have not had an increase in examination staff in 20 years, and cannot sustain a staff reduction in BSC. Also, all examinations by the banking section are paid for by the institutions by invoice. The securities section brings in about \$7.3 million in annual revenue while costing about \$475,500. The corporations section brings in about \$2.1 million and costs about \$360,800. As a whole, the division brings in \$9.7 million and costs only \$1.7 million. Any reduction in division would likely result in a net loss to the state.

#### **There is NO duplication of bank examiners**

1. Alaska does not accompany and duplicate the FDIC examiners. Instead, we have participated in joint examinations on an equal footing with federal examiners. The examiners work as a team and do not duplicate activities. Elimination of either the federal examiners or the state examiners would mean the examinations would take twice as long and be twice as disruptive to the financial institution.

2. Federal examiners do not examine for, and cannot enforce sanctions against, violations of state law such as the legal lending limit. That is a state law and violations can lead to over-concentrations in specific areas of lending, making the institution more vulnerable.

3. Since the state issues the charter to allow the institution to do business here, it must have the ability and authority to examine the institutions for safety, soundness, and compliance with Alaska law. It is inconceivable that the state would charter an institution and then rely solely on a federal agency to regulate it, when the federal agency has no role in issuing the charter.

4. The examination staff of the banking section examines numerous institutions in Alaska which are not insured by and examined by the FDIC. These include bank holding companies, CFAB, BIDCOs, trust companies, premium finance companies, and small loan companies.

#### **State bank examinations should NOT be contracted out to accounting firms**

1. We do examinations and not audits. The examiners require specialized training, and this training is not related to the training an auditor (CPA) gets. We examine for safety, soundness and compliance with state law.

2. Not to belittle auditors, but history is replete with examples of companies that failed even though they had a clean audit report. On the other hand, no state financial institution has ever been closed directly following the receipt of a satisfactory rating by our examiners.

3. Special expertise is required on staff in the unfortunate event that an institution does fail. State law requires this division to manage the closing and disposition of an institution.

#### **Consumer complaint function against banks**

There is nothing to move. We do not have statutory authority to investigate consumer complaints against banks (although we do have this authority in securities). We provide what assistance we can to resolve conflicts, however.

#### **ANCSA corporation proxy materials**

1. Corporations that meet the size requirements of the ANCSA corporations that file with us are covered by the SEC's proxy rules. Federal law has exempted ANCSA corporations from those rules until they have tradable shares. If state proxy rules were eliminated, there would be no regulation of proxy contests. This

would likely result in a repeat of the legal battles and chaos of the late 1970's that led to the adoption of our regulations.

2. As it is now, we only get involved when a state law is broken. Until then, we are just a filing agency for the proxy materials.

3. Anytime we issue an order, the person may request an administrative hearing. That is our responsibility. The AG's office is not involved directly until and unless we go to court.



## **Comments of Division of Insurance**

You have asked me to review and comment on the recommendations prepared by the sub-subgroup of the Commission on Privatization and Delivery of Government Services that relate to the Division of Insurance.

The draft contains two recommendations. The first is:

- 1) **Eliminate duplicate regulatory activities by "placing the activities of the Insurance Division into the Division of Banking, Securities and Corporations..."** This will eliminate the need for two separate directors and their staffs." (draft, p. 2)

There is no duplication in the regulation of insurance companies in Alaska. A given insurance company is regulated by only one regulatory agency. If federal legislation modernizing financial services is adopted and signed, this will still be the case. The role of individual state insurance regulators in regulating insurance is specifically confirmed and upheld in the conference report language of the bill.

It is correct that Alaska has nine domestic insurers. However, to say that only two are physically located in Alaska is incorrect. At this time four companies regulated by the division are wholly located in Alaska. These are Alaska National Ins Co, Umialik Ins Co, Alaska Timber Ins Exchange, and ARECA Ins Exchange. The draft states that Alaska's other insurers are subsidiaries of large national organizations, which are already regulated by their parent's domestic state. This is wrong. The parent companies of Alaskan subsidiaries are insurance companies and they are examined by their domestic state. However, the parent company domestic state does not examine the Alaskan subsidiary. The other state relies on the regulatory examination and authority of Alaska Division of Insurance as the sole level of regulation of the subsidiaries. Our accreditation is the designation, which indicates to the other states that we have the necessary authority and use it in regulating the Alaska insurance industry.

The report indicates that banking will have to develop insurance expertise because federal legislation may remove the separation between financial services industries. The expertise already exists in state government, therefore, it would not have to be developed.

The draft recommends placing the Insurance Division with 52 staff into the Division of Banking with 26. It is not a combining of the two into a new entity. Overall the tone of the draft comes from this point of view of moving insurance into existing banking. This fails to reflect that the regulatory regimes, the required skills, the accounting systems of these separate regulatory parts are different. In addition a single director would be unable to oversee these combined areas effectively and would likely require additional staff in the deputy director range. The elimination of other staff would be unlikely since the duties of the two organizations would not change.

The report argues for not examining insurers whose solvency has already been reviewed by other regulators. There is no other regulator that reviews the same companies examined by the Division of Insurance.

The legislature committed the mission Division of Insurance to statute last year:  
The mission of the Division of Insurance is to:

- (1) protect and serve the state by developing, interpreting, and enforcing the insurance statutes and regulations;
- (2) protect and educate the consumer; and
- (3) enhance the insurance business environment. \* Sec. 23, CH 77 SLA 1999.

In addition to licensing agents, brokers and producers, the division regulates the solvency of Alaska insurance companies and conducts financial and compliance audits of a wide variety of insurance companies doing business in Alaska. In addition the division investigates allegations of insurance company, agent and claimant fraud. In short, the division protects the public from crooks and shady business practices, and this serves to improve the insurance business environment.

The Insurance Division uses a budget of \$4.4 million and 52 employees to carry out its responsibilities. The Division is entirely self-supporting from fees paid by its licensees and company reimbursement of examination expenses. The division receives no unrestricted general funds.

In addition, the division collects in excess of \$28 million in premium taxes paid by the insurance industry, which are paid into the general fund as unrestricted receipts. Thus, the division is a significant net contributor to the general fund.

The draft report skips over one point in the Privatization Committee's suggested outline for subcommittee report, that asks what specialized expertise is needed for accomplishing the mission. Certified financial examiners and certified market conduct specialists and other experts are required to accomplish the mission of the Insurance Division. Without them the Alaska program would lose its certification as a regulator by the National Association of Insurance Commissioners. As with a school that loses its accreditation, the credibility of its regulatory examination program would be seriously impaired. Alaskan insurance companies that do business in other states could also be affected.

The draft accurately surmises that if the federal government were to take over responsibility for insurance regulation, they would likely seek to capture the stream of premium tax revenues that the state now receives. This is another reason the state should not abdicate to the federal government in its responsibility to regulate the Alaskan insurance industry.

The Department of Community & Economic Development already consolidates functions at the most efficient level: personnel, fiscal and property, as well as travel matters, are handled at the departmental level for all divisions.

The second recommendation in the draft was:

- 2) Actuarial Services: privatize the work done by the two actuarial positions in the Division of Insurance.**



The draft concludes that: "The minimal tasks, which require knowledge of actuarial science, could be hired out..." In fact the division does contract for actuarial services as part of large examinations where it makes sense to do so. The National Association of Insurance Commissioners accredits the Alaska Division of Insurance, like other state insurance departments. Accreditation requires that specialists including actuaries be on the examining teams. This is just one of the reasons for having actuaries on staff.

Examples of the work performed by the actuaries that can only be performed by an actuary or that must be performed by a highly trained insurance professional, such as an actuary, include:

1. Participation in financial examinations of insurers and licensees to perform surplus and reserve analyses to assure compliance with Alaska law and actuarial standards
2. Technical rate filing review and approval, such as worker's compensation rate filings and health insurance rate filings
3. Participation in market conduct examinations of insurers and licensees to perform underwriting and rating analysis to assure compliance with Alaska law and actuarial standards
4. Technical assistance to filings staff in review of complex form filings and associated actuarial memorandums
5. Drafting technical regulations and legislation and providing expert testimony.

Actuaries are uniquely qualified and trained professionals specializing in insurance. An actuary's education and experience develop job skills that extend beyond simply insurance rating and reserving. The complex and technical nature of insurance products, in many cases, necessitates the expertise of an actuary.

The life/health actuarial position was primarily created to provide required actuarial expertise in the review of complex life and health insurance products sold in Alaska, to provide actuarial support for financial examinations and market examinations of insurers and licensees operating in Alaska to better protect consumers and support the insurance market in Alaska.

It is standard industry practice, and that of insurance regulators as well, to hire actuaries and provide continuing education while they work. The process of becoming a fellow can take 10-12 years requiring many exams and years of work experience. However, in the meantime associate actuaries are fully qualified and authorized to perform actuarial duties, which generally requires a minimum of 3 years of work experience and several exams. Both actuaries employed by the Division of Insurance are fully qualified actuaries. Both are paid two grades lower than the actuary originally hired by the division.

I would be happy to respond to any questions you have about the division.

Sincerely,  
Bob Lohr, Director  
Division of Insurance



and Delivery of Government Services

**Co-Chairs:**

**Representative John Cowdery**  
**Senator Jerry Ward**

**Senator Al Adams**

**Bill Allen**

**Representative Tom Brice**

**Tom Fink**

**Michael Harper**

**Emil Notti**

**Kathryn Thomas**

**Don Valesko**

**George Wuerch**

## **AGENDA**

### **SUBCOMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT**

**November 15, 1999**

**1:30 PM**

**Anchorage LIO**

- 1. Call to order**
- 2. Teleconference Site Roll Call**
- 3. Committee Reports**
  - Municipal & Regional Assistance**
  - Economic Development**
- 4. Set Next Meeting Date**

716 W. 4<sup>th</sup> Ave. Anchorage, AK 99501

Senator Jerry Ward: 907-269-0106 Fax 907-269-0109

Representative John Cowdery: 907-269-0222 Fax 907-269-0223

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**MINUTES, November 9, 1999**

Present at the November 9th meeting were Chair Lee Wareham, Gene Furman, , Kathryn Thomas, Linda Leary, Marco Pignalberi, Steven Levi, Jim Sanders, Don Schroer, Greg Wolf, Bob Lohr, and Terry Elder. On line were Jeff Bush, John Grummett, and John Walsh in Juneau, Steve Rouse in Homer, and David Hale, Ken Murray, Grace Becker in Fairbanks.

As the Davidge committee report was not available, Chair Wareham brought the International Trade recommendations before the committee. Four recommendations, all moved by Levi and seconded by Crawford passed. They were:

1. A coordinating committee consisting of the heads of all state-funded organizations involved in international trade and the director of DTD should be formally established.
2. State-funded trade organizations should be strongly encouraged, where ever appropriate and practical, to carry out what amounts to 'interagency' contracts between each other, in areas of natural mission overlap, where the lead agency lacks an internal capability, and a sister organization possess it.
3. DTD should lay down its role of day-to-day trade assistance function in international trade and focus on trade policy, coordination and oversight of state-funded organizations, and critical government-to-government relations.
4. It is critical that DTD not be burdened with the role of micromanaging the activities of the state funded organizations.

Recommendations 1 and 2 passed unanimously. Recommendations 3 and 4 were hotly debated and Rouse requested a roll call vote. The resolutions passed on a voice vote.

Bob Lohr and Terry Elder gave testimony on the regulatory recommendations. No regulatory recommendations passed.

**The Commission on Privatization and Delivery of Government Services**  
**Trade and Development Subcommittee**  
**Program Review and Recommendations**

**Municipal and Regional Assistance Division**

**General Comments:**

The function of a state organization responsible for stimulating and encouraging economic development and diversification is to leverage public funds and knowledge toward that purpose. The combination of the former Department of Commerce with this program expands this former purpose. Now, what is added, is building a communities capacity so that it can not only meet accepted public health and safety minimums, but also make informed economic choices about what kind of community it wishes to be.

This mix of purposes causes the subcommittee some concern in the face of growing budget deficits and pressing economic development needs. We are concerned that the critical purpose and function of a department focused on generating sustainable economic activity may be diluted as a result of the recent merger. This is not to imply that the merger was not appropriate, to the contrary, but rather that some of the programs placed within the new Department may be more appropriately delegated to other agencies. A number of program specific recommendations are made to this end.

In reviewing the programs in the Municipal and Regional Assistance Division, the subcommittee first engaged in a broad philosophical discussion on public policy issues including: strategic focus, public/private subsidies, leveraging, appropriate roles, and short-term vs. long-term goals, and mixed subsistence/cash economies. It became clear, during that discussion, that a fair, legitimate, and appropriate discussion of a few of these programs is wrought with the potential allegation from some special interests that any change in many of these programs is racist. This became the case during the last legislative session as serious budget cuts were prioritized in the face of a significant budget gap. The notions of equal access, individual equality and responsibility, and equal application of the law seem to be lost when discussing subsidies. They appear to now be considered entitlements.

From the perspective of this subcommittee, such an allegation is flatly untrue, and those who advance a racist allegation are doing a disservice to their interest, the legitimate work and intent of this Commission, and the integrity of the people of Alaska. We believe that communities have the inherent right to choose their own economics, lifestyles, and futures. The choice not to be like Anchorage, Fairbanks, Juneau, the Mat-Su, or even Bethel is a legitimate choice.

We believe that government programs should be funded, focused, and managed based on need, accepted public interest goals developed through citizen participation and representation, and efficiently responsibly managed. They should not be based on location, race, of life style choices.

Some, not all, of the questions explored included:

1. What is a community? Is such a definition based on population or other factors?
2. Should the definition of "community" include some reference to a viable economic base?
3. Does any "community" warrant state financial or technical assistance?
4. When does a community stand on its' own economically?
5. Can a community gain or loose its economic base and what are appropriate public policies as these changes occur?



6. If we continue subsidizing communities without an economic base, are we encouraging economic choices by these communities that result in economic independence or dependence?
7. Can a state agency build "capacity" without private investment?
8. Can we delineate between programs that provide for fundamental human needs, such as basic health and safety, from other program subsidies? If so, how should that delineation take place? Based on what standards?
9. If it is an appropriate role of the state to financially support communities that have no economic base, for how long and to what purpose?
10. Is it the role of the state to financially support persons who make the choice to live in communities that have no economic base?
11. Subsistence is a legitimate and accepted economic or lifestyle choice in Alaska. But, should those who choose other lifestyles be required to financially subsidize that choice?
12. When does the state say, it is no longer appropriate for the state to subsidize communities unable or unwilling to support themselves?
13. Is it appropriate public policy to let communities without the ability or willingness to support themselves, cease to exist? If so, what are the implications?
14. Is there such a thing as socio-economic evolution for communities? Is this what building capacity does?
15. If the state interferes with the natural process of socio-economic evolution by injecting financial subsidies, is such a policy in Alaska's long-term public interest?
16. What will be the results of terminating state financial and technical assistance to communities that do not have an identifiable economic base or choose not to be self-taxing?
17. What will be the results of not terminating state financial and technical assistance to communities that do not have an identifiable economic base?

The dialogue between the subcommittee and the leadership of MARD greatly assisted the subcommittee in its understanding of the purpose, function, and mission of each program. It became clear that the State of Alaska has, over the past twenty to thirty years, made a significant investment in the management talent of these evolving programs, and that the investment is paying off. Each program manager respectively has many functions and areas of responsibility and vast on-the-ground experience in rural communities. To duplicate this talent pool in the private sector could be costly; if the goals and objectives of each program were to be fully privatized as currently configured.

The general consensus of the subcommittee was that it is appropriate for the state, as long as it can afford it, to provide basic health and safety needs for people who choose to live in communities that are without an economy sufficient to be self-supporting. The state has been an active and willing partner in efforts by the Alaska Congressional Delegation to fund basic health and safety needs of rural communities. Other areas of social services such as education were discussed in context but not addressed in this analysis, as the subcommittee needed to focus only on the programs assigned to it.

It was also recognized that essentially all communities in Alaska receive some level of economic assistance in the form of redistribution programs be they Federal or state. This is a reflection of political strength in Washington, D.C. as well as Juneau and regional governments and the policy assumption that such transfer payments are appropriate and beneficial when faced with community needs.

If reallocation programs are to continue, the subcommittee prefers reallocation structures that operate on the basis of formulas, so long as they are fair and representative, as we believe they attempt to remove more subjective means of public policy decision making and more fairly meet the needs of Alaskans.

A recent decision by the Alaska Supreme Court has spoken to at least a part of this dynamic. In its 9/1/99 Kasayuli decision, the Court said that State government is required to consider "disparate impacts" on rural areas even if policy decisions are grounded in purely economic, revenue, or any other issues. The Court in fact found that the state violated the Civil Rights Act of 1964 and the Equal Protection Clause of the Alaska Constitution by having a "disparate impact on racial minority school children." The Court thus differentiated racist intent from disparate impact.

But what is "economic development" and what is "capacity building?" How do they really relate? These two concepts continued to run together at times and in opposition at other times in the discussion. Should you call building a rural water and sewer system "economic development?" If you build a road, is that economic development? Or is it something else? In the mind of some members of the subcommittee, economic development is *PRIVATE* investment for economic return. This may need a push or an incentive in order to accelerate both investment and return, but it is founded on private risk.

If the private sector is unwilling to take economic risk in a community, and if we subsidize the building of capacity, can we then reach a point in political or economic time and space that encourages or finally enables private risk? Or are we just throwing public money at an uncertain future? This continued to be a core dilemma for the subcommittee as it looked at many of the programs in this division.

**In an effort to place the discussion of Alaska urban and rural economies the following is provided from a 1997 report commissioned by the North Slope Borough.**

"The economy of Anchorage receives enormous stimulus from the rest of Alaska. Anchorage, the State's economic core, exports one-third of its output of goods and services, and over 60% of these exports are destined for other regions of Alaska."

"Of the \$16.9 billion in total 1996 output from the Anchorage/Mat-Su core region, \$3.4 billion—over 20%—were goods and services purchased by rural and other peripheral areas of Alaska."

"In 1996, over 25,000 jobs in Anchorage/Mat-Su core region were due directly or indirectly to trade with the rest of Alaska. This exceeded the region's combined number of federal civilian and military jobs, and was also more than the total number of state and local government jobs."

"The ratio of Anchorage/Mat-Su jobs created by 1996 trade with the rest of Alaska was greater than one in seven. The \$833 million paid to these workers exceeded the earnings of all retail trade employees in the region and was almost as large as the total for service sector employment."

"100% of Anchorage/Mat-Su construction exports, 90% of health services exports; 88% of wholesale trade exports; 86% of finance, insurance, and rural real estate exports; and 69% of business services exports were purchased by the rest of Alaska."

"Anchorage/Mat-Su construction companies made almost 50% of their total sales to buyers located elsewhere in Alaska. For firms in engineering, legal services, and wholesale trade the comparable figure was over one-third. The periphery accounted for over 60% of total exports and one-eighth of total sales in retail trade."

"Alaska's economy is heavily natural resource based. In 1996, resource industries contributed \$15.5 billion share to the state's \$25.85 billion total output, a 60% share. Activity in oil and gas, minerals, fisheries and seafood processing accounted for nearly 90% of the resource total and is based almost 100% outside Anchorage/Mat-Su."

**Alaska's Economic Links, A Multi-Regional Analysis**      *prepared by Gross & Associates*

*But what happens when Senator Stevens goes away?*



## **Evidence of Progress - Federal 638 Contracting**

Although the discussion of the subcommittee did not address race or cultural communities directly, one member of the subcommittee brought to its attention a federal program that is making some progress in addressing economic development needs of "Native Americans" to include Alaska Natives. The following brief discussion is provided to assist in considering this model for small rural communities in Alaska and highlights the possibilities for contracting out of appropriate state programs.

The Federal government is now involved in substantive change in the way it delivers goods and services to Native Americans. Under what is referred to as Section 638, tribes or tribal governments (in Alaska that is tribal IRA councils), if the federal government is proposing to provide goods or services to Native Americans or on Native American lands, and if the tribal government can show they are qualified, they may choose to take the funds as a grant and provide the goods or services themselves. This is becoming very popular in Alaska and is starting to catch on with Native Americans outside of Alaska.

The greatest impact in Alaska to date has been on the delivery of health care by the federal government to Native Alaskans. Virtually all health care is now delivered by the Indian Health Service under contract to Native non-profits. There have been some great successes. For example: Maniliq, in Kotzebue, now can afford to build its own capital improvements and is planning to construct \$1MM clinics in each of its villages using their own funds.

This process encourages the private sector to seek out local tribal IRA's and offer their expertise to them. By partnering with private companies, the IRA's can show the expertise needed to be awarded a 638 selection grant. They then take control of how the money is spent. It is not the BIA or some other federal government doing it for them. There have been some great successes with this approach with housing projects, road construction, and other capital improvements. It gives the local Alaska Natives control over the money and how and where it is spent. It is obviously a far more efficient process.

This same approach could be used by the State to better deliver goods and services. In fact, some state government programs within the DEC and Village Safe Water Programs are already successfully using a similar approach.

It will not work in all cases, in all villages, or at all times, but it has been highly effective in many projects.

## **Division Overview**

The Municipal and Regional Assistance Division (MRAD) of the Department of Community and Economic Development is, according to publications from that division, the agency called for in the Alaska State Constitution to "advise and assist" local governments. The framers of the Constitution clearly indicated their belief that local government would play a critical role in Alaska's future and that the state had a responsibility to work with local governments to help them be successful in providing local governance and effective public services for community residents.

There are over 160 municipal governments in Alaska, and only a few of which are considered "urban" in the classic sense. While all municipalities receive assistance from the division, the focus of division staff is technical assistance and training for the smaller communities that lack resources essential to effectively operate their local government. The division's basic strategy is "capacity building." The division focuses on increasing the capacity of local people to deal with local problems without outside assistance.

The division also administers a number of programs that provide financial assistance to municipal governments to supplement local revenue generation.

The division's support for larger municipalities concentrates on provision of professional training and development opportunities in cooperation with organizations such as the Alaska Association of Municipal Clerks, Alaska Association of Assessing Officers, and Alaska Planners Association.

**RECOMMENDATION: The subcommittee's recommendations are:**

- that the division appropriately advise all local governments of the resources available to any municipality over the Internet and through a host of state and national trade and professional organizations.
- that communities be encouraged to interact and share problems and solutions with similar community's in Alaska or other rural communities.
- Small community governments should look more to the Alaska Municipal League for assistance and less from the state. (I read this as being implicit but not explicit in this section of the report.)

Recognizing the current limitations of the Internet and locally trained support, the subcommittees recommendations is that the division appropriately advise all local governments of the resources available to any municipality over the Internet and through a host of state and national trade and professional organizations. Further, the subcommittee believes that rather than try and address local governance issues from the perspective of the State, that communities be encouraged to interact and share problems and solutions with similar community's in Alaska or other rural communities. This is a function for the Alaska Municipal League (AML) and should be a major goal of that organization in serving its current and future membership. A departmental partnership with AML and the University of Alaska and just about any local government training or support program can encourage independence.

It was also concluded that most municipal challenges are not new or unique. Most often they have raised their head before and by reaching out to information sources within Alaska or other similar communities; a host of successful solutions can be identified, considered, tried, and institutionalized.

This approach can greatly reduce travel costs and the cost of state services while helping build a greater sense of self-sufficiency. As humans solve their own problems, through their own initiative they gain independence. The Internet is a very cost-effective means of searching for answers and obtaining assistance.

The State is currently reviewing its integrated communications future. Building a transforming bridge with Internet links and cables is a cost effective and responsible way to help span the Cultural Revolution forced on many communities in a time continuum that few in urban communities can grasp or understand.

The expansion of the Alaska Municipal League (AML), to include smaller rural communities who may not be able to pay their membership fees initially, would do much to include and integrate such communities as they "build capacity." This is an appropriate and legitimate role and function for AML as a trade or professional association. This effort to reach out would also do much to break down the divisive conflict between rural and urban communities in our state. AML should be aggressive in looking at expanding its programmatic matrix and build partnerships with state programs that provide training and technical assistance to its members or possible members.

Over a hundred cities in Alaska have populations numbering only in the hundreds. For many of these cities, it is a constant struggle to maintain basic services. This situation threatens the State's investment in essential community facilities and poses a threat to the health and safety of rural residents. Some of the more common problems are:



Very frequent city staff turnover  
Lack of financial management and local government skills  
Significant decline in state financial assistance to communities as state revenues are reduced  
Limited local tax base or economy

**RECOMMENDATION:**

- **(Recommend that the Division look) at the question of "return on investment" even when doing capacity building. Does a community get to the point, given limited program funding, that further state assistance is not going to provide a reasonable level of return to justify continued investment? At this threshold, it may be appropriate that the state terminate any further assistance, at least for the immediate future, as it is no longer cost effective.**

The subcommittee recognizes that the division has already been forced to choose communities that will receive services and those that will not based on the communities willingness to make change. Consistent with this appropriate public management decision, the subcommittee recommends that the division add and additional threshold that seriously looks at the question of "return on investment" even when doing capacity building. Does a community get to the point, given limited program funding, that further state assistance is not going to provide a reasonable level of return to justify continued investment? At this threshold, it may be appropriate that the state terminate any further assistance, at least for the immediate future, as it is no longer cost effective. These are hard choices, but the subcommittee believes they are appropriate given the growing budget deficit and the need to target public investments where they have a reasonable expectation of generating a reasonable return.

**Management Structure – Regional Offices**

The division currently has seven regional offices including its main office in Anchorage. Some staff deal with unique challenges in a few rural communities where English is a second language.

**RECOMMENDATION:**

- **regional offices could be reduced in number or eliminated, while the program continues services to rural communities**

The cost of regional offices, in contrast to consolidated services and the financial and intellectual efficiencies they bring, deserves review. Given the availability of information sources now on the Internet and with Email and video conferencing, regional offices could be reduced in number or eliminated, while the program continues services to rural communities. This consolidation should be reviewed and cost savings passed on to other program areas or eliminated as a BRU expense.

**Financial Management Assistance  
General Local Government Assistance**

These two programs appear to have had some success in reducing the cost of local government by increasing financial and management efficiencies. They have become, in fact, the basic day to day function of this division.

#### **RECOMMENDATION:**

- **Contract out to the UA or AML services that are now performed by personnel within these two divisions.**

The subcommittee would again like to see the Alaska Municipal League, as well as other appropriate professional and trade associations and the University of Alaska explore providing these services in a partnership with the division. Initially, some level of contracting may be appropriate by the division with the League and/or University, but eventually we believe it appropriate that these organizations provide these services on a fee for service basis or at the cost of the organization. This is the role and purpose of such groups.

#### **Rural Utility Business Advisor (RUBA) Program**

The goal of this program is to help rural communities manage and operate sanitation utilities developed with state and federal funds. Providing business, finance, personnel, and general management assistance to governments responsible for operating newly constructed sewer and water utilities does this.

After an internal analysis and some modest effort to provide these service on their own, DEC approached MARAD and requested the division develop and provide training and technical assistance in this program area. DEC took the position that it is a regulatory agency with some construction responsibilities, not in the business of providing these kinds of services.

#### **RECOMMENDATION:**

- **Turn over the management of "sanitary utilities" (landfills? water treatment plants? sewage lagoons?) to:**
  - **DEC?**
  - **Village corporations?**
- **Keep in MARAD?**

Although this subcommittee is not charged with reviewing any DEC programs or functions, the decision to differentiate between regulatory "enforcement" programs in DEC and local government assistance programs is a reflection of one of the problems with that agency. There is no question that DEC must perform its regulatory function but it needs to reexamine how it does that. Regulatory programs need to be as much in the business of helping a community succeed in the face of ever imposing environmental mandates as do other services. The separation of these functions is troubling and reflects an attitude in government that is one of the reasons citizens and businesses are so hostile to regulatory agencies.

"I'm from the state, and I'm here to help you," should not be a joke. It should honestly be what every state agency should do.

Although the subcommittee found, initially, that components of this program more appropriately belong in the Department of Environmental Conservation or contracted out to appropriate Regional or Village corporations with the skills to assist neighboring communities, the subcommittee recognizes that DEC turned this program over to the MRAD division. The



subcommittee believes, however, that there should be a partnership between DEC and MRAD as the effort of capacity building goes forward.

#### **Coordinated Response Partnership**

The principle function of this program is response coordination to economic disruption.

#### **RECOMMENDATION:**

- **Consolidate this function with the Office of Emergency Services**

Although the subcommittee agrees that this is an appropriate role for state government, they also believe the more appropriate agency to provide these services is Emergency Services and thus recommends this program be transferred to that agency. Some adjustment within the Emergency Services program may be necessary, but responding to an economic disruption is in many ways similar to responding to a natural disaster. Both are economic disruptions.

The legislature and administration should explore the integration of economic and physical disaster response, within a single agency, as it may offer some management and programmatic efficiencies.

#### **Office of the State Assessor**

This office provides assistance to communities on a sessment and taxation issues. It develops the annual Full Value Determination, and administers the Senior Citizen and Disabled Veteran Property Tax Exemption Program and the Senior Citizen and Disabled Veteran Property Tax Equivalency (renter rebate) Program. It also monitors municipal assessment and taxation practices and procedures.

#### **RECOMMEDNATION:**

- **The subcommittee found that this was an appropriate role for state government, but felt it should be placed in the Department of Revenue rather than Commerce.**

#### **Community Development Programs**

These programs address the relationship between investment into a community's infrastructure and development of an economic base.

##### **Community Development Block Grant Program**

This is a pass through federal grant program to enhance the quality of life for low and moderate-income residents in rural Alaska by providing grants for public facilities and planning for basic health and safety. These grants subsidize the cost of local services. Special Economic Development funds may be used to provide capital to assist in the creation or retention of jobs that principally benefit low and moderate income persons.

#### **RECOMMENDATION:**

- **these grants ... should pass directly to the regional (borough) governments in partnership with ARDORs.**

The subcommittee believes that, consistent with the intent of the federal program, the state should not be the holder of these grants, but they should pass directly to the regional (borough) governments in partnership with ARDORs. This will enable more local control. This action is considered more efficient as it would lower state overhead attached to such grant programs, putting money directly into communities. All reporting requirements would effectively remain the same, but the state office would be eliminated.

The subcommittee recognizes that this is a radical departure from what is done in any other state, but given the legislative mandate of the Commission, and the pressing budget imperative we face in Alaska, it is time to step outside of the box of conventional public sector management structures and pursue proven notions of enabling greater local control.

To meet any competitive mandate in the allocation of limited funds in face of demand, a partnership between the Alaska Municipal League and representatives of state agencies should be challenged to wrestle with this alternative.

#### **Rural Development Assistance Program**

*Although still on the books, his program has not been funded for many years.* It is a state funded rural development program that provides grants, on an annual competitive basis, to rural communities for a wide range of development projects. One application per community is accepted for a maximum of \$50,000 per year.

#### **RECOMMENDATION:**

**The subcommittee believes that since the program has not been funded for many years, it should be eliminated as a program mandate.** If the legislature determines that it wishes to keep this program as a vehicle for future funding, consistent with similar programs, this funding base should be allocated and distributed directly to the regional (borough) governments in partnership with ARDORs. The Alaska Municipal League could oversee the competitive process.

#### **Emergency Shelter Grant Program**

Assists in providing emergency shelter for the homeless. It is a part of a package of programs the federal department of Housing and Urban Development grants to the State of Alaska. These programs are considered, by the Fed's, as community development tools rather than social or emergency services.

#### **RECOMMENDATION:**

Regardless of what the federal agencies call it, this is either a social or an emergency service. Either way, **this program should be reassigned to Health and Social Services or the Division of Emergency Services.**

#### **Community Services Block Grant**

A program designed to reduce or prevent poverty through community-based educational activities that lead to a greater degree of self-sufficiency for low-income persons. RurAL CAP also deals



with alcohol and drug abuse, energy conservation, economic development activities, local control strategies, participation, etc.

#### **RECOMMENDATION:**

**This program also appears to be more focused on social services and should be reassigned to Health and Social Services or delegated to RuralCAP or boroughs. Alternatively, the Subcommittee would suggest consolidation of these programs and support funding through the regional governments in partnership with ARDORs and/or AML. This is particularly true for one of the major expenditures under this grant, RuralCAP's annual Village Participation Conference – where village leaders from around the state get together to discuss common problems, issues, and solutions.**

The continued segregation of rural community gatherings from those of larger communities feeds the festering conflict between urban and rural areas in our state. A public mandate that such functions be integrated would go far to initiate the construction of appropriate bridges between rural and urban communities. As pointed out in the opening discussion of this evaluation, this needs to be accomplished by an integration of AML of all communities in Alaska, even those who financially are unable to meet AML's membership fees. Appropriate AML scholarships and "developing community" or "capacity building" grants should be offered to assist in building these critical bridges.

#### **Economic Development Programs**

##### **Rural Development Assistance/Forest Service Mini-Grants (RDA Mini-Grants)**

Funding is available on a competitive basis to communities of less than 10,000. Municipalities, Native Village or IRA Councils, and nonprofit corporations may submit one application per year for a maximum of \$30,000. This program provides funds for economic development projects or other enterprises that increase jobs, income, or services in rural communities.

#### **RECOMMENDATION:**

In this case the definition of what is "economic development" is a function of federal regulations. Some members of the subcommittee do not agree that roads, water and sewer projects are "economic development" although they may be "capacity building."

**In past years ARDORs have played a role in the competitive review process. This should be encouraged, but a partnership with AML should also be explored. As long as federal regulations mandate the process for allocation of federal dollars, this may be the closest we can get to any process reform.**

##### **Rural Development Initiative Fund (RDIF) Loans**

This program provides loans for new businesses or expanding businesses that have been unable to secure funding through more conventional sources. The program is to encourage investors to place funds into new ventures in smaller communities (less than 5,000) by reducing the financial risk to the lender. A commercial lender must apply for any loan.

#### **RECOMMENDATION:**

Again, it is the subcommittee's feeling that these funds/loans be directly administered by a partnership of AML and regional ARDORs and local banks in communities that qualify. These organizations know the communities and their needs far better than a state agency does. Such a re-delegation would further target these funds in a more efficient organizational structure.

#### **Community Development Quota Program**

This is a federal program specific to fishing communities to address serious economic and social problems of the western Alaska region. Federal statute and regulation mandate the state's role.

#### **RECOMMENDATION:**

Again, even in the face of federal mandates, it is important for the state to explore alternative management strategies if they prove effective and efficient. **Developing a partnership with appropriate ARDORs, the AML, and regional governments for the allocation of these funds would further push decisions down.** This management philosophy has consistently proven more responsive to local needs than federal or state management.

#### **Alaska Regional Development Organizations (ARDORs)**

Created by the state legislature, ARDORs prepare regional economic development strategies and assist communities and businesses implement them. They are eligible for grants and other pass through economic development oriented programs.

#### **RECOMMENDATION:**

Consistent with the legislative intent of creating regional organizations to assist communities and businesses grow and be productive, **a stronger and more integrated partnership between state and federal programs, ARDORs, and the AML should be crafted.** This would enable ARDORs to be more project oriented, yet still meet their planning and coordination responsibilities. It would put some muscle where the rhetoric has been, by annually funding project or need areas.

If legislative changes are needed in specific funding programs or in the ARDOR statute, the Commission should advance them.

#### **Local Boundary Commission**

One of five state boards with origins in Alaska's Constitution, the commission ensures arguments for and against boundary adjustment proposals are analyzed objectively, taking areawide and statewide needs into consideration.

#### **RECOMMENDATION:**

This is an appropriate role for state government. The Subcommittee believes, however, that Internet technology could greatly enhance and expand the capability of this function.



## **Community Planning**

Provides assistance on regional and community planning issues with technical advice and training. It also oversees the Alaska Coastal Management Program and the National Flood Insurance Program.

### **Local Government Planning Assistance**

Provides surveys, land use studies, technical services, and other planning work for municipalities that exercise planning and zoning authority.

#### **RECOMMENDATION:**

**This is a service that should be provided by the Alaska Municipal League (AML) as a part of its membership services. As pointed out in earlier recommendations, however, the AML needs to expand its role and function to be more inclusive of smaller rural communities. A partnership between AML and the Alaska Chapter of the American Planning Association to provide annual planning commission training should also be explored.**

### **Alaska Coastal Management Program (ACMP)**

Conducts a program of research, training, and technical assistance to coastal resource districts including granting ACMP funds.

#### **RECOMMENDATION:**

**This program should be delegated to DNR. It is a land management; land regulation function that should be combined not segregated. The grant administration and technical assistance activities within this program area should also be delegated to DNR. Providing money and technical assistance to local land planning agencies needs to be integrated with the land management function. Segregation of these two functions is not appropriate from a land and program management perspective.**

### **National Flood Insurance Program (NFIP)**

State is the coordinating agency for the NFIP providing over \$207 million in flood insurance coverage to 30 cities and boroughs. Staff assists local governments dealing with flood management issues so that local's can obtain flood insurance.

#### **RECOMMENDATION:**

**This program should be privatized consistent with efforts nationally to have all federal flood insurance privatized. The Congress of the United States found, over 16 years ago, that federal spending in flood prone areas encourages building and rebuilding in those areas and further taxes federal revenues. It is a program of incentives where disincentives should prevail. Proceeded only by Social Security and Medicare, government provided flood insurance is the third largest exposure to the national treasury.**

Fundamental to such an effort, however, is the objective of significantly reducing, over time, or eliminating repeat assistance. **Damaged structures should receive one payment following a flood, but if they choose to rebuild in the same "flood prone" location, they should not receive further assistance in the event of disaster.** The state's efforts should focus on this goal.

## **Financial Assistance to Communities**

### **State Revenue Sharing**

This is the largest program in MRAD. The program reallocates, based on formulas, "excess" funds obtained by the state, to local communities for a host of projects and needs.

#### **RECOMMENDATION:**

As long as there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. **Once the state determines there are not sufficient funds from general revenue to "share" with other levels of government, this program should be eliminated.**

Although the subcommittee recognizes that reallocation schemes predate oil revenues, the assumption that it is in the public interest to take funds away from some and reallocate them to others, for purposes other than those mandated by the Constitution, is a pervasive notion of some in government. **If the State of Alaska finds that this socio-political engineering through the reallocation of wealth, be it of communities, businesses, or persons is consistent with the role and purpose of state government, then such programs should continue.** If, on the other hand, the legislature finds that reallocation programs can be harmful to communities, businesses, and persons, then an alternative action would be suggested.

### **Safe Communities**

This is a targeted revenue sharing program that redirects corporate income tax revenue to a priority list of services. In FY00 the state estimates \$220 million will be collected.

#### **RECOMMENDATION:**

The collection of corporate taxes is a disincentive to business in Alaska. The elimination of this tax on business and industry would encourage business expansion and reinvestment in Alaska. This is a far more efficient means of economic development than any reallocation strategy by the state.

As long as the state legislature finds that this is an appropriate function of state government, and there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. **Once the state determines this program is inefficient or there are not sufficient funds from corporate income taxes to "share" they should eliminate this program.**



### **National Forest Receipts**

This is essentially another revenue sharing program, where 25% of the income earned from activities within the national forest is distributed to boroughs and cities within the national forest. Federal and state law requires expenditures only for public schools and public roads. The FY99 program distributed about \$1.9 million to nine boroughs, 18 cities, four Regional Educational Attendance Areas, and the Metlakatla reservation. The division receives no funding for administration of the NFRS program, thereby subsidizing this federal reallocation strategy.

#### **RECOMMENDATION:**

**As long as the federal government mandates state management of this reallocation program, it should pay for the cost of that management by a percentage of the funds that pass through.** Alternatively, the allocation should be based on a formula based on population in communities that qualify, and the funds could be sent directly to such communities without state participation.

### **Shared Fisheries Business Tax Program**

Provides an annual sharing of fish taxes collected outside of municipal boundaries on the basis of nineteen "fisheries management areas." FY99, \$1,208,039 was distributed to eligible municipalities. Allocations are based on level of significant impacts resulting from fishing industry activity compared to the level of impact experience by other municipalities in the area. The division receives no funding for administration of this program, and therefor subsidizes the state program.

#### **RECOMMENDATION:**

**This is again a tax reallocation program based on the subjective standard of socio-economic impact. The state should allow a percentage of each dollar to off-set the cost of management or the funds should be directly allocated to the qualifying local or regional governments reducing state participation.**

### **Federal Payments in Lieu of Taxes (PILT) Program for Cities in the Unorganized Borough**

Provides federal funds in part payment of local tax losses due to federal presence. \$3.19 million was distributed to 96 cities in FY99.

#### **RECOMMENDATION:**

**Somewhat similar to the previous two federal reallocation programs, the state subsidizes the process with staff. PILT can be structured to directly target those communities that do not receive taxes due to federal property ownership. These funds should be directly allocated to the affected communities based on objective formulas by the federal agency. The state should not continue to subsidize the management and oversight of this program.**

### **Land Management and Mapping**

These programs address Land title issues that hinder economic and community development in both private and public sectors. Resolving current land issues assists in preventing future land management problems.

#### **RECOMMENDATION:**

**The subcommittee believes all of the below listed programs should be moved to the Department of Natural Resources.** They are directly consistent with that agency's purpose and function and DNR has the staff to assimilate these programs efficiently.

Although MRAD argues that these programs are about community development, they still are a function of land management. To assert that DNR mandate is state-owned land and therefore manages to the "state's best interest," thus not capable of considering community needs or the interests of local governments is incorrect.

MRAD points out that lands impacted by these programs are held in trust for community and public purposes and the decisions about land use are made by local village councils often complicated by local social and political issues. This does not change the land and program management capabilities of DNR. The subcommittee would argue that a partnership between DNR and these communities is a good match allowing significant land management skills to be tapped by small rural communities.

This does not mean that the subcommittee does not support the concepts of strong local government as identified in Title 29 of the Alaska State Constitution – it does.

#### **Land Management Program**

**Site Control**

**ANCSA 14© survey plans**

**Municipal Lands Trustee Program**

**Land Management Assistance and Training**

#### **Mapping Program**

#### **Research and Analysis and Community Data**

Provides research, analysis and general technical support for internal program operations, as well as develops and maintains a wide range of information about Alaska's communities, sharing that information with agencies and the public.

This program is located in this division because it was believed that the state agency could perform this function most efficiently. The department has researched options for doing the research and analysis work and have found no one willing to do the work for anywhere near what it costs the department.

One of the directives contained in the constitutional mandate of this MRAD division is to "collect and publish local government information." In addition the department continues to be flooded with requests for this type of information from the Legislature, private development sector, and other agencies.

#### **RECOMMENDATION:**



First the subcommittee examined if the work done was necessary and useful. It was found that based on requests from the Legislature, other state agencies, federal agencies, and the private development sector that the information is needed and used.

Objective information gathering and redistribution is an appropriate and necessary function of government. In fact it is the principle function of government if assessed based on function.

But what level of government or agency of government should provide this function in looking at communities?

Two options present themselves with these programs. They are:

1. The function is contracted out to such organizations as the Alaska Municipal League or the University of Alaska
2. That an internal, multi-agency review of all research and analysis programs within state agencies, be combined and relocated.

**Some relationship with the University of Alaska, Institute for Economic Research and the Alaska Municipal League as well as with other agencies should be explored as it may offer significant database efficiencies.**

The function of research and analysis is essentially a means through which agencies attempt to better understand their clients or customers. This is not dissimilar to private businesses that study their markets. There is, however, a board public interest issue that makes this an appropriate university activity.

**This recommendation is applicable to all of the below listed programs:**

**Community Database/Community Profiles  
Promoting Alaska's Communities Through a new Web site  
Community Capital Project Database**

**TO:** The Commission on Privatization and Delivery of Government Services  
Trade and Development Subcommittee

**FROM:** Pat Poland, Director  
Municipal and Regional Assistance Division  
Department of Community and Economic Development

Thank you for the opportunity to review and comment on your draft paper making recommendations regarding the Municipal and Regional Assistance Division.

Before responding to the specific comments and recommendations, I would like to address a number of premises that your recommendations appear to be based on. Specifically:

**Premise #1: The Department of Community and Economic Development's mission is exclusively a business/economic development mission.** The Department of Community and Economic Development's mission was thoroughly reviewed, debated, and defined by the Alaska legislature less than six months ago. To suggest that the Department's mission has been "diluted" because of the inclusion of programs this division administers ignores the work of the legislature in merging the Departments of Community & Regional Affairs and Commerce & Economic Development. The mission of the new DCED rightfully includes all aspects of community and economic development.

**Premise #2. ARDORs are capable of providing additional public services.** The ARDORs do represent an important economic development tool at the regional level. However:

- They are not a broad-based public service delivery agency. The boards governing ARDORs have no statutorily designated composition and may or may not represent the variety of interests within the region they work with. ARDOR boards are not elected.
- The ARDORs are not present statewide. Substantial portions of the state are not located within an ARDOR.
- Generally, the ARDORs have very minimal staff; several executive directors have no support staff. None of the programs suggested for transfer to ARDORs have sufficient financial support to provide even one additional staff person in each ARDOR.
- ARDORs, generally speaking, have no track record with respect to delivering on-going program services. To date, ARDORs, with few exceptions, have been limited to providing general technical assistance with respect to economic development. To suggest that this experience automatically translates into the ability to administer public programs is an assumption without a basis in fact.



- It should be noted that the statute authorizing ARDORs is due to sunset at the end of this fiscal year. In recent years the Legislature has re-authorized the ARDOR program in 2-year increments, an indication that the Legislature has not made a long term commitment to the ARDOR concept.

**Premise #3. Federal agencies would be willing to transfer programs to ARDORs, the Alaska Municipal League, and other undefined corporations.** Again, this is a major assumption. In certain cases it is clear that the federal government would not make such a transfer. In others, an entire evaluation process would have to be gone through and individual determinations by various federal agencies made.

A very substantial portion of MARAD's actual service delivery budget comes from federal program receipts. Assuming these funds can simply be transferred to another organization is a big assumption.

All of these federal program receipts require a match – varying from 25 to 50%. If another organization were to assume the program responsibility it would have to provide that match.

**Premise #4. The Internet is a useful teaching tool in rural Alaska and can replace virtually all forms of Local Government Assistance.** This is simply not the case. We in the department have been exploring this approach for several years and, while there are exciting possibilities, this does not by any means represent a total solution for delivering remote technical assistance. In the vast majority of communities we work with, access to the Internet by local government entities is simply not available. If access to the Internet is available, it is at considerable expense and extremely poor quality. We have put substantial effort into exploring the possibilities of the Internet for local government educational purposes and have used it to a limited degree; e.g. certain training documents have been put on the department's web site. But access to this information by rural local governments remains quite limited.

The assumption that if local government officials have access to information on the Web, the rest of the educational process will take care of itself, is a misinformed. Many municipal officials in small communities have limited education, may use English as a second language, and often have limited or no exposure to concepts that professionals in government have had.

Our investigations into possible online resources find that very little "local government" or "rural development" information now on the web has practical application to rural Alaska. On the web, "rural" means places like Fairbanks. To have any meaningful impact on rural Alaska, a whole range of "Alaska-relevant" online materials need to be developed. Further, to be effective, these online resources need to be maintained and updated by real human beings that understand rural Alaska and are available to address special situations as they arise.

**Premise #5. The Alaska Municipal League is capable of providing the training and technical assistance services provided by the division.** The AML is a member organization that serves principally as a lobbying and advocacy organization. What training the league has done has occurred at its annual conference and is, by necessity, fairly general in presentation. Division staff has often provided the training elements that were focused on smaller municipalities. The League has no significant experience in traveling to and working with small rural community officials in providing local government services.

No doubt, given adequate financial resources the League could eventually develop an organization capable of delivering training and technical assistance to small municipalities. However, as noted above, much of the division's financial resources are federal funds; they would not be available to the Alaska Municipal League. To suggest that the membership of the league could generate the financial resources necessary reflects general ignorance of the financial plight of most small second class cities. Most of these municipalities struggle to generate the financial resources needed to provide the most basic of public services, let alone pay the travel and service fees for a professional to come to their community.

Finally, because AML is a member organization, it serves only its membership. While many of MARAD's programs are targeted at municipal governments, many of the programs also include unincorporated communities. Examples include the Rural Utility Business Advisor program, State Revenue Sharing, RDA/Mini grants, and the ARDOR program.

**Premise #6. The Department and Division's mission is not relevant to this review.** The programs the division administers are housed under this one roof because they relate to each other in the context of developing healthy communities. The strength of the organization revolves around the synergistic effect that is created by having these programs and related staffs work with each other. The programs the division administers and delivers are a means to an end, not an end in and of themselves. The question should be: is the division doing the mission the legislature charged it with? Not, "can we transfer these programs somewhere else"?

**Premise #7. Municipal Government is not part of the solution.**

Many of the recommendations of the subcommittee, particularly those relating to transferring functions to ARDORs and other non-profit organizations, would serve as a dis-incentive to the formation of municipal regional governments. This is a pattern that has been practiced for years and is, in our opinion, one of the reasons the state's system of service delivery is so fractured. The bottom line is that if residents can get services from a local non-profit, supported by the state, why should they form a local government and pay a portion of the costs themselves. As noted in the body of our response, if there is going to be a massive decentralization of state programs it should be to organized, legitimate local governments.

**Specific Responses –**



***General Comments, Page 1***

The paper starts out by stating that it does not question the appropriateness of the recent DCRA/DCED merger, but worries that it might dilute "the critical purpose" of the department. This statement flies in the face of the legislature's action to place the division in DCED, re-name the department, and adopt by statute most of the duties of the former DCRA into the new DCED.

***Recommendation: Provision of Services by AML, University and other Trade Organizations", Pages 5 & 6.***

Several recommendations are made regarding training and technical assistance to local government officials. Specific recommendations include:

- The Internet – I indicated earlier the general lack of availability of the Internet to rural local governments and why simply providing information is not sufficient to enable local government officials to build the capacity they need in order to manage and deliver public services.
- National trade and professional organizations – again, this is simply not realistic. Issues of education, language, culture and cost all work against this recommendation. We are not talking about the education of a city administrator in Wasilla or Palmer, whose principal function is management and public relations. But rather, the education of an individual who as city administrator:
  - Is expected to do everything for a city that would normally have a public works and planning staff, utility manager, building official and other support staff;
  - Is working in remote parts of the state in isolation from other professionals and education resources
  - Often has a different language and culture; and
  - Typically has no college level education, often works only part time, and receives minimal wages.
- The exchange of information through municipal organizations - this is a sound recommendation and we wholly endorse it. We encourage all municipalities to join and participate in AML activities. However, those activities are limited and serve a diverse range of needs. It is rarely possible to deliver a substantive training program that works for municipal officials from such diverse communities as Ketchikan, Cordova, Unalakleet and Mekoryuk.

- This recommendation also contains the statement that "municipal challenges are not new or unique" and suggests that reaching out to other information sources in the lower 48 is part of the solution. This statement is not true of rural Alaska!

Challenges associated with:

- human and financial capacities;
- differences in language and culture
- an undeveloped local government structure;
- incredible logistical and environmental issues;
- isolation from resources available in urban Alaska;
- demands placed on rural local government administrators; all

combine to provide some of the most unique and challenging conditions in the United States.

#### ***Financial Management Assistance & General Local Government Assistance – Page 6***

The recommendation for these programs is that the Alaska Municipal League and the University of Alaska provide them. The recommendation notes that initially there may be some contractual funds but that eventually user fees should support these services.

Why we believe this approach is not going to be effective has been discussed. The University is not in the business of providing educational services on a village level. It provides education on campus or through its distance education efforts. While the latter is a worthy effort it takes highly motivated individuals, with an ability to pay, and an ability to study and learn independently, to succeed. This model does not have a good track record when dealing across the cultural and socio-economic divide that separates rural and urban Alaska.

Finally, the difference between teaching and training should be noted. MARAD is in the business of training local government officials how to perform various skills – from preparing a budget, to setting up a utility billing system, to conducting a municipal election. The University teaches students about a subject in a classroom setting – the emphasis is on transfer of information, not necessarily the transfer of skills.

#### ***Recommendation: "Return on Investment", Page 6.***

The committee recommends that the division establish a process that looks at "return on investment" and establish a threshold that, if not met, results in the termination of assistance.

It is our opinion that a "return on investment" approach to measuring the value of communities is simplistic and ignores moral, ethical and legal considerations. Moreover, to make a 180-degree policy switch after 40 years of investing in, and promoting the enhancement of the quality of life in rural Alaska, because of budget considerations is, at best, reactive policy making.



Notwithstanding the above, the division does annual work planning, makes assessments of a community's willingness to improve their management systems, and allocates its resources in a deliberate, thoughtful manner. If we do not believe that a community is willing to make change and work towards basic standards of competency, we do not commit our resources. At this point, the workloads generated by communities who are willing to work towards basic standards of competency exceed the division's capacity to respond.

***Recommendation: Management Structure – Regional Offices, Page 6.***

The division has, on several occasions, done a financial analysis of the regional office structure to determine if meaningful savings could be obtained by locating staff centrally. On each occasion, that analysis has revealed little if any financial savings while acknowledging the loss of substantial staff expertise available only in rural centers. The division keeps the cost of regional offices low by:

- Sharing office space with other state and federal agencies;
- Providing centralized administrative support – there is only one clerk present in the seven regional offices;
- Sharing technology costs (computers, telephone, FAX) with other agencies.

Much of the work done by regional office staff is done on-site, in a community. The financial savings that are realized by not having to fly staff out to a regional center is very substantial. Also, by virtue of our presence in regional centers we are able to partner with regional non-profit corporations to lower the cost of training and technical assistance.

Regional offices afford us the opportunity to hire local residents from the region. Sometimes these are individuals who have had long term success as a city administrator, other times they are a younger person who has gone off to college and returned home looking for work. Regardless, the individuals typically possess knowledge and language skills that are not available from individuals in urban areas. These skills are often critical to the success of the division's role in local capacity building.

Finally, it should be noted that the regional offices provide a vital connection between program staff located in urban settings and the real world of rural Alaska. This is not simply for MARAD programs but for other state and federal agencies as well. The Regional Offices often provide the information and "reality check" that enables the department to have credibility with legislative and executive branch policy makers when speaking to issues concerning rural Alaska.

***Recommendation: Rural Utility Business Advisor Program – Page 7***

The relationship with DEC/Village Safe Water was begun over ten years ago. Since that time we have expanded our presence in the sewer and water field to include relationships with DEC, Indian Health Service, Alaska Native Health Board, the Environmental Protection Agency, the Denali Commission and a number of regional Health Corporations. All of these organizations have endorsed and supported the housing of RUBA services in MARAD. Formal recommendations to this effect were made by the Governor's Sanitation Council under Governor's Hickel and Knowles, by the Federal Field Committee on Rural Sanitation, and by the Rural Alaska Sanitation Council.

It should be noted that while the majority of funds spent on this program are federal, receipt of such funds does require a local match. This could be an impediment to other agencies or organizations receiving the funds.

***Recommendation: Review and integrate Coordinated Response Partnership – Page 7.***

The recommendation is that the legislature explores integration of economic and physical disaster response into one single agency. We believe this ground has been covered but have no objection to reviewing the issue.

***Recommendation: Transfer the State Assessor to Revenue – Page 7.***

The recommendation for this program is that it be placed in the Department of Revenue.

The Municipal and Regional Assistance Division represents a group of individuals possessing the professional and technical expertise needed to help a municipality carry out its public service responsibilities. We are grouped together because our focus is healthy local governments/communities and because placing us together creates a synergistic effect that you would not get if we were scattered to a number of separate departments. For example, the state assessor can help a Local Government Specialist who is working in a community trying to implement a local sales or property tax. This doesn't happen when the State Assessor is sitting in a Department whose principal focus is assessing oil property and generating revenue for the State.

***Recommendation: Transfer the Community Development Block Grant Program to ARDORs – Page 8***

The recommendation is that this program be transferred to the ARDORs. This is a Federal program delegated to the State. Federal officials have advised us that delegation to ARDORs is not an option.

The CDBG is a statewide competitive grant program with many requirements. The State's oversight is subject to significant federal scrutiny. Federal receipts pay for the bulk of the administrative cost of the program.

Finally, I would point to the CDBG program as another example of the synergy referenced earlier. Regional office staff plays an important role in helping communities



identify potential projects and develop well thought out proposals that will succeed. Absent that assistance, grants tend to go exclusively to the larger communities that can afford to hire grant writers.

***Recommendation: Transfer Emergency Shelter Grants to Health and Social Services or Emergency Services – Page 9***

The recommendation is that since this is either a social service or an emergency service the program should be transferred to DHSS or DES.

This is part of a package of "community development" programs that the Federal government grants to the State of Alaska. Administration associated with these grants is fairly minimal. Whether the Federal government would accept another agency administering the grant is not clear.

***Recommendation: Transfer the Community Services Block Grant to Health and Social Services. – Page 9***

The recommendation for this program is that it be transferred to DHSS or given to the ARDORs.

The only organization eligible for this grant is RuralCommunityActionProgram. While Rural CAP deals with what could be called "social issues" these funds do not provide social services.

As with Emergency Shelter Grants, this grant requires fairly minimal effort to administer.

***Rural Development Assistance/Forest Service Mini-Grants – Page 10.***

The recommendation is that the division partners with AML and ARDORs to administer this program. The division currently involves ARDORs in the grant selection process. We will explore whether there is a role for AML to play..

***Recommendation: Have ARDORs administer the Rural Development Initiative Fund (RDIF) Loans – Page 10.***

The recommendation is that the ARDORs administer this program.

This program has seen minimal activity the last several years. Private banks have serviced loans under this program. The Department has actively encouraged ARDORs to identify potential loan applicants.

***Recommendation: Use ARDORs and AML to push decision making regarding the Community Development Quota Program down – Page 10.***

The recommendation is that this program be "delegated to the appropriate ARDOR or other regional entity for management".

Regional CDQ groups, pursuant to federal statute, manage this program. The state's role is in the resource allocation process and the financial monitoring of the CDQ groups. This is an appropriate role for State government to play and, is called for by federal statute and regulation.

***Recommendation: Delegate State and Federal programs to Alaska Regional Development Organizations (ARDORs)- Page 10.***

The recommendation is that state and federal programs be delegated to ARDORs to the maximum degree possible.

I have already commented on the issues associated with ARDOR administration of state and federal programs.

One additional point: If there is going to be a massive decentralization of all state programs, the programs should go to organized boroughs. Boroughs are legitimate regional governments, part of Alaska's local government system defined in the Constitution, operate pursuant to statutory authority, and are governed by an elected body subject to the equal representation provisions of state and federal law.

***Recommendation: Local Boundary Commission – Page 11.***

The recommendation is that the Commission make use of the Internet to enhance and expand the capability of this function.

The Commission currently makes extensive use of the Internet for its business including:

- Providing notice on the Internet and via e-mail;
- Providing copies of its draft and final reports on the Internet as well as distributing copies of the same;
- Providing copies of petitions, notices and all other forms the Commission uses via the Internet;
- Providing copies of documents explaining the various procedures for municipal boundary change on the Internet;
- Providing copies of the laws and regulations governing the Commission's business on the Internet.

If the committee would like to make specific recommendations on how the Commission could further use the Internet we would be glad to explore them.



***Recommendation: State Revenue Sharing & Safe Communities – Page 12.***

The recommendation is that the programs be funded so long as there is sufficient general fund revenues.

This agency strongly supports continued funding of these programs. Note also that these programs were funded before the state was receiving oil royalties. The Safe Communities program is based on the sharing of corporate income taxes. In FY 00 the Department of Revenue estimates Corporate Tax Revenue will be approximately \$220 million.

***Recommendation: National Forest Receipts – Page 13.***

The recommendation is that this pass-through program be contracted to qualifying ARDORs.

The division receives no funding for administration of the NFRS program. Federal statute directs that the state re-distribute the funds pursuant to formula. It is an annual, one-time occurrence. Contracting out would require funding for ARDOR administration and Federal approval.

***Recommendation: Shared Fisheries Business Tax Program – Page 13.***

The recommendation is that this program be contracted out to the ARDORs.

The division receives no funding for administration of this program. Distribution of funds is an annual, one-time occurrence. Previous concerns with ARDOR administration of state programs apply. Contracting out would require a funding for ARDOR administration.

***Recommendation: Federal Payments in Lieu of Taxes (PILT) – Page 13.***

The recommendation is that this program be contracted out to the ARDORs.

The division receives no funding for administration of the PILT program. Federal statute direct that the state re-distribute the funds pursuant to formula. It is an annual, one-time occurrence. Contracting out would require a funding for ARDOR administration and Federal approval.

***Recommendation: Land Management Programs - Page 14***

***Site Control***

***Municipal Lands Trustee Program***

***ANCSA 14© Survey Plans***

***Mapping Program***

The recommendation is that these programs be transferred to DNR. The stated reason is that the programs are consistent with that agency's purpose and function.

There is a failure to understand why these programs were put in division. It was not because we had some local planning expertise, although that certainly was an element, but the overriding reason is that because these programs – particularly the Municipal Lands Trust program – are about community development. The lands are held by the state in trust for community and public purposes, decisions about land use are made by local village councils and are often complicated by local social and political issues.

These functions were put in the division to help build the capacity for a future city incorporation and because the division deals with local governments and the broad community development concept. DNR is a land manager for State-owned land with the "state's best interest", not community or regional interests guiding its decision making. Along with privatization, we hope the committee supports the concepts of strong local government as identified in the Alaska constitution and Title 29.

These programs are clearly in the statutorily defined mission of the Department of Community and Economic Development. This is a mission that was thoroughly reviewed, discussed, and approved by the Alaska legislature less than six months ago.

***Recommendation: Research and Analysis – Page 15***

The recommendation is that this function be transferred somewhere – the University appears to be the leading candidate.

We have researched options for doing the research and analysis work and have found no one willing to do the work for anywhere near what it costs us. MARAD started performing the research and analysis function for two reasons: First, one of the directives contained in our constitutional mandate is that we "collect and publish local government information". The second is that we kept getting requests for this type of information from the Legislature, private development sector, other agencies, etc. and no one else was willing to do it.

Is the information used? Absolutely! For example, the Alaska Community Data Base web site receives over 10,000 hits a day, which represents over 2,000 unique users each day. This has become an invaluable resource for state and federal agencies and the general public. We receive regular and frequent statements of appreciation for the web site from the public, from researchers, from legislative staff and from other agency staff.

Again, thank you for the opportunity to share our perspective on the subcommittee's recommendations.



## **Economic Development**

### **Evaluations and Recommendations**

The other section of the Division of Trade and Development focuses on economic development within Alaska. Although this effort is sometimes linked to international trade, this is a distinctly different function of the division.

The purpose of this program is to strengthen Alaska's economy through development of a diverse and self-sufficient private sector. This is accomplished by establishing a positive business climate conducive to commercial and industrial investment and development.

These objectives are accomplished by:

- Promotion of value-added
- Identification of niche markets
- Information and research
- Promotion
- Business recruitment and retention
- Investment attraction
- Advocacy

A mixture of General funds, grants, inter-agency receipts, program receipts and endowment earnings funds the program.

|                       |     |
|-----------------------|-----|
| General Funds         | 32% |
| Grants                | 26% |
| Inter-agency Receipts | 11% |
| Program Receipts      | 3%  |
| Endowment Earnings    | 28% |

Receipts are generated from the Made in Alaska program and from miscellaneous sales of publications.

The division successfully leverages federal funds from the Economic Development Administration in a range from \$50,000 to \$200,00 annually.

This program is directly linked to a matrix of federal, state, and local government and private programs that contribute to or take advantage of its services. It's co-location with the Economic Development Administration and the Alaska Export Assistance Center provides a "one-stop-shop" for trade and economic development information and services. Additionally, the Director meets monthly with the Executive Director of the World Trade Center and other groups.

Virtually every state in the nation operates a state-funded, state conducted economic development program. It is generally agreed that the promotion, planning, and development of a state's economy is an appropriate roll for state government. This is especially true in Alaska as so many of our main industries are statewide with macro economic effects and our economy is one of the least diversified in the United States. But the linkage of the state program to local and regional governments is essential to ensure that opportunities, as well as benefits, are fairly distributed.

An innovation by the state division, in cooperation with other federal, state, local and private agencies is the development of the "Funding Forum." This is a group of 24 members who provide funding for

projects from a broad spectrum of public and private sources. By coupling these vast funding sources, the state is far more effective at leveraging investments for Alaska based projects.

There appears to be a natural synergy between the activities of the economic development program and those that deal with international trade. The merger of these two program areas in 1995 has greatly increased the efficiency and productivity of both functions. In addition the co-location of this division with the federal agencies of Commerce and the Economic Development Administration allow daily interaction on projects and priorities that greatly increases success ratios.

Economic development projects, are by their very nature, long-term efforts. This is particularly true in Alaska as most of our economic development is linked to the management, development, transportation, and sales of natural resources or their related intellectual services. Consistent, targeted effort is the key to success if markets are viable. This is often a challenge and commodity markets shift with global demand and supply cycles. Focusing on value-added projects must continue to be a priority.

#### **RECOMMENDATION:**

The development and success of new business ventures in Alaska is a risk. Government agencies are not always good at discriminating between good ideas and sound economic prospects. Alaska has often focused on developing the supply without understanding the market or its timing (window). This has, in the past, resulted in historic and epic booboos. The key to avoiding these errors is:

1. Understand the market
2. Understand the supply
3. Understand the transport cost
4. Always partner with the private sector

**If the private sector is unwilling to take any risk, then there must be something wrong with the project. So start over or move on.**

Recent management direction within the division and the department have shown an understanding of these principles. If the private sector is not interested and willing to take a risk, neither is the state. This is an appropriate new mantra. We encourage this attitude and suggest that the linkages between those who do business and public sector that enables it, continue to be strengthened.

#### **RECOMMENDATION:**

Retaining profit in the economy the state invests in needs to have a higher priority. When a state looks honestly at its return on investment, it needs to include the values of retaining profit within the state's economy. Investments that allow the profit to leave the state may create jobs and economic activity for a community, but in the long-term, they do not provide the depth or diversification needed in our economy. The retention of profit within Alaska should be a specific target of activity and a priority as projects are evaluated.

#### **RECOMMENDATION:**

The economy of Alaska, and of specific areas within the state, has grown to the point that serious effort should be made by the state to identify import substitution opportunities. This type of economic development research and planning could not only increase economic activity through new jobs and investments; it could potentially lower the cost of many goods and services to the majority of Alaskans.



We suggest the division explore updating the Import Substitution Strategy that was done about a decade ago with the University of Alaska, Institute for Governmental Research. Except, this time specific products and services should be identified as potential candidates for feasibility studies. Again, this must be done in close cooperation with the private sector and local economies, but the database already in place and the research necessary is not usually cost effective against the risk a new local business can usually assume. Such an effort is clearly in the public interest. In addition, the retention of profit from Alaskan investment, in the local economy must be a major goal and a higher priority.

#### RECOMMENDATION:

Cooperative development of a business incentive program(s). Alaska does not have a serious new business or industry incentive program compared to other states or large communities who are competitors. Although some effort has been made by the Legislature with the passage of the New Business Incentive Program, this program has been authorized for up to \$3million annually, but it has not been funded. This program is also a reimbursement strategy, which is fine and appropriate, but given the cost differences in doing business in Alaska some additional incentives must be explored. Without an income tax or other broad based business tax, the deferral or forgiveness of these disincentives has little to no value when compared to other competitive offerings from states or large cities.

The development of any incentive program should be closely coordinated with local governments and private corporations and businesses. Competition is good, but state subsidized incentives for a new business that would be in competition of an existing Alaskan based business, may not be. This is consistent with the requirements of the new law.

**MEMORANDUM**

**Date:** October 25, 1999

**To:** Committee on Privatization and Delivery of Government Services

**From:** Steven L. Rouse, Executive Director, Make It Alaskan, Inc.

**Re:** Additional Suggestion in Review of DCED

I have a personal recommendation that may be relevant to the DTD report and consistent with our charge. This is in the same area of questions I had regarding MRAD i.e. changing and/or reducing the scope of the mandate or work responsibility and/or getting unattended programs or laws off the books.

Currently there are several programs that are not working and should be taken off the books. So, I would ask that we consider recommending eliminating Alaska Products Preference Program (APPP), Recycled Products Preference Program (RPPP) and Forest Products Preference Program (FPPP) or as an alternative contracting for administration (similar to the model now used with MADE IN ALASKA).

Please refer to page 26-28 of the Governor's Small Business Program Evaluation Task Force Report issued March 1997 which states: " evaluation indicated that programs such as APPP and FPPP are becoming obsolete".."  
..."Alaska's many preference programs including APPP and FPPP, have created a maze for state purchasing agents creating confusion and inconsistent application of the programs between state departments... There appears to be little reason for such product preference programs at this time, even if funding and personnel were available. In review of APPP and FPPP the task force seriously questioned the need for these programs to continue."

The report also concluded there are no measures established for these programs and a previous survey done in 1995 concluded there was little benefit to the clients of these programs. Total budget savings of 5K-10K.



## **Comments of the Division of Insurance:**

The mission of the division of insurance is to:

1) Protect and serve the state by developing, interpreting, and enforcing the insurance statutes and regulations. 2) protect and educate the consumer; and 3) enhance the insurance business environment. (Sec. 23, CH 77 SLA 99)

A subgroup of the Committee on Privatization and the Delivery of Government services is considering a draft proposal concerning regulatory agencies in the Department of Community & Economic Development. The draft contains two recommendations. The first is:

- 1) Eliminate duplicate regulatory activities; by "placing the activities of the Insurance Division into the Division of Banking, Securities and Corporations... This will eliminate the need for two separate directors and their staffs." (draft, p. 2)

The draft analysis supporting of this recommendation makes three assumptions:

1. the current organizational structure of the division of insurance and the division of banking, securities and corporations has resulted in an unnecessary duplication of function and expense;
2. the insurance division's activities are primarily focused on assuring the solvency of the state's domestic insurers; and
3. the regulatory and consumer protection services provided by the Alaska division of insurance are largely duplicated by the oversight activities of the federal government and that of other States;

None of these assumptions is accurate.

Because both divisions are housed in the Department of Community and Economic Development, they already share administrative functions at the most efficient level: personnel, fiscal and property, as well as travel matters, are handled at the departmental level for both divisions. Combining the divisions will not result in the capture of any significant additional savings in those areas. The statutory responsibilities imposed on the director of the division of insurance comprise a full-time responsibility. They are far too extensive to be assumed by the director of banking, securities and corporations on a supplemental basis. Both have full-time functional management and operational roles in their respective regulatory fields.

Examinations conducted to monitor and evaluate the financial practices and solvency of Alaska's domestic insurers is a critical regulatory function. However, in addition to conducting financial examinations of domestic insurers, and licensing agents, brokers and producers, the division assists consumers to resolve problems with insurance companies, agents and brokers and conducts compliance audits of a wide variety of insurance companies and related organizations doing business in Alaska. In addition the division investigates allegations of insurance company and claimant fraud. In short, the division

protects the public from improper and illegal activity, and this serves to improve the insurance business environment.

The division of insurance has oversight or regulatory responsibility over a wide variety of professions and organizations, listed below.

The division's legal responsibility to regulate exists, regardless of whether the person or organization is domiciled or operates in Alaska, the U.S. other than Alaska, or non-U.S:

1. Life/Health Insurers (stock and mutual)
2. Property and Casualty Insurers (stock and mutual)
3. Insurance Exchanges and Reciprocal
4. Risk Retention Groups
5. Hospital/Medical Service Corporations
6. Attorneys-in-fact (insurance related)
7. Managing General Agents
8. Title Insurers
9. Benevolent Associations
10. Guaranty Associations
11. Bonded Benefit Societies
12. Health Maintenance Organizations
13. Automobile Service Corporations
14. Rating Organizations
15. Insurance Advisory Organizations
16. Reinsurance Intermediary Brokers
17. Surplus Lines Brokers
18. Surplus Lines Associations
19. Insurance Producers (agents, brokers and solicitors)\*
20. Independent Claims Adjusters\*

The Division has 52 employees and is self-supporting. Its operations are financed from fees paid by its licensees and reimbursement of examination expenses. Except as indicated above with an asterisk (\*), each category is responsible for directly bearing the cost of its own examinations. The division receives no unrestricted general funds.

While each state monitors the financial practices and solvency of its "domestics", two nationally significant and seven smaller insurers in Alaska, no other state performs cross border oversight of market conduct activities such as unfair discrimination and other unfair and deceptive trade practices. No other State has jurisdiction or, in a very real sense, interest in expending its resources to protect Alaska consumers or to promote Alaska's insurance business.

Although the assertion that the federal government has increased its activities in the realm of financial services, in general, and insurance in particular is correct, the functional insurance regulatory activity between Alaska and the federal government does not overlap. No federal agency is funded for or has exhibited interest in assuming



responsibility for protecting Alaska's insurance consumers or promoting the state's interest.

The division commends the Congress for breaking down the barriers in the financial services industry by passing the Financial Services Modernization bill, S.900, this week. S. 900 reaffirms the McCarran-Ferguson Act, which recognizes the primacy and legal authority of the states to regulate all insurance activities. In addition, the legislation asserts that no persons are permitted to engage in the business of insurance unless they are licensed by the states, as required under state law.

State authority to regulate the insurance activities of all providers – including banks – is fully preserved as long as states do not discriminate against banks. States will maintain their existing authority over all insurance company operations in a financial holding company structure. That includes the power to take whatever action the division deems necessary for the purpose of solvency and consumer protection.

The leading congressional proponents of S. 900 have publicly avowed that there will be no money for federal enforcement of insurance standards. We have already begun working with Federal financial regulators on planning how best to work together.

We believe, that if the state does not protect its insurance consumers, if it abandons the field in an attempt to avoid whatever minimal duplication that may exist, Alaska's consumers and Alaska's insurance community will simply be abandoned. Customers of health plans covered by ERISA (federal legislation) have had little success in getting the federal government to address their complaints.

The draft's final argument is that the federal government will attempt to usurp the insurance premium taxes paid in lieu of state income taxes. In addition to the fees that fully cover its operating costs, the division collects in excess of \$28 million in premium taxes from the insurance industry. After oil, premium taxes are one of the state's largest current sources of income. We believe that the draft's concern in these areas is legitimate, if the state abandons the field, little would stand in the way of such federal action.

The second recommendation in the draft was:

**2) Actuarial Services: privatize the work done by the two actuarial positions in the Division of Insurance.**

The draft concludes that: "The minimal tasks, which require knowledge of actuarial science, could be hired out..." In fact the division does contract for actuarial services as part of large examinations where it makes sense to do so. The National Association of Insurance Commissioners accredits the Alaska Division of Insurance, like other state insurance departments. Accreditation requires that specialists including actuaries be on the examining teams. This is just one of the reasons for having actuaries on staff.

Examples of the work performed by the actuaries that can only be performed by an actuary or that must be performed by a highly trained insurance professional, such as an actuary, include:

1. Participation in financial examinations of insurers and licensees to perform surplus and reserve analyses to assure compliance with Alaska law and actuarial standards
2. Technical rate filing review and approval, such as worker's compensation rate filings and health insurance rate filings
3. Participation in market conduct examinations of insurers and licensees to perform underwriting and rating analysis to assure compliance with Alaska law and actuarial standards
4. Technical assistance to filings staff in review of complex form filings and associated actuarial memorandums
5. Drafting technical regulations and legislation and providing expert testimony.

Actuaries are uniquely qualified and trained professionals specializing in insurance. An actuary's education and experience develop job skills that extend beyond simply insurance rating and reserving. The complex and technical nature of insurance products, in many cases, necessitates the expertise of an actuary.

The life/health actuarial position was primarily created to provide required actuarial expertise in the review of complex life and health insurance products sold in Alaska, to provide actuarial support for financial examinations and market examinations of insurers and licensees operating in Alaska to better protect consumers and support the insurance market in Alaska.

It is standard industry practice and that of insurance regulators as well, to hire actuaries and provide continuing education while they work. The process of becoming a fellow can take 10-12 years requiring many exams and years of work experience. However, in the meantime associate actuaries are fully qualified and authorized to perform actuarial duties, which generally requires a minimum of 3 years of work experience and several exams. Both actuaries employed by the Division of Insurance are fully qualified actuaries. Both are paid two grades lower than the actuary originally hired by the division.

I would be happy to respond to any questions you have about the division.



### **% Rate Changes for Blue Cross Policies**

1999: BC requested 14.2% increase, they received 11.9% after adjusting their trend in response to Division's inquiries on their assumptions

1998: BC requested 29.4% increase, they received 25.6% after adjusting their trend in response to Division's inquiries on their assumptions

1997: Average increase for all plans 15.1%, varies by plan from -6.83%-17.27%

1996: No rate change requested

1995: Average increase for all plans 13.8%

1994: No rate change requested

1993: Average increase for all plans 5.5%, varies by plan with some plans having no increase

1992: Average increase for all plans 13.4%

The individual block is priced to a 79% loss ratio. 79% paid in claims and 21% for expenses broken down in 1999 as:

#### **Administrative**

|                      |                                           |
|----------------------|-------------------------------------------|
| Fixed                | 7.76%                                     |
| Variable             | 1.87%                                     |
| Commission           | 4.76%                                     |
| Contingency & Risk   | 4.75% (this is a contribution to surplus) |
| CHIA                 | .37%                                      |
| State Regulatory Fee | .09%                                      |
| Interest Credit      | -.81%                                     |
| Premium tax          | 2.00%                                     |

#### **Small Group:**

Target loss ratio for pricing small group for 1999 filing is 80.2%

7/97-6/98 actual loss ratio: 78.7%.

Here are the loss ratios for all Blue Cross business as determined from their premium tax filings:

1998: 83%

1997: 81%

1996: 87%  
1995: 84%  
1994: 83%

A rough guess of the breakdown: small group business makes up about 1/3 of their business, individual about 10% and the rest large group.



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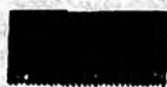
MARCO

→ current funding 1998-99  
 = \$2,500,000  
 47th out of 50 states

I had very limited time this AM to research the Colorado situation. (I received the following white paper from the CT&TA - the remaining govt subdivision. I also sent out another 20 e-mails to which I haven't rec'd a response.

My general impression is that there was a 15% drop in tourism spending over a 5 year period relating more to a situation where the DOT funding was dropped in 1992 without a corresponding private plan to step in. I'll provide further info. *mk... JR*

Our Mission is Your Success



COLORADO

TRAVEL &amp; TOURISM AUTHORITY

## WHITE PAPER

## COLORADO TRAVEL AND TOURISM INDUSTRY SUMMARY

JANUARY 1999

## 1. COLORADO TOURISM ECONOMY - 1997

- + \$7.1 billion in annual expenditures by overnight travelers
  - + \$1.9 billion accommodations
  - + \$1.8 billion eating/drinking
  - + \$1.3 billion transportation
  - + \$1.2 billion retail
  - + \$0.6 billion other recreation
  - + \$0.3 billion skiing
- + \$1.5 billion in annual payroll
- + 112,000 direct jobs
- + \$388 million in annual state and local taxes
  - + \$220 million local taxes
  - + \$170 million state taxes
- + 20.8 million pleasure trips

## 2. 1992 COLORADO - FIRST STATE TO ELIMINATE TOURISM FUNDING

- Colorado ranked number one of the 50 states as a summer resort destination in 1993, dropped out of the top ten since then (#11 - #17)
- Colorado once had the top rated tourism office among the 50 states
- Colorado is currently ranked either 49th or 50th of state tourism budgets
- Colorado's 1993 tourism budget was estimated to have been \$13,000,000

## 3. STATE OF COLORADO TOURISM ECONOMY - 1992 VS 1997

- 15% Decline (adjusted for inflation) in pleasure travel spending statewide - a decline of \$847 million
- 30% drop in Colorado's share of the U.S. domestic pleasure market from approximately 2.7% to 1.9%
- Over \$2 billion of additional tourism expenditures would have occurred in 1997 alone, had Colorado maintained its share of the U.S. domestic market
- This \$2 billion loss of additional tourism expenditures results in a loss of:
  - \$110 million in annual state and local taxes
    - \$62 million in local taxes
    - \$48 million in state taxes

## 4. THE CHALLENGE

Following are several of the conclusions from the recent report done by Dr. Patrick Long and Dr. Richard Webbkind, commissioned by CTB & CTTA:

- Tourism is intrinsically a public/private partnership
- Develop a public/private funding mechanism to consistently and effectively market Colorado's tourism products and destinations
- Develop the effective use of the Internet for promotion and bookings



**5. URBAN/RESORT VS. RURAL/TRADITIONAL COLORADO TOURISM**

- The Front Range had considerably higher growth than the rural eastern and western areas of Colorado
- The six county Denver Metro area had the highest growth rate of any of the eleven Colorado tourism districts
- The Northeast, Northwest, Mesa and Larimer districts had the lowest growth rate

**6. 1997 PLEASURE TRAVEL PROFILE**

- + Colorado's most important "marketable" trips - those influenced by marketing and promotions were: touring trips, ski trips and outdoor trips.
- + Colorado's travel profile continued to include more long haul trips involving more extended stays than the norm
- + Colorado trips are planned further ahead of time than the norm
- + There was more advance booking of Colorado trips than the norm
- + The Internet played a role in planning for 12% of Colorado trips versus the norm of 5%

**7. QUALITY OF COLORADO AS A DESTINATION**

- + Colorado delivers one of the best tourism products in the U.S.
- + More than 70% strongly agree that Colorado delivers on the two most important priorities: family atmosphere and excitement.
- + More than two thirds strongly agree that Colorado: offers excellent sightseeing, is popular, provides superior sports and recreation, and has an excellent climate

**8. CONCLUSIONS:**

- A. Although the Colorado Tourism Industry is largest in terms of total dollars spent in the major metropolitan areas of the state (Denver, Colorado Springs), it is relatively more important in the context of the local economy in many other areas of Colorado
- B. There are rural areas of Colorado where lodging sales have lagged behind the growth of the Denver Metro and Colorado Springs areas
- C. There are areas of Colorado (most notably the Southwest District) where travel and tourism is relatively more important to the local economy, but there is little evidence of growth.
- D. Data shows that tourism is comprised predominately of small businesses.
- E. Approximately 94% of tourism firms have fewer than 50 employees, in fact, approximately 72% of tourism firms have fewer than 10 employees
- F. Tourism is everywhere throughout Colorado but is a critical component to three regional economies - Mountain, Southwest and Western Slope
- G. Tourism is intrinsically a public/private partnership

Information contained herein is from the 1997 Longwood Report and the 1998 Leng/Wobbekind report prepared for the Colorado Travel and Tourism Authority and the Colorado Tourism Board. The Colorado Travel and Tourism Authority is a political subdivision of the State of Colorado whose purpose is to coordinate the statewide promotion of the Colorado travel industry.

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235-7824



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Brooks

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Present Thomas, Funn, Zang, Zuri,  
Lander, ~~Sehman~~ Crawford, Warden  
Mann P. - May 1st.

~~Chair~~

Chair asked Wolf to respond to  
res. on I.T. - Mr. Wolf read a  
letter.

Chair read Res 1-

... Res 3- <sup>read</sup> Wolf diaper ~~diaper~~

Cynthia.



## Denali Group Companies

3420 Industrial Ave  
PO Box 71752 Fairbanks, Ak 99707  
(907) 452-3663 FAX (907) 456-6803

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### FAX TRANSMITTAL

DATE: 9/22/99

TO: Don Schroer

FAX: 19072792566

FROM: Denny Schlotfeldt

RE: Recommendations for Privatization of Banking and Securities

Don, attached please find the two responses to my two questions that were addressed to Terry Elder, Div of Banking and Securities. I appreciate the in depth answers Terry provided and am now much better informed.

I don't agree with his conclusions however. Our committee should recommend the following;

**1) DISCONTINUE DUPLICATION OF BANK EXAMINERS.**

Alaska doesn't need to accompany (and duplicate) the FDIC examiners for all FDIC regulated banking institutions. In the later part of his message it seems contradictory because he says most of the auditor function isn't about regulating its about assuring that the bank is secure. Even though FDIC's purpose is to verify security for its own insurance fund the fact that they completed and audit and can attest to the bank's FDIC soundness should be a reasonable assurity for the state's purposes.

**2) CONTRACT OUT STATE BANK EXAMINATIONS TO ACCOUNTING FIRMS**

The examination function for state chartered banks not examined by FDIC could very readily be contracted out to reputable accounting firms. Obviously the privatizing contract would have to spell out the type and purpose of the exam and the contractor could be held to that purpose. Would there be a savings? I'm certain there would be! Even if wages are comparable for state examiners versus private accounting personnel there's no doubt in my mind that the fringe benefit package received by state employees is far more costly! I'm told that state employees receive benefits above salary in an amount approximating 46% of salary. That's plenty of room for considerable savings to the state when contracted out..

3) ELIMINATE CONSUMER COMPLAINT FUNCTION.

Terry explains that his department does not have the authority to investigate consumer complaints against the banks. I suppose it would be the AG office that would have such authority to prosecute banks that breached state laws so move this function to the AG or eliminate it altogether.

4) SECURITIES

Stop handling ANCSA corporation annual reports and proxies.

Terry states that his department has never received any funding for this function. How much time does it take? It's not appropriate for the state of Alaska to handle corporate affairs for one group such as the native corporations while not handling all other corporations in the state. In fact we shouldn't be involved in any not publicly traded corporation in the state unless state law is broken. Then I assume that should fall under the purview of the AG's office. If state employees have extra time for this function they should be assigned other duties.



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## Cutting Insurance Red Tape

Hourly  
News

Real Audio  
14.4 / 28.8  
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*April 3, 1997* -- Anyone who has ever been seriously ill knows that filing insurance claims can be taxing. Now available to help is a host of small businesses which will help you deal with the increasingly complex requirements. NPR's Chris Arnold reports this cottage industry, for a fee, will take care of the paperwork and try to get insurance companies to pay claims they have turned down.

- RealAudio 1.0 Format (14.4)
  - RealAudio 2.0 Format (28.8)
- (Requires the RealAudio player)

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*Read the transcript*

### Insurance Claims Assistance

ALEX CHADWICK, HOST: Anyone who's ever been seriously ill knows that filing insurance claims can be just dreadful.

NPR's Chris Arnold reports there's a growing number of businesses which, for a fee, will take care of the paperwork and try to get insurance companies to pay claims they've turned down.

MARY LEE FUTERNECK (PH), INSURANCE CLAIMANT: I'm just sorting through stuff. I've given all the baseball...

CHRIS ARNOLD, NPR REPORTER: In her modest apartment in Palo Alto, California, Mary Lee Futerneck is sorting through a box of old letters and things.

Futerneck's husband Joe, who was a professional baseball player for the old San Francisco Seals, died of cancer a few years back. She, herself, has had cancer, though now it's in remission.

So, she's had a lot of experience trying to get reimbursed by insurance companies and Medicare.

FUTERNECK: It's very, almost humiliating, because you're trying to struggle and take care of yourself, but it doesn't work

ARNOLD: Futerneck says especially when her husband was sick, she didn't want to spend time on the phone, on hold, asking for money, filling out forms.

FUTERNECK: That was not what I want to do, or wanted to do for him. I wanted to take care of him, which was a big job.

ARNOLD: Many businesses, even whole industries, are born when someone working inside a large corporation sees a problem and decides to seize that as an opportunity to break off on their own as an entrepreneur. And a growing number of people working at insurance companies and hospitals are doing just that, starting their own small businesses aimed at helping people like Futerneck.

Norma Border (ph) is director of the National Association of Claims Assistance Professionals, a trade group made up of some 2000 members from a variety of backgrounds. She says many used to work for big insurance companies.

**NORMA BORDER, DIRECTOR, NATIONAL ASSOCIATION OF CLAIMS ASSISTANCE**

**PROFESSIONALS:** They were frustrated that the insurer didn't allow them to clean up these really messy claims for really sick people. I mean insurance claims processors are expected to handle 40, 60, 70 claims per hour. I mean, just get them through, just, you know, pay or deny. They were frustrated.

ARNOLD: So, now they're working on behalf of sick people and their families. They know how to do the paperwork quickly and how to get reimbursed.

Border says 50 percent of the time an insurance company will reverse a denied claim and pay a bill simply because someone sends them a letter complaining about it. And when that doesn't work, these former insurance industry employees know how to go back to the doctors, get more information, and resubmit the claims.

**SOUND OF DOOR OPENING**

**PATRICIA STONE (PH), CLAIMS ASSISTANCE PROFESSIONAL:** Come here. Come.

**SOUND OF DOG BARKING**



STONE: Come on.

ARNOLD: At her home office in Menlo Park, a suburb south of San Francisco, Patricia Stone is calling her dog inside. Stone worked as an administrator for eight years at Stanford University Hospital.

In 1992, she was ready to switch careers. She wanted a job that would generate a decent income and was flexible enough to allow her to work from home so she could be with her kids more.

And as she watched how hard it was for her college educated parents to manage their increasingly complicated health care paperwork, an idea started to take shape.

STONE: I had been doing my parents' claims for about a year and really realized then that if they needed it, other people like them would need that kind of service and little by little realized that I could fill a tremendous need out there in the community as well as really have some personal satisfaction with setting up my own business and being my own boss basically, running my own show.

ARNOLD: Stone was creating a job for herself that she wanted to do. A little research showed there was already a national organization made up of other people who'd started similar businesses, so that was encouraging. She got a computer to process forms efficiently. She started appealing denied claims. And she soon found being her own boss, she was able to do things she couldn't do before, like give advice.

STONE: People really need to hear that they need to be more proactive when it comes to their health. And I try to give that power and information to my clients, that it's OK to ask a question, it's OK to say, I want a second opinion and your health plan should pay for that.

ARNOLD: Stone says, while on the surface much of her time is taken up with paperwork and haggling with insurance companies, there's a very human element here, too. Stone remembers one client of hers named Rella who recently died of breast cancer.

STONE: She did not want to go to a nursing home. She wanted to stay in her home and receive the resources to help her stay in her home.

ARNOLD: But Stone says the insurance company refused to

pay for home health care, even though it was cheaper than a nursing home. Stone and Rella's husband appealed for months, finally getting the insurance to cover the home care.

STONE: And it made such a difference to her, and yet, you know, she didn't have the energy to keep fighting. And that's what my job was.

ARNOLD: Rella's husband Frank says having someone else deal with all the various health care bills gave them both more piece of mind and more freedom to do the things they wanted to do with the time they had left together.

Norma Border says this is exactly what a good claims assistance professional should do.

BORDER: They will fight the battle for you and take away that emotional stress of a denied claim, and also the emotional burden of plowing through the paperwork.

ARNOLD: Border estimates there are now between five and seven thousand claims assistance businesses around the country. Most are one-person operations run by people who saw a problem and realized they could help fix it and make a living by starting their own small business.

In San Francisco, I'm Chris Arnold reporting.

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## Health Insurance Costs

### Hourly News

RealAudio  
14.4 28.8  
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*November 25, 1997* -- Economists are predicting that after several years of almost static insurance costs, large increases in premiums are only around the corner. Until the early 1990's, health insurance premiums sometimes increased by ten percent or more each year. But over the last four years, health insurance costs have barely risen at all.

NPR's Patricia Neighmond reports managed care is credited for driving down these costs, but now health economists say managed care may be the reason for renewed healthcare inflation.

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LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01

11/09/99

16:44:47

TCN: 91099

DATE & TIME: 11/09/99 13:30 TO 15:30 STATUS:6 ADJOURNED

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\*\*\*\* PARTICIPATING LIOS \*\*\*\*

\* ANC ANCHORAGE 716 W 4TH, #200 LOCATION STAFF  
 FBX FAIRBANKS 119 N CUSHMAN ST LOCATION STAFF

\*\*\*\* VOLUNTEER & OFFNET SITES \*\*\*\*

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|       | PO BOX 75224 |        | FAIRBANKS    | AK 99707 (907)456-6671 |
| 2 MR. | KEN          | MURRAY | MURRAY INSUR | TSFY. COMM. & ECONO    |
|       | PO BOX 71007 |        | FAIRBANKS    | AK 99707 (907)456-6646 |



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PAGE 02  
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TSFY. COMM. & ECONO

PO BOX 71007

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\*\*\*\* UPDATES \*\*\*\*

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| 02 | 11/09/99 | 12:17:36 | OFFNET 2      ADDED ON    |
| 03 | 11/09/99 | 12:39:05 | OFFNET 3      ADDED ON    |
| 04 | 11/09/99 | 14:31:32 | OFFNET 4      ADDED ON    |

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## Comments of the Division of Insurance:

The mission of the division of insurance is to:

1) Protect and serve the state by developing, interpreting, and enforcing the insurance statutes and regulations; 2) protect and educate the consumer; and 3) enhance the insurance business environment. (Sec. 23, CH 77 SLA 99)

A subgroup of the Committee on Privatization and the Delivery of Government services is considering a draft proposal concerning regulatory agencies in the Department of Community & Economic Development. The draft contains two recommendations. The first is:

- 1) Eliminate duplicate regulatory activities; by "placing the activities of the Insurance Division into the Division of Banking, Securities and Corporations... This will eliminate the need for two separate directors and their staffs." (draft, p. 2)

The draft analysis supporting of this recommendation makes three assumptions:

1. the current organizational structure of the division of insurance and the division of banking, securities and corporations has resulted in an unnecessary duplication of function and expense;
2. the insurance division's activities are primarily focused on assuring the solvency of the state's domestic insurers; and
3. the regulatory and consumer protection services provided by the Alaska division of insurance are largely duplicated by the oversight activities of the federal government and that of other States;

None of these assumptions is accurate.

Because both divisions are housed in the Department of Community and Economic Development, they already share administrative functions at the most efficient level: personnel, fiscal and property, as well as travel matters, are handled at the departmental level for both divisions. Combining the divisions will not result in the capture of any significant additional savings in those areas. The statutory responsibilities imposed on the director of the division of insurance comprise a full-time responsibility. They are far too extensive to be assumed by the director of banking, securities and corporations on a supplemental basis. Both have full-time functional management and operational roles in their respective regulatory fields.

Examinations conducted to monitor and evaluate the financial practices and solvency of Alaska's domestic insurers is a critical regulatory function. However, in addition to conducting financial examinations of domestic insurers, and licensing agents, brokers and producers, the division assists consumers to resolve problems with insurance companies, agents and brokers and conducts compliance audits of a wide variety of insurance companies and related organizations doing business in Alaska. In addition the division investigates allegations of insurance company and claimant fraud. In short, the division



protects the public from improper and illegal activity, and this serves to improve the insurance business environment.

The division of insurance has oversight or regulatory responsibility over a wide variety of professions and organizations, listed below.

The division's legal responsibility to regulate exists, regardless of whether the person or organization is domiciled or operates in Alaska, the U.S. other than Alaska, or non-U.S:

1. Life/Health Insurers (stock and mutual)
2. Property and Casualty Insurers (stock and mutual)
3. Insurance Exchanges and Reciprocal
4. Risk Retention Groups
5. Hospital/Medical Service Corporations
6. Attorneys-in-fact (insurance related)
7. Managing General Agents
8. Title Insurers
9. Benevolent Associations
10. Guaranty Associations
11. Bonded Benefit Societies
12. Health Maintenance Organizations
13. Automobile Service Corporations
14. Rating Organizations
15. Insurance Advisory Organizations
16. Reinsurance Intermediary Brokers
17. Surplus Lines Brokers
18. Surplus Lines Associations
19. Insurance Producers (agents, brokers and solicitors)\*
20. Independent Claims Adjusters\*

The Division has 52 employees and is self-supporting. Its operations are financed from fees paid by its licensees and reimbursement of examination expenses. Except as indicated above with an asterisk (\*), each category is responsible for directly bearing the cost of its own examinations. The division receives no unrestricted general funds.

While each state monitors the financial practices and solvency of its "domestics", two nationally significant and seven smaller insurers in Alaska, no other state performs cross border oversight of market conduct activities such as unfair discrimination and other unfair and deceptive trade practices. No other State has jurisdiction or, in a very real sense, interest in expending its resources to protect Alaska consumers or to promote Alaska's insurance business.

Although the assertion that the federal government has increased its activities in the realm of financial services, in general, and insurance in particular is correct, the functional insurance regulatory activity between Alaska and the federal government does not overlap. No federal agency is funded for or has exhibited interest in assuming

responsibility for protecting Alaska's insurance consumers or promoting the state's interest.

The division commends the Congress for breaking down the barriers in the financial services industry by passing the Financial Services Modernization bill, S.900, this week. S. 900 reaffirms the McCarran-Ferguson Act, which recognizes the primacy and legal authority of the states to regulate all insurance activities. In addition, the legislation asserts that no persons are permitted to engage in the business of insurance unless they are licensed by the states, as required under state law.

State authority to regulate the insurance activities of all providers – including banks – is fully preserved as long as states do not discriminate against banks. States will maintain their existing authority over all insurance company operations in a financial holding company structure. That includes the power to take whatever action the division deems necessary for the purpose of solvency and consumer protection.

The leading congressional proponents of S. 900 have publicly avowed that there will be no money for federal enforcement of insurance standards. We have already begun working with Federal financial regulators on planning how best to work together.

We believe, that if the state does not protect its insurance consumers, if it abandons the field in an attempt to avoid whatever minimal duplication that may exist, Alaska's consumers and Alaska's insurance community will simply be abandoned. Customers of health plans covered by ERISA (federal legislation) have had little success in getting the federal government to address their complaints.

The draft's final argument is that the federal government will attempt to usurp the insurance premium taxes paid in lieu of state income taxes. In addition to the fees that fully cover its operating costs, the division collects in excess of \$28 million in premium taxes from the insurance industry. After oil, premium taxes are one of the state's largest current sources of income. We believe that the draft's concern in these areas is legitimate, if the state abandons the field, little would stand in the way of such federal action.

The second recommendation in the draft was:

**2) Actuarial Services: privatize the work done by the two actuarial positions in the Division of Insurance.**

The draft concludes that: "The minimal tasks, which require knowledge of actuarial science, could be hired out..." In fact the division does contract for actuarial services as part of large examinations where it makes sense to do so. The National Association of Insurance Commissioners accredits the Alaska Division of Insurance, like other state insurance departments. Accreditation requires that specialists including actuaries be on the examining teams. This is just one of the reasons for having actuaries on staff.



Examples of the work performed by the actuaries that can only be performed by an actuary or that must be performed by a highly trained insurance professional, such as an actuary, include:

1. Participation in financial examinations of insurers and licensees to perform surplus and reserve analyses to assure compliance with Alaska law and actuarial standards
2. Technical rate filing review and approval, such as worker's compensation rate filings and health insurance rate filings
3. Participation in market conduction examinations of insurers and licensees to perform underwriting and rating analysis to assure compliance with Alaska law and actuarial standards
4. Technical assistance to filings staff in review of complex form filings and associated actuarial memorandums
5. Drafting technical regulations and legislation and providing expert testimony.

Actuaries are uniquely qualified and trained professionals specializing in insurance. An actuary's education and experience develop job skills that extend beyond simply insurance rating and reserving. The complex and technical nature of insurance products, in many cases, necessitates the expertise of an actuary.

The life/health actuarial position was primarily created to provide required actuarial expertise in the review of complex life and health insurance products sold in Alaska, to provide actuarial support for financial examinations and market examinations of insurers and licensees operating in Alaska to better protect consumers and support the insurance market in Alaska.

It is standard industry practice and that of insurance regulators as well, to hire actuaries and provide continuing education while they work. The process of becoming a fellow can take 10-12 years requiring many exams and years of work experience. However, in the meantime associate actuaries are fully qualified and authorized to perform actuarial duties, which generally requires a minimum of 3 years of work experience and several exams. Both actuaries employed by the Division of Insurance are fully qualified actuaries. Both are paid two grades lower than the actuary originally hired by the division.

I would be happy to respond to any questions you have about the division.

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### **% Rate Changes for Blue Cross Policies**

1999: BC requested 14.2% increase, they received 11.9% after adjusting their trend in response to Division's inquiries on their assumptions

1998: BC requested 29.4% increase, they received 25.6% after adjusting their trend in response to Division's inquiries on their assumptions

1997: Average increase for all plans 15.1%, varies by plan from -6.83%-17.27%

1996: No rate change requested

1995: Average increase for all plans 13.8%

1994: No rate change requested

1993: Average increase for all plans 5.5%, varies by plan with some plans having no increase

1992: Average increase for all plans 13.4%

The individual block is priced to a 79% loss ratio. 79% paid in claims and 21% for expenses broken down in 1999 as:

#### **Administrative**

|                      |                                           |
|----------------------|-------------------------------------------|
| Fixed                | 7.76%                                     |
| Variable             | 1.87%                                     |
| Commission           | 4.76%                                     |
| Contingency & Risk   | 4.75% (this is a contribution to surplus) |
| CHIA                 | .37%                                      |
| State Regulatory Fee | .09%                                      |
| Interest Credit      | -.81%                                     |
| Premium tax          | 2.00%                                     |

#### **Small Group:**

Target loss ratio for pricing small group for 1999 filing is 80.2%

7/97-6/98 actual loss ratio: 78.7%.

Here are the loss ratios for all Blue Cross business as determined from their premium tax filings:

1998: 83%

1997: 81%



1996: 87%  
1995: 84%  
1994: 83%

A rough guess of the breakdown: small group business makes up about 1/3 of their business, individual about 10% and the rest large group.

**Subject: request for support**

**Date: Wed, 20 Oct 99 15:37:03 -0800**

**From: "Steven L. Rouse" <makeitak@alaska.net>**

**To: "Rep. John Cowdery" <Representative\_John\_Cowdery@legis.state.ak.us>**

Dear Rep. Cowdery;

I have just returned to my South Peninsula office and wish to immediately respond to a phone call to my mobile cellular number from Marco Pignalberi today at approximately 1:20PM requesting that I support a motion to return a report submitted to the Committee on Privatization by a sub-committee of which I am member. Mr. Pignalber stated the grounds for this motion were that certain subjects contained in the report were not germane to the work of the full Committee.

Had this question been brought to my attention earlier and presented in a different manner my decision MAY have been different. Given the last minute timing and the tone Mr. Pignalberi delivered his request, I made the decision not to lend my support to an issue that could be more political than substantive. It was my understanding that the full Committee can accept or reject any or all of the work presented by this volunteer working group. If, as Mr. Pignalber ascertains, this report goes beyond the scope intended by the full Committee then I would expect that body can and will take the appropriate action. Frankly, I am confused as to the need of my support for any such action but to ask to help demonstrate a lack of support for Ric Davidge. I admire and respect the effort by and work of Mr. Davidge. I would be surprised if there is another member of the entire sub-committee on Department of Community and Economic Development that has done anything near the exhaustive work that Ric has directed. I have no desire to be drawn into a political fight that I do not know anything about. I do not operate in that fashion.

In closing, I wish to make very clear that I appreciate the work of the Committee and the concern you have personally demonstrated and the support you have personally given to many issues related to small business and especially to the MADE IN ALASKA program which I am charged to administer. I would be an injustice to conclude anything from my choice today other than the wisdom I have gained to abstain from supporting an action I do not fully understand.

Respectfully,  
Steven L. Rouse

3:30 PM ...I have attempted to mail this several times( since 3:10 PM) and my ISP node is busy. It will be mailed as soon as a connection can be established. I had hoped you would receive it prior to the meeting today.



## **Steven C. Levi**

**Box 241467**

**Anchorage, AK 99524**

**Phone: 337-2021**

**FAX: 337-4485**

**Email: [afscl@alaska.net](mailto:afscl@alaska.net)**

### **MINUTES for September 17, 1999:**

The September 17, 1999 meeting was very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Jim Sanders, Steve Rouse and legislative staff member Marco Pignalberi. Staff chair Ric Davidge gave a summary of the work done by the Economic Development subcommittee and announced that all of the questionnaires had been sent out and he was assembling the responses. He stated he expected to have a final report within three weeks for review by the entire committee. Crawford reported that his investment subcommittee had examined AHFC, AIDA, ASTF and the Alaska Aerospace Development Corporation and stated he felt his subcommittee would recommend that AHFC and AIDA be combined administratively with the \$620 million funding from AIDA going back to the General Fund. The meeting was then adjourned.

### **MINUTES for September 22, 1999:**

The September 17, 1999 meeting was also very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Dennis Schlotfeldt, Jim Sanders, Don Schroer, and legislative staff member Marco Pignalberi as well as administrative staff member Greg Wolfe. Chairman Crawford gave an update on his subcommittee and Don Schroer gave an overview of the work the regulatory subcommittee was doing. A question was raised about the State of Alaska's statutory responsibility to handle the elections of Alaska Native Corporations and administrative staff member Wolfe stated he would bring details to the next meeting. Schroer suggested allowing all bank audits to be done by the private sector. With unanimous consent, Chairman Crawford set a deadline for questions to the administration on September 27<sup>th</sup>. All questions were to be answered by October 4<sup>th</sup> so a final report could be presented on October 15<sup>th</sup>. The meeting was then adjourned.

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## **Steven C. Levi**

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MINUTES, November 5, 1999

Present at the November 5th meeting were Representative John Cowdery, Chair Lee Wareham, Gene Furman, Don Smith, Kathryn Thomas, , John Haxby, Linda Leary, Justin Ripley, Steve Smirnoff, Marco Pignalberi, Steven Levi, Mel Nichols, Jim Sanders, Don Schroer, Greg Wolf, Pat Poland, and Jeff Busch.

Dale Fox gave an overview of the Tourism subcommittee's recommendations which will be added to the Economic Development report. There was discussion about the Film Commission as to if it existed and if it did, where it should be placed. DCED stated that the film commission did exist and there was currently discussion as where it should be placed administratively. The full committee voted that the actual bureaucratic location of the Film Commission was not at issue but its existence should be assured.

Pat Polland gave a detailed presentation on his department's concerns with regard to the Local Government and Economic Development subcommittee report. It was suggested that it would be too complicated to vote on the Davidge Committee recommendations in their current form. Chair Wareham volunteered to work with Davidge to reduce the recommendations to single lines and these would be presented at the next meeting.

There was a discussion on the International Trade report and Greg Wolf asked for time to respond to Chair Wareham's consolidation of those recommendations. Wolf was given the time and also noted that the DCED was dedicated to the service all businesses in Alaska, contrary to the minority report. Levi, author of the minority report, stated that it was very difficult for small and very small businesses to deal with the state on any level and for bush businesses, it was virtually impossible.

It was moved by Smirnoff and seconded by Levi that all investment services and personnel be housed under the Department of Revenue and that AIDA be housed under AHFC. It passed unanimously.

With regard to the seafood industry report, it was moved by Crawford and seconded by Levi that all seafood promotion and marketing functions be placed under ASMI. It passed unanimously. Wolf stated that there was no specific AG opinion on the ability of ASMI to use state authority to tax but not be under state control.

Bob Lohr gave the position of the Division of Insurance with regard to the Regulatory Committee and Chair Wareham suggested a delay in consideration of the subcommittee report until the next meeting.



NORTHWEST  
AIRLINES

December 16, 1998

Greg Wolf  
Director  
State of Alaska  
Division of International Trade and Development  
3601 C Street  
Anchorage, AK 99503

Dear Mr. Wolf,

I would like to express my gratitude to you and your staff for making our seafood mission to Japan an overwhelming success.

Our group was made up of fishermen, business managers, and financiers. They represented four different regions of Alaska, each with different expectations. The objective of this trip was to provide an educational forum for which to find ways to better compete in the global market. We succeeded in this objective because of the hard work of Mr. Kojiro Abe, Ms. Mariko Kuroda, and Ms. Nancy Babcock.

The mission itinerary included meetings with fresh fish buyers, wholesalers, retail food chains, US embassy officials, and cargo facilitators. Having a State of Alaska representative in Japan, and in Anchorage, was invaluable to getting our group connected with key people overseas. Mr. Abe and Ms. Mariko were able to set up our meetings in both Tokyo and Osaka, and Ms. Babcock was crucial to our success in getting companies in Alaska to participate in the mission. I applaud their work and would like for them to be recognized for an outstanding job!

We look forward for the coming new year, and would like to further discuss ways we can work with your office. Please feel free to call me at 907 348-7816 to set up our next meeting.

Best Regards,

Mary Gasperlin  
Sales Manager - Alaska

.cc Commissioner Sedwick





## Office of the Governor & Alaska State Legislature

The Honorable Tony Knowles, Governor of Alaska  
PO Box 110001  
Juneau, AK 99811-0001  
Phone: (907) 465-3500  
Fax: (907) 465-3532

Representative Brian Porter, Speaker of the House  
State Capitol  
Juneau, AK 99801-1182  
Phone: (907) 465-4930  
Fax: (907) 465-3834

Senator Drue Pearce, Senate President  
State Capitol  
Juneau, AK 99801-1182  
Phone: (907) 465-4993  
Fax: (907) 3872

February 17, 1999

Mr. Rudy Tsukada  
Department of Commerce and Economic Development  
3601 C Street, Suite 700  
Anchorage, Alaska 99503

Dear ~~Mr. Tsukada~~ *Rudy*

Thank you for your presentation during the recent "State of the Economy" forum. This historic event has been well received by Alaskans and will be beneficial as the legislature and administration tackle our state's budget issues this session and beyond. Being able to hear from all sides of the private sector in one forum gave us a comprehensive view of the big economic picture facing Alaskans.

We look forward to working with you and other industry representatives from your sector as we deal with the fiscal challenges ahead. Thanks to your input and assistance, the 1999 "State of the Economy" forum was a success.

Sincerely,

*Tony Knowles*  
Tony Knowles  
Governor

*Drue Pearce*  
Drue Pearce  
Senate President

*Brian S. Porter*  
Brian Porter  
Speaker of the House



**THE WESTIN  
CHOSUN**  
SEOUL

April 30, 1999

by Fax: 907-269-8125

Mr. Greg Wolf, Director of Trade and Development Division  
Department of Commerce & Economic Development  
Frontier Building 3601 C Street Suite 700  
Anchorage Alaska 99503  
U.S. A.

Dear Mr. Wolf,

Alaska Seafood Festival, which was held in our hotel, April 6-24, ended in a big success. We really appreciate full support from the State of Alaska. Menu with Alaska Seafood was popular from our guests, especially premium quality of salmon, halibut and crab.

Alaska Seafood Seminar on April 9 was also a big success in terms of the number of invited guests and their interests in Alaska Seafood. The seminar was well conducted and the presentation was impressive.

We would like to have Alaska Seafood Festival continuously by purchasing top quality of Alaskan fish.

Thanks again for your big support.

Sincerely,

**Jung Yeol Lee**  
Director of Food & Beverage  
The Westin Chosun, Seoul

W. F. K.

cc: Mr. K. S. Yang/Alaska State Office Seoul Korea



# 대한항공 KOREAN AIR

서울특별시 중區 西小門路 41-3, 中央郵政局 私書箱 864, 電話番號 (02)751-7114, (02)656-7114, <http://www.koreanair.co.kr>  
C.P.O. Box 864, Seoul, Korea. Tel. (02)751-7114, <http://www.koreanair.com>

1999. 4. 15

Mr. Greg Wolf  
Director  
Trade and Development  
Department of Commerce and Economic Development  
State of Alaska

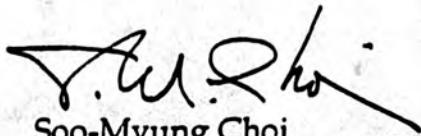
Dear Mr. Wolf:

We sincerely appreciate you and your support to develop cooperation between the State of Alaska and Korea. As one of your support program, The Alaskan Seafood Seminar was held in Seoul on April 9<sup>th</sup>, 1999, inviting more than 80 participants, mostly major Korean seafood buyers and importers. With much interest and concern from the guests, the event was very successful to promote the variety of Alaskan Seafood.

We, as a co-sponsor on the seminar, would like to thank you for your effort to organize the seminar and your kindness to let us introduce our cargo service connecting Anchorage and Seoul.

Thank you again for your support and we look forward to seeing you soon.

Sincerely yours.



Soo-Myung Choi  
Managing Vice President  
Cargo Sales & Marketing

cc: Mr. K. S. Yang, Alaska State Office, Korea



PLACER DOME EXPLORATION INC.  
FAIRBANKS FIELD OFFICE  
59 COLLEGE ROAD SUITE 109 FAIRBANKS, ALASKA • 99701  
PHONE: (907) 459-0390 • FAX: (907) 451-0394

September 28, 1999

Dick Swainbank  
Division of Trade and Development  
Dept of Community and Economic Development  
3677 College Road - Unit 7  
Fairbanks, Alaska 99709

Dear Dick:

I am writing to thank you for your field visit to the Richardson Project with Garth Graham, one of our junior geologist. Your insight into the geology and gold mineralization of the area based on your long experience (in the area in specific and in Interior Alaska in general) was invaluable. We hope that you will be available for future discussions.

Sincerely,

Dan McCoy  
Project Geologist  
Placer Dome Exploration





**Topex Ind., Inc.**

7640 King Street  
Anchorage, AK 99518 USA  
Tel : 907-258-1234 Fax : 907-258-4949  
Email: TopexInc@aol.com

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October 22, 1999

Mr. Greg Wolf, Director  
State of Alaska / Dept. of Community and Economic Development  
Division of Trade and Development  
550 W. 7<sup>th</sup> Avenue, Suite #1770  
Anchorage, Alaska 99501

Re: 1999 Japan Trade & Investment Seminar

Dear Mr. Wolf:

It was my pleasure to attend the recent 1999 Japan Trade & Investment Seminar here in Anchorage. The speakers were excellent and offered a broad range of discussion on timely and important aspects of trade with Japan. In particular, the comments presented by the Japan External Trade Organization (JETRO) representatives keyed into topics dealing with our specific area of interest, the Japanese consumer market.

As you know, we have recently been involved in manufacturing Alaskan bottled water with our facility here in Anchorage. Our company, Northstar Beverage, Inc. (dba Alaska Polar Glacier Water Company), has established itself in the local Alaska markets through our Alaska Polar Glacier Water brand bottled water. The next progression is towards interstate US trade and especially in developing international trade. The Japan trade seminar could not have come at a better time for this pursuit.

One of the immediate benefits of the Japan trade seminar was to develop contacts with qualified agencies to assist in market research and guidance for doing business in Japan. We have engaged the JETRO organization and continue our discussion regarding Japan's bottled water and mineral water markets.

As always, we greatly appreciate the efforts of the Division of Trade and Development in providing research, market information, and overall assistance in developing this trade venture. Your staff has always gone to great lengths to accommodate our needs and provide quality information and references in all our prior projects. Please pass on our gratitude to your staff and department.

Thank you for your continued support and diligent efforts. We consider the Division of Trade and Development to be an invaluable resource for our business development. Thank you.

Best regards,

  
**TOPEX IND., INC.**

Frank Shin

# BUSINESS

SATURDAY, October 16, 1999 ★

ANCHORAGE DAILY NEWS • www.adn.com

SECTION C

## Potato growers court Taiwan



Taiwanese officials inspected displays of Alaska potatoes, cabbages and carrots recently in several Taiwanese cities. Alaska growers want Taiwan to open its markets to their high-end produce.

## Alaska ships produce for Asian market

By DWAYNE ATWOOD  
Daily News reporter

Alaska has planted an economic seed in the soil of Taiwan with the recent export of several container loads of Interior-grown potatoes, the governor's office said.

Two 20-ton containers of seed potatoes and four containers of table-stock potatoes were sold to Taiwan in September as part of a budding agricultural effort to place Alaska produce on tables in Asia, the office said.

In addition to potatoes, the state has begun exporting carrots to Taiwan. A 20-ton container of carrots was recently sold after the country lifted its ban on U.S. imports of the vegetable. The produce exports not only represent a

Please see Page C-5, **PRODUCE**

## PRODUCE: Alaska growers sell to Asia

Continued from Page C-1

trade breakthrough, but should help to diversify the state's economy, said Gov. Tony Knowles.

Alaska is the only state that has been allowed to export its carrots to Taiwan, Knowles said.

The export arrangement should lay the groundwork for more shipments, said Patricia Eckert, a trade specialist with the state Division of Trade and Development.

While the revenue generated from the produce sales to Taiwan is still modest, the opening of the export market is significant, Eckert said.

The average annual income for Taiwan is \$13,000, making it one of the wealthier Asian economies, Eckert said. That wealth, combined with a growing desire for pure and organic products, should benefit Alaska's produce industry, she said.

"Alaska produce can't compete on price," Eckert said. "The target is the high-end niche market."

Alaska is the only agriculture-producing state where virus-free seed potatoes can be grown routinely, according to the division.

This is the second year that potatoes have been exported to Taiwan. In 1998, 40 tons of seed potatoes and 20 tons of tablestock potatoes were shipped by Alaska Agricultural Development and Marketing Inc., a nonprofit corporation.

Carrot farmers in Alaska have shown interest in the Taiwan market in the past, but a ban against carrots from the United States took effect in early September. The country is wary of nematodes — a microscopic worm

— and insisted on proof that Alaska's carrots were disease free. Taiwan was persuaded to lift the ban through cooperative efforts by the state's Division of Trade and Development, the Division of Agriculture in Palmer and through research by the plant pathology and biotechnology lab at the University of Alaska Fairbanks, said Jenifer Huang McBeath, head of the lab.

Alaska has promoted its agricultural products for years at the annual American Food Festival, a week-long traveling trade show on the island. During this year's shows, McBeath conducted seminars to explain the quality of Alaska vegetables and persuade officials in Taiwan.

McBeath, who speaks Mandarin Chinese, told farmers and importers of the state's ability to produce the virus-free seed potatoes. For years she has been promoting a voluntary program that tests potatoes for disease.

"I see the potatoes as the wedge to open the door," McBeath said. "Then afterwards, the other crops could come in."

Officials in Taiwan needed assurances and documentation that Alaska potatoes were free of disease, insecticides and fungicides. By meeting Taiwan's concerns, the state is generating more opportunity, McBeath said. The country is now expressing interest in Alaska cabbages, she said.

"If the perception of Alaska is that we are very clean and produce high quality goods and that we are responsive to needs, then they will come back for more."

□ Daily News reporter Dwayne Atwood can be reached at datwood@adn.com.



**Department of Commerce and Economic Development  
Division of Trade and Development**

**JAPAN TRADE PROGRAM**

Goal, 1998-1999: Information and assistance for Alaska companies exporting, or considering exporting, to Alaska's number one trading partner.

This list is a "sampler" of activities and results.

**I. Seafood**

**A. APICDA / Yukon Delta 5-member mission to Tokyo and Hokkaido, 2/98.**

Purpose: Meet with Japanese buyers.  
Results: Negotiations.

**B. Daiei Supermarket Wild Salmon Gift Promotion, 5/98.**

Purpose: Promote sales of Alaska salmon through Japan's largest supermarket. \$100 gift packs included smoked salmon, Alaska videos and a message from the Governor.  
Results: All 2,000 special gift packages sold.

**C. Northwest Airlines/DTD Seafood Mission to Japan, 12/98.**

Purpose: Introduce new-to-export and export-ready seafood producers to the market. Increase sales of fresh and live seafood from Alaska to Japan.  
Results: Increase in orders for participants.  
Buyers list for general distribution.  
See survey results, attached.  
A second mission is being considered, possibly to coincide with the Japan International Seafood and Technology EXPO in July 1999.

**D. Assist Alaska seafood suppliers to find customers - ongoing.**

Purpose: Match Alaska seafood suppliers with potential buyers.  
Results: Market surveys for new potential exports such as octopus.  
Trade leads generated; interested buyers connected with suppliers to begin negotiation.  
Six Alaska seafood missions to Japan (including the two above) - assistance with schedules, meetings, etc.

## II. Energy

### **A. LNG**

**Purpose:** Obtain market intelligence.  
Assist in developing market for Alaska LNG.

**Results:** Awareness of market developments through longstanding government-to-government and government-to-industry relationship between State of Alaska Japan Office and Japanese government (MITI and MOFA) and firms concerned with LNG (Mitsui, Mitsubishi, Marubeni, Tokyo Electric Co., Tokyo Gas Co., Arco Japan, BP, and Exxon Japan).  
Quarterly Japanese LNG market report.  
Assisted Marubeni's participation in Alaska North Slope Project Sponsor Agreement.

### **B. Coal**

**Purpose:** Familiarize Japanese coal market with Alaska.

**Results:** Japanese Committee for Pacific Coal Flow responded to Alaska's proposal to have Bob Stiles, president of Alaska Coal Association speak to them 8/25/98.  
Attending: most major Japanese coal importing companies -- Idemitsu, Sumitomo, Taiheiyo, Mitsubishi, and Electric Power Development Co. Stiles' presentation was successful and useful for future business relationship with Alaska and Japan.

## III. Technical Services, environmental services

### **Oil Spill Mission to Alaska - July, 1999**

**Purpose:** Introduce Alaskan companies in oil spill prevention and response to interested Japanese oil companies.

**Results:** Division invited Petroleum Association of Japan to visit Alaska over a year ago. They have now responded to our invitation. This mission will be an opportunity for Alaska companies to compete with Europeans, who now have much of the oil spill business in Japan.



#### IV. General Business

- A. Northwest Airlines initiates weekly direct flights between Anchorage and Tokyo in 1998; commits to twice-weekly seasonal flights in 1999. This has been a long-term project, begun with Gov. Knowles' Pioneer Incentive Program in 1996 and included teamwork by public and private sectors.**

**Purpose:** Increase trade and tourism from Japan

**Results:** More opportunity to connect with customers in Japan.  
More inbound tourists from Japan.

- B. JETRO Value-added Food Products Specialist - 1:1 meetings with AK companies, 10/98**

**Purpose:** Obtain constructive criticism, from a Japanese importer, for companies interested in exporting to Japan.

**Results:** Meetings and suggestions for four Alaska companies.

- C. Tokyo International Gift Show, 2/98 and 2/99**

**Purpose:** Introduce AK manufactured gift products to the Japanese market, where gift-giving is important and gifts are big business.

**Results:** Ten Alaska companies participated in 1998 and seven in 1999. 1998 results included lists of interested potential customers in Japan for participants. Some companies found it effective and chose to participate both years.

- D. General assistance to Alaska businesses -- ongoing**

**Purpose:** Assist Alaska companies with market information and matchmaking, to assist them in decisions regarding trade with Japan.

**Results:** Alaska Products Catalog in Japanese - widely distributed to trading companies, importers, potential customers. Updated edition under consideration. Market information and buyers lists for participants. Examples of Alaska products we have researched the market for: peat moss, organic beef, furniture, wild flower seeds, bottled water, printed items like calendars and children's books, jellies and syrups, devil's club, gemstone golf putters - even chop sticks! Ability to respond to Japanese inquiries for products, including value-added wood products, glacier water and others.

## ■ JAPAN

## Fisheries trade mission proves seeing is believing

*Misty Island Seafoods manager, aided by Division of Trade and Development, observes product move to Japanese wholesalers and consumers*

By Margaret Bauman  
BNA News Editor

**F**isheries economist Dick Tremaine had heard it all before, about quality, consistency and packaging to sell seafood in Japanese markets, but on a trade mission to Japan, it suddenly all sunk in.

At the Tsukiji wholesale market in Tokyo and the Osaka wholesale market, Tremaine and others in the trade mission organized by the Alaska Division of Trade and Development saw firsthand countless boxes of seafood of all varieties, neatly packaged and consistent from top to bottom.

### Know your customer

"Every fish was exactly the same size in a box, so whoever bought that box knew every fish was identical," Tremaine said. "The next box might be fish a little larger, but identical. And everything looked pretty. They cared about that."

Tremaine, co-manager of Misty Island Seafoods, a subsidiary of Central Bering Sea Fishermen's Association, was one of six participants in a December trade mission to Japan to promote sale of fresh and live seafood.

Since his return, Tremaine says he's had phone calls and email from people who want to do business with Misty Island, which was selling king crab in Japan at the time of the trade mission.

"I got to see the crab I had shipped in port and being sold," Tremaine said. "It

was well received. Our king crab had to compete with Russian and theirs is much cheaper, (so) we got a much lower price than we would like to. (But) for the first year in the business it was worth it," he said, "I know a whole lot more than I did. It has made a difference," said Tremaine.

### Excellent for first time exporters

For first time exporters, the advantage of trade missions is to see what the market is really like, said Greg Wolf, director of the state division of trade and development. "They meet with importers, wholesalers, retailers and see what happens to their product once it leaves Alaska, where it ends up and how customers see it in the grocery or the

*"Every fish was exactly the same size in a box, so whoever bought that box knew every fish was identical. The next box might be fish a little larger, but identical." —Dick Tremaine*

restaurant."

Each trade mission participant pays their own expenses. The state works with local experts and the American embassy of the country being visited, plus, in this case the Alaska Seafood Marketing Institute and Northwest Airlines, to involve all aspects of a particular business.

For information on trade missions, contact the state division of trade and development at 907 269-8110, visit their web site at [www.commerce.state.ak.us/trade/](http://www.commerce.state.ak.us/trade/) or email trade specialist Nancy Babcock at: [nancy\\_babcock@commerce.state.ak.us](mailto:nancy_babcock@commerce.state.ak.us). ♦



**Northwest Airlines / State of Alaska Seafood Mission to Japan, 12/98**  
**Participant Evaluation**

*Tabulated responses are in italics.*

**1. Mission Objectives:**

Please rank the following mission objectives in order of importance to you, with 6 as most important, 0 as least important.

- 22 Observe market; make general contacts
- 17 Raise profile of company/industry in market
- 13 Meet potential agents, distributors, representatives
- 9 Make sales or negotiate agreements
- 7 Identify joint venture partners
- Other - please specify
- 5 View consumer markets/prices/products
- 5 Make specific contacts
- 1 Meet with established joint venture reps

Were you successful in reaching your primary objective?

2 Better than expected    2 As anticipated    \_\_\_ Was not successful

**2. Results:**

Please describe any immediate or projected results achieved through the mission. Be as specific as possible on projected sales figures or impact on employment.

- *"Gained immense knowledge of Japanese markets, both wholesale and retail. Obtained good contacts. Expect to increase sales because of trip."*
- *"Introduced (my company) to potential joint ventures and customers. Upon returning to AK, received letter from new contact offering to buy cod product from (my company)."*
- *"My goal was to better understand the market and establish contacts. I was successful. I expect the contacts to result in sales in the future."*

**3. Mission elements:**

Please rate the following elements by circling the appropriate number:

3 = Excellent, 2 = Good, 1 = Adequate, 0 = Poor, NA = Not Applicable (*tabulation indicated by "4x\_\_" "3x\_\_" etc., indicating the number of respondents selecting that rating*).

|                                       |   |     |   |   |    |
|---------------------------------------|---|-----|---|---|----|
| Opportunity to make business contacts | 3 | 4x2 | 1 | 0 | NA |
|---------------------------------------|---|-----|---|---|----|

Quality of scheduled business meetings:

|                                  |     |     |   |   |    |
|----------------------------------|-----|-----|---|---|----|
| Breakfast with Osaka wholesalers | 1x3 | 3x2 | 1 | 0 | NA |
|----------------------------------|-----|-----|---|---|----|

|                                          |     |     |   |   |    |
|------------------------------------------|-----|-----|---|---|----|
| Visit to Daisho (live wholesaler, Osaka) | 3x3 | 1x2 | 1 | 0 | NA |
|------------------------------------------|-----|-----|---|---|----|

|                                                                                      |     |     |   |   |    |
|--------------------------------------------------------------------------------------|-----|-----|---|---|----|
| Lunch with Tokyo wholesalers                                                         | 2x3 | 2x2 | 1 | 0 | NA |
| Meeting with Kyokuyo (Tokyo)                                                         | 3x3 | 1x2 | 1 | 0 | NA |
| Quality of tours of markets/facilities                                               |     |     |   |   |    |
| Osaka wholesale market                                                               | 4x3 | 2   | 1 | 0 | NA |
| Kuromon consumer market, Osaka                                                       | 2x3 | 1x2 | 1 | 0 | NA |
| Tsukiji wholesale market                                                             | 2x3 | 2x2 | 1 | 0 | NA |
| Subway tour of retail mkt., dept. stores                                             | 2x3 | 2   | 1 | 0 | NA |
| Tour of Northwest Air cargo facility                                                 | 4x3 | 2   | 1 | 0 | NA |
| Quality of seminars (Asakawa, Lee)                                                   | 2x3 | 2x2 | 1 | 0 | NA |
| Mission staff support                                                                | 4x3 | 2   | 1 | 0 | NA |
| Number of mission participants                                                       | 2x3 | 2   | 1 | 0 | NA |
| Interaction with other mission members                                               | 2x3 | 1x2 | 1 | 0 | NA |
| Pace, schedule of mission: <u>2</u> Too intense <u>2</u> About right    ___ Too slow |     |     |   |   |    |

What mission elements were most helpful to you?

- *Tours of markets (3)*
- *Small group meetings (1)*
- *Tremendous amount of information (1)*

What were least helpful?

- *Large formal meetings (1)*

What additional would you recommend?

- *Longer Tsukiji tour*
- *More meetings with small companies*
- *More individual meetings*

#### 4. Mission logistics:

Quality of hotels:

|                                   |     |     |   |   |    |
|-----------------------------------|-----|-----|---|---|----|
| Ryokan Fujiya, Kyoto              | 3x3 | 1x2 | 1 | 0 | NA |
| Hotel Granvia, Osaka              | 4x3 | 2   | 1 | 0 | NA |
| Capital Tokyu, Tokyo              | 4x3 | 2   | 1 | 0 | NA |
| Northwest Airlines transportation | 4x3 | 2   | 1 | 0 | NA |
| Tour of Kyoto                     | 4x3 | 2   | 1 | 0 | NA |

#### 5. Future trade missions:

Would you participate in any future State-organized trade missions?

4 yes    \_\_\_no



If yes, please rank these areas in order of interest, with 7 signifying highest interest, 0 no interest:

23 Japan      15 Taiwan      16 China      24 Europe  
19 Korea      15 Russian Far East      18 Southeast Asia

6. **Additional comments:**

Please make additional comments here or on another sheet.

- *"Good trip for market observation."*
- *"This was a great mission."*
- *"Very worthwhile - upon completion I realized what a cost-saving trip this was to our company. Japan is expensive and this coordinated seafood mission saved our company a lot of money."*
- *"This mission and similar ones the state might get involved in are tremendous for advancing business. Although it's hard to exactly quantify the value to a small business or know what contacts will lead to future business opportunities I feel that this mission was right on track."*

**Department of Commerce and Economic Development  
Division of Trade and Development**

**KOREA TRADE PROGRAM**

Goal, 1998 and 1999: Information and assistance to Alaska companies to position them to benefit from the anticipated economic rebound of one of the world largest and most dynamic economies, and Alaska's second largest trading partner.

**I. Seafood**

**A. Korea Incoming Seafood Mission, 2/98**

Purpose: Introduce importers, wholesalers and restaurant chefs to fresh and live seafood products available from Alaska

Results: Koreans became interested in products they had previously not considered (e.g. fresh opilio crab, oysters); saw the processing; met fresh cod suppliers for future orders.

**B. CDQ Expo, 4/98 - part of EDA grant**

Purpose: Introduce CDQ's to potential markets in Japan, Korea and Taiwan through presentations and buyers lists from DTD overseas staff.

Results: Improved ability by CDQ's to export. Market information and buyers' lists. Two CDQ's followed up by participating in December seafood mission.

**C. Seoul Hilton Fresh Salmon Promotion, 6/98**

Purpose: Introduce potential customers to fresh Copper River salmon.

Results: Seoul Hilton asking for quotes, want to purchase more Alaska salmon.

**D. Weekly Korean wholesale fish prices available to Alaska seafood industry via internet and faxback service.**

Purpose: Assist industry by making market information easily available.

Results: Survey indicates Alaska seafood industry wants wholesale price reports to continue.

*...and coming in 1999*



**E. Alaska Seafood Promotion at Westin Chosun Hotel 4/99, including Alaska Seafood Seminar for potential buyers**

**Purpose:** Introduce fresh Alaska seafood to high-end niche market - benefits seafood and air cargo industries.

**Results:** (Anticipated) Hotel is looking for a supplier. Anticipated orders from both hotel and seafood seminar participants.

**F. Import Fish Outlet for Alaska Seafood at Noryangjin Wholesale Market, Seoul, and promotion through the press**

**Purpose:** Increase seafood exports to Korea through increased visibility and identity.

**Results:** DTD Seoul proposed outlet for Alaskan seafood with top management of Noryangjin Market and interested Korean fish buyers. The import fish outlet is scheduled to open during the first half of 1999.

**II. Coal**

**A. Information and assistance, through government-to-government and industry channels, to Usibelli Coal Mine and Alaska Railroad during contract negotiations with Hyundai Merchant Marine Co. (HMM), the shipper, and Korea Electric Power Corporation (KEPCO), the buyer.**

**Purpose:** Retain our only export market in coal after 15-year contract expires in 1998

**Results:** Market intelligence to Alaska public and private sector through coal and energy reports  
Three coal delegations from Alaska to Korea  
Contract signed between KEPCO and HMM for Usibelli coal supply in 1999: 1 million tons.

**B. "Coal market in Korea" report.**

**III. Environmental services and products**

**A. Catalog Show in Korea (American State Offices in Korea, American Products Show) 9/98**

**Purpose:** Introduce and promote Alaska products in Korea, especially manufactured products and technical services.

**Results:** Considerable interest in Alaska providers of new technology from government and private sector in Korea. Fifty trade leads shared with Alaska companies participating.

*and in 1999...*

**B. Environmental Services Mission to Korea, 3/99**

Purpose: Position Alaska companies for major environmental projects to take place in Korea 1999-2005

Results: (Anticipated) Contracts for Alaska providers of environmental products and services

**IV. Air cargo**

**Marketing Alaska's air cargo facilities in Korea:**

- A. Promotions in Korea: assisted AEDC, March and August 1998.
- B. Delegations to Korea:
  - Anchorage International Airport System (Rich Wilson) 6/98, scheduling and assistance in promotion.
  - Anchorage Airport Cargo delegation 8/98.
- C. Promotions in Alaska: Top of the World Cargo Summit, 9/98. Korea office assisted in recruiting five Korean delegates.

Purpose: Increase local cargo and passenger activity by Korean Air.

Results: Consideration by Korean Air cargo executives to establish hubbing activity in Anchorage.  
Heightened profile and reinforced interest in Anchorage-Seoul air services.

**V. Timber**

- A. Provided market information and arranged meetings for 12/98 Korea visit with prospective timber buyers for National Bank of Alaska (NBA).
- B. Assisted Homer company sell its wood chips to Korea by introducing an interested potential buyer, Dongwha Enterprise Co.

Purpose: Help Alaska businesses find export markets.

Results: Introduction to potential customers in Korea.  
Timber market report in 1999.

**VI. Oil and gas**

**Market information and assistance for Alaska LNG via market reports, assistance to private sector mission (Yukon Pacific). LNG and oil reports and updates.**

Purpose: Assist Alaska industry with information about Korea market.



**Results:** Introduction to Korea LNG market players, opportunity to make presentation for consideration.  
Quarterly LNG and oil market reports, distributed to state agencies and private sector.

**VII. Trade, General**

**A. Exporters/Shippers to Korea working group 10/98 (Seafood, Air Cargo)**

**Purpose:** Respond to concerns of Alaska companies not being paid due to economic difficulties in Korea.

**Results:** Information to Alaska companies on federal programs that can help protect Alaskan exporters against devaluation and non-payment. AIDEA packet of export financing resources.

**B. Reports and updates on Korean economic situation**

**Purpose:** Keep Alaska companies informed about economic difficulties in Korea and potential impacts on Alaska.

**Results:** Economic reports distributed to hundreds of Alaska companies.

**VIII. Tourism**

Printing and distribution of Alaska tourism brochure via mail and outbound tourism trade shows to travel wholesalers and airlines.

**IX. Government to Government Relationships:**

Alaska State Office in Seoul maintained close contacts with the following government agencies and trade-related organizations for trade promotion between Alaska and Korea:

- Ministry of Trade, Industry and Resources
- Ministry of Maritime Affairs and Fisheries
- Korea International Trade Association
- Korea Energy Economics Institute
- Korea Chamber of Commerce & Industry
- Korea Trade and Investment Agency
- Korea - U. S. Economic Council, Inc.
- National Maritime Police Agency
- Korea Marine Oil Response Corporation
- U.S. Embassy Foreign Commerce Service and other agencies

**Department of Commerce and Economic Development  
Division of Trade and Development**

**TAIWAN TRADE PROGRAM**

Goal, 1998 and 1999: Information and assistance to Alaskan companies to participate in marketing opportunities in one of Asia's most stable economies.

**I. Seafood and Agricultural Produce**

**A. American Food Fair, Taipei, Kaohsiung, Taichung 9/98**

**Purpose:** Provide Alaskan seafood and produce industries with representation in the largest to-the-trade food show for U.S. products in Taiwan.

**Results:** Taiwan attendees had the firsthand opportunity to see and sample Alaskan product. Alaska was singled out for mention in almost all newsprint and radio coverage.

**B. Lian Hwa Potato Mission, Palmer and Fairbanks, accompanied by Ida Yao, 7/98**

**Purpose:** Introduce interested Taiwan importer firsthand to Alaska's tablestock and seedstock potato growers.

**Result:** Lian Hwa imported two containers of seed potatoes. (One other container of tablestock potatoes imported by Woods Co.)

**C. USDA Agricultural Trade Office (Taipei) Director's Mission, Juneau, Anchorage, Palmer, 7/98**

**Purpose:** Introduce top U.S. agricultural promotion officer in Taiwan, Dan Martinez, to Alaskan seafood processors and vegetable growers.

**Results:** His Alaskan visit educated Alaskan seafood processors and fishermen more about export opportunities to Taiwan. His visit also served to educate him about Alaska's seafood and produce. In Juneau, the Alaska Seafood Marketing Institute organized contacts with local seafood processors. Martinez also met with Alaska Seafood Marketing Institute director Barbara Belknap and Alaska's Division of Trade & Development fisheries specialist. In Anchorage, Martinez held an educational seminar "Cash in on Global Export Opportunities", and gave an update of the current economic situation in Taiwan and a presentation. Martinez also met with members of the board of the Alaska Export Council. In Palmer, Martinez became acquainted with Alaska's agricultural export potential through farm visits coordinated by the Division of Agriculture.



## **II. General Trade**

### **A. Discover Alaska, Taipei, 11/98-1/99**

**Purpose:** Promote Alaskan seafood, produce, gift items, and tourism during six-week Grand Formosa Regent Hotel promotion "Discover Alaska."

**Results:** Imported \$20,000 of seafood from four Alaskan companies. 40,000 hotel and restaurant guests were allowed to "Discover Alaska" through Guest Chef Jack Amon's (The Marx Brothers) seafood menus, through the display of products and services from 16 Alaskan companies, and through the tourism information booth sponsored by Taiwan's largest travel agency for packaging Alaskan vacations. The hotel paid for color and b/w paid advertisements in both English and Chinese media, and generated a high level of media interest on the editorial side.

Hotel General Manager Jean-Pierre Dosse wrote Division of Trade & Development director Greg Wolf:

"The promotion was a great success in that it gave local Taiwanese people the opportunity to experience the colorful diversity of Alaska, from the food to the culture. We would like to express our sincere appreciation to you for your support and assistance with inviting talented chef Jack Amon and musicians "The Backyard Cats" to our hotel. We greatly value our strong relationship with the State of Alaska and look forward to cooperating with you again in the future."

### **B. "Alaska Grown" logo registration, Taipei, 7/98-present**

**Purpose:** Register "Alaska Grown" logo with Taiwanese government to provide market protection.

**Results:** Ongoing coordination with the Division of Agriculture. Logo registration is an important step in view of the growing Taiwan interest in "healthy food" and Alaska's ability to grow "pure and clean" vegetables.

### **C. Carrot Export Project, 9/98- present**

**Purpose:** Provide appropriate scientific data and make request to Taiwanese officials through USDA and other channels to persuade officials to lift ban on import of carrots from the United States.

**Results:** The data has been provided through USDA official channel to Taiwanese. The path is now cleared for Alaska Division of Trade & Development and Division of Agriculture to lobby directly for lifting of the ban.

**D. Website Project, 1/99-present**

**Purpose:** To post bilingual information about Alaska on the American Institute in Taiwan website and on a private commercial website in Chinese.

**Results:** Ongoing

**III. Tourism**

**A. Press Event, Taipei, 11/98**

**Purpose:** Educate and inform tour operators and media about Alaska.

**Results:** Press event attracted more than 40 reporters and lasted two and half hours, instead of the originally scheduled one hour. The event generated excellent coverage and many individual interviews were scheduled afterwards for reporters. Division of Trade & Development's Ida Yao helped to organize event with Division of Tourism and Anchorage Convention & Visitors Bureau representatives.

**B. Chinese Language Brochure, Taipei, 11/98**

**Purpose:** Translate existing Alaska tourism brochures and print.

**Results:** General tourism brochure and Gold Rush brochure both translated, along with overview of Alaska tour and products from the Chinese perspective.



**Department of Commerce and Economic Development  
Division of Trade and Development**

**CHINA TRADE PROGRAM**

Goal, 1998 and 1999: Develop information channels and provide assistance to Alaskan companies interested in China and to Chinese enterprises and officials interested in Alaskan products.

**I. General Trade**

**China Fact-finding Mission, Shanghai, Beijing, Hong Kong, 11/98**

- Purpose:** Meet with oil, timber, and seafood enterprise and government representatives in Beijing, Shanghai, and Hong Kong.
- Results:** Reinforce Alaska's export benefits and interest to China. The meetings included: Shanghai Wood Products, Shanghai's Municipal Foreign Trade & Economic Cooperation Committee; China's Ministry of Foreign Trade and Economic Cooperation, Department of American Affairs; SinoPec; China's Ministry of Agriculture, Bureau of Fisheries; China Asia Pacific Association for Trade & Economic Cooperation; the U.S. embassy and consulates, Foreign Commercial Service centers, and Agricultural Trade Offices; and U.S. State Offices in China.

**II. Seafood**

**A. Researched and produced detailed report on export opportunities for fresh and live Alaska Seafood in Hong Kong Market.**

- Purpose:** Get information on Hong Kong market to industry.
- Results:** Report findings made available to private sector and presented at several forums.

**B. Inbound Seafood Buyers Mission to Alaska 12/98**

- Purpose:** Host seafood mission sponsored by China's Ministry of Foreign Trade & Economic Cooperation (MOFTEC).
- Results:** The mission provided Chinese seafood industry representatives with an education about Alaska's seafood and seafood products from both Division of Trade & Development and Alaska Seafood Marketing Institute. The participants also met with two Community Development Quota organizations to learn about those groups' opportunities to provide seafood through longer fisheries openings. While here, the Chinese focused their interest on Alaskan black cod, halibut, scallops, salmon, and king crab.

### **III. Government to Government Relations**

#### **A. People's Republic of China Consul General Mission to Alaska, 6/98**

**Purpose:** Introduce newly-appointed PRC Consul General from San Francisco to Alaska. Continue relationships with consular commercial staff.

**Results:** PRC Consul General Wang met with presidents of both ARCO Alaska and BP Exploration, elected and appointed government officials, seafood and timber companies' representatives. His mission also visited the North Slope.

#### **B. US/China Aviation Agreement, 12/98-presesnt**

**Purpose:** Maintain Alaska's current favorable benefits in US/China aviation agreement and enhance Alaska's attractiveness as a passenger and cargo destination.

**Results:** Alaska's needs identified and clarified for submission to USDOT.



**Department of Commerce and Economic Development  
Division of Trade and Development**

**RFE Trade Program**

**Information**

- **Russia Far East Roundtable.** Two-day symposium on Doing Business in the RFE, 2/99, self-contained event within PAC COM and joint effort of PAC COM organizers and DTD. Moderated by DTD Russian specialist. Speakers from Vladivostok, Yakutsk, Yuzhno-Sakhalinsk, Washington D.C., Seattle and Alaska. DTD newsletter included coupons for free admission (savings: \$10). In addition to presentations and discussions, roundtable provides opportunities for private business talks, problem-solving, getting government assistance, networking and contacts to further business.
- **Newsletters.** Two recent newsletters on the RFE to public and private sector. Despite the Russian economic crisis, Alaska firms have expressed keen interest in information about RFE.
- **Education.** DTD played leading role educating top officials about AK-RFE relations. Presentations/briefings for Vice President Gore, Prime Minister Chernomyrdin, Ambassador James Collins, Special Advisor to the Newly Independent States Daniel Rosenblum, U.S. Secretary of Commerce Daley, U.S. State Dept. Senior Arctic Official Richard Norland, Russian Consul General Andrei Veklenko (Seattle RF Consulate), U.S. Consul General Douglas Kent (Vladivostok U.S. Consulate), others.

**Customs**

- **DTD coordinated a customs appeal** after Alaska industry donated a shipment of equipment to Sakhalin Alaska College and it was assessed commercial duties upon arrival. With support from Sakhalin Oblast, industry, college officials, USAID, U.S. Consulate and U.S. Embassy, the state coordinated appeal to the RF Ministry of Economy in Moscow. Result: adverse customs ruling overturned, equipment reclassified as technical assistance under humanitarian aid rules, and customs duties waived.
- **RFE customs problems are often listed as a major problem for Alaska companies** doing business there. DTD scheduled a segment on customs issues at the RFE Roundtable. The No. 2 official in regional RFE customs office will speak, as will directors of a pilot project to streamline customs. Anticipated results: facilitation of communication and dialogue, information for companies, reduced problems.

**Alaska Representation in Sakhalin: Miller out, Allen in, competition from Japan.**

- **Dinty Miller**, long-time ABC-Sakhalin director (and former Alaska oilfield worker) left his position as ABC director and Alaska's contracted representative on Sakhalin to open and head ARCO's office on Sakhalin.
- **Michael Allen**, a well-respected and knowledgeable American in the RFE, became ABC-Sakhalin director and Alaska's representative. He has spent five years in the RFE, as U.S. State Dept.'s RFE Regional Investment Initiative coordinator for a year and working for Sakhalin Energy for three years. He spoke to a sell-out crowd at the

World Affairs Council and was much in demand meeting with business representatives. As a result, he is returning for the RFE Roundtable.

- **The competition:** Alaska companies are in the forefront of U.S. firms seeking business on Sakhalin, and nearly all have utilized services of the ABC-Sakhalin office. But the most aggressive competition is coming from Hokkaido, and Alaska must step up its efforts to compete.

#### **Business Connections**

- **DTD has helped connect Alaska business representatives** with visiting delegations, officials and businessmen from Siberia, the Russian Far East, Kazakhstan and Turkmenistan during recent trips to Alaska.
- **DTD helped make introductions and arrangements and provide information** for Alaska businesses with interests in Sakhalin --- in timber, petroleum products, oil field services, oil production and other areas. And in one notable case, DTD laid a strong foundation for an important Alaska-Sakhalin trade proposal (Tesoro).

#### **Alaska-Sakhalin USAID Projects**

- **The AIDEA-model Development Finance project** has made strides and could help stabilize the financial climate and lay groundwork for Alaska-Sakhalin trade once it's completed (assuming USAID provides additional funding to complete the project).
- **Sakhalin Alaska College** graduated its first class of Sakhalin oil field workers and is developing its facility and programs. The college -- a partnership of Peak Oilfield Services Co., UA Mining and Petroleum Training Service and the Russian Academy of Sciences Far Eastern Branch on Sakhalin -- has potential to train a future Sakhalin workforce and create more opportunities for Alaska. In addition, Sakhalin-based oil industry has been a steady customer of MAPTS, which provides training services, resulting in substantial economic benefits to Alaska, especially the Kenai Peninsula.
- **The legislative assistance project** has helped Sakhalin and other regions of the RFE learn about our democratic way of government in Alaska and key legislation. The airport operation and management training was so successful that there is talk of expanding it and looking to Alaska for more expertise.
- **The Alaska Sakhalin Working Group**, which spawned these and other projects and is co-sponsored by DTD, continues to be a platform for enhanced business relations. Sakhalin has called for expanding the group and stepping up its activities.

#### **RFE Gateway**

- **Anchorage stopover.** DTD was instrumental in providing critical information to the U.S. State Dept., the U.S. Dept. of Transportation and to U.S. Sen. Ted Stevens to fight for maintaining the Anchorage stopover on RFE-West Coast flights.
- **DTD has promoted Alaska as a staging area/headquarters/base of operations** for multinational companies doing business in the RFE.

#### **Humanitarian Aid**

- **DTD helped coordinate efforts to supply humanitarian aid to the Sakha Republic (Yakutia),** which has helped open doors for Alaska business in very concrete ways.



- DTD pushed strongly for the USDA to purchase Alaska products (salmon and potatoes) and to utilize Alaska services, organizations, etc. to help mount the U.S. food aid for Russia program in the RFE.

#### **Future / Potential Projects**

- U.S. Consulate Commercial Officer in Vladivostok recommends Alaska mount a state-led trade mission to the RFE to reestablish warm government-to-government relations and help Alaska firms interested in RFE mining projects and other RFE business. This could include Kamchatka, Magadan and Chukotka.
- The Sakha Republic (Yakutia) has been pressing Alaska for projects, exchange of delegations, trade activities, transportation, links, etc.
- Sakhalin has repeatedly asked Alaska for assistance in the area of protecting and regulating the environment while encouraging development. Alaska will seek sources of non-state funding to conduct seminars. DTD is the lead agency in order to help create opportunities for Alaska's oil field service and environmental service industry on Sakhalin.
- Work to keep RFE flights stopping in Anchorage.

*DTD has been the lead or co-lead agency involved in all of the areas mentioned above. In some of these projects, DTD has worked closely with other agencies, including the U.S. Dept. of Commerce/Alaska Export Council, AIDEA, the World Affairs Council, other state and federal agencies, the University of Alaska's Mining and Petroleum Training Service and the American Russian Center, and, of course, private industry.*

**Make It Alaskan, Inc.**  
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# MEMORANDUM

**Date:** October 25, 1999

**To:** Committee on Privatization and Delivery of Government Services

**From:** Steven L. Rouse, Executive Director, Make It Alaskan, Inc.

**Re:** Additional Suggestion in Review of DCED

I have a personal recommendation that may be relevant to the DTD report and consistent with our charge. This is in the same area of questions I had regarding MRAD i.e. changing and/or reducing the scope of the mandate or work responsibility and/or getting unattended programs or laws off the books.

Currently there are several programs that are not working and should be taken () off the books. So, I would ask that we consider recommending eliminating Alaska Product Preference Program (APPP), Recycled Products Preference Program (RPPP) and Forest Products Preference Program (FPPP) or as an alternative contracting or administration (similar to the model now used with MADE IN ALASKA)

Please refer to page 26-28 of the Governor's Small Business Program Evaluation Task Force Report issued March 1997 which states: "evaluation indicated that programs such as APPP and FPPP are becoming obsolete"..."Alaska's many preference programs including APPP and FPPP, have created a maze for state purchasing agents creating confusion and inconsistent application of the programs between state departments... There appears to be little reason for such product preference programs at this time, even if funding and personnel were available. In review of APPP and FPPP the task force seriously questioned the need for these programs to continue."

The report also concluded there are no measures established for these programs and previous survey done in 1995 concluded there was little benefit to the clients of these programs. Total budget savings of 5K-10K.



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**The Commission on Privatization and Delivery of Government Services  
Trade and Development Subcommittee  
Program Review and Recommendations**

**Municipal and Regional Assistance Division**

**General Comments:**

The function of a state organization responsible for stimulating and encouraging economic development and diversification is to leverage public funds and knowledge toward that purpose. The combination of the former Department of Commerce with this program expands this former purpose. Now, what is added, is building a communities capacity so that it can not only meet accepted public health and safety minimums, but also make informed economic choices about what kind of community it wishes to be.

This mix of purposes causes the subcommittee some concern in the face of growing budget deficits and pressing economic development needs. We are concerned that the critical purpose and function of a department focused on generating sustainable economic activity may be diluted as a result of the recent merger. This is not to imply that the merger was not appropriate, to the contrary, but rather that some of the programs placed within the new Department may be more appropriately delegated to other agencies. A number of program specific recommendations are made to this end.

In reviewing the programs in the Municipal and Regional Assistance Division, the subcommittee first engaged in a broad philosophical discussion on public policy issues including: strategic focus, public/private subsidies, leveraging, appropriate roles, and short-term vs. long-term goals, and mixed subsistence/cash economies. It became clear, during that discussion, that a fair, legitimate, and appropriate discussion of a few of these programs is wrought with the potential allegation from some special interests that any change in many of these programs is racist. This became the case during the last legislative session as serious budget cuts were prioritized in the face of a significant budget gap. The notions of equal access, individual equality and responsibility, and equal application of the law seem to be lost when discussing subsidies. They appear to now be considered entitlements.

From the perspective of this subcommittee, such an allegation is flatly untrue, and those who advance a racist allegation are doing a disservice to their interest, the legitimate work and intent of this Commission, and the integrity of the people of Alaska. We believe that communities have the inherent right to choose their own economics, lifestyles, and futures. The choice not to be like Anchorage, Fairbanks, Juneau, the Mat-Su, or even Bethel is a legitimate choice.

We believe that government programs should be funded, focused, and managed based on need, accepted public interest goals developed through citizen participation and representation, and efficiently responsibly managed. They should not be based on location, race, or life style choices.

Some, not all, of the questions explored included:

1. What is a community? Is such a definition based on population or other factors?
2. Should the definition of "community" include some reference to a viable economic base?
3. Does any "community" warrant state financial or technical assistance?
4. When does a community stand on its' own economically?
5. Can a community gain or loose its economic base and what are appropriate public policies as these changes occur?

6. If we continue subsidizing communities without an economic base, are we encouraging economic choices by these communities that result in economic independence or dependence?
7. Can a state agency build "capacity" without private investment?
8. Can we delineate between programs that provide for fundamental human needs, such as basic health and safety, from other program subsidies? If so, how should that delineation take place? Based on what standards?
9. If it is an appropriate role of the state to financially support communities that have no economic base, for how long and to what purpose?
10. Is it the role of the state to financially support persons who make the choice to live in communities that have no economic base?
11. Subsistence is a legitimate and accepted economic or lifestyle choice in Alaska. But, should those who choose other lifestyles be required to financially subsidize that choice?
12. When does the state say, it is no longer appropriate for the state to subsidize communities unable or unwilling to support themselves?
13. Is it appropriate public policy to let communities without the ability or willingness to support themselves, cease to exist? If so, what are the implications?
14. Is there such a thing as socio-economic evolution for communities? Is this what building capacity does?
15. If the state interferes with the natural process of socio-economic evolution by injecting financial subsidies, is such a policy in Alaska's long-term public interest?
16. What will be the results of terminating state financial and technical assistance to communities that do not have an identifiable economic base or choose not to be self-taxing?
17. What will be the results of not terminating state financial and technical assistance to communities that do not have an identifiable economic base?

The dialogue between the subcommittee and the leadership of MARD greatly assisted the subcommittee in its understanding of the purpose, function, and mission of each program. It became clear that the State of Alaska has, over the past twenty to thirty years, made a significant investment in the management talent of these evolving programs, and that the investment is paying off. Each program manager respectively has many functions and areas of responsibility and vast on-the-ground experience in rural communities. To duplicate this talent pool in the private sector could be costly; if the goals and objectives of each program were to be fully privatized as currently configured.

The general consensus of the subcommittee was that it is appropriate for the state, as long as it can afford it, to provide basic health and safety needs for people who choose to live in communities that are without an economy sufficient to be self-supporting. The state has been an active and willing partner in efforts by the Alaska Congressional Delegation to fund basic health and safety needs of rural communities. Other areas of social services such as education were discussed in context but not addressed in this analysis, as the subcommittee needed to focus only on the programs assigned to it.

It was also recognized that essentially all communities in Alaska receive some level of economic assistance in the form of redistribution programs be they Federal or state. This is a reflection of political strength in Washington, D.C. as well as Juneau and regional governments and the policy assumption that such transfer payments are appropriate and beneficial when faced with community needs.

If reallocation programs are to continue, the subcommittee prefers reallocation structures that operate on the basis of formulas, so long as they are fair and representative, as we believe they attempt to remove more subjective means of public policy decision making and more fairly meet the needs of Alaskans.



A recent decision by the Alaska Supreme Court has spoken to at least a part of this dynamic. In its 9/1/99 Kasayuli decision, the Court said that State government is required to consider "disparate impacts" on rural areas even if policy decisions are grounded in purely economic, revenue, or any other issues. The Court in fact found that the state violated the Civil Rights Act of 1964 and the Equal Protection Clause of the Alaska Constitution by having a "disparate impact on racial minority school children." The Court thus differentiated racist intent from disparate impact.

But what is "economic development" and what is "capacity building?" How do they really relate? These two concepts continued to run together at times and in opposition at other times in the discussion. Should you call building a rural water and sewer system "economic development?" If you build a road, is that economic development? Or is it something else? In the mind of some members of the subcommittee, economic development is *PRIVATE* investment for economic return. This may need a push or an incentive in order to accelerate both investment and return, but it is founded on private risk.

If the private sector is unwilling to take economic risk in a community, and if we subsidize the building of capacity, can we then reach a point in political or economic time and space that encourages or finally enables private risk? Or are we just throwing public money at an uncertain future? This continued to be a core dilemma for the subcommittee as it looked at many of the programs in this division.

**In an effort to place the discussion of Alaska urban and rural economies the following is provided from a 1997 report commissioned by the North Slope Borough.**

"The economy of Anchorage receives enormous stimulus from the rest of Alaska. Anchorage, the State's economic core, exports one-third of its output of goods and services, and over 60% of these exports are destined for other regions of Alaska."

"Of the \$16.9 billion in total 1996 output from the Anchorage/Mat-Su core region, \$3.4 billion—over 20%—were goods and services purchased by rural and other peripheral areas of Alaska."

"In 1996, over 25,000 jobs in Anchorage/Mat-Su core region were due directly or indirectly to trade with the rest of Alaska. This exceeded the region's combined number of federal civilian and military jobs, and was also more than the total number of state and local government jobs."

"The ratio of Anchorage/Mat-Su jobs created by 1996 trade with the rest of Alaska was greater than one in seven. The \$833 million paid to these workers exceeded the earnings of all retail trade employees in the region and was almost as large as the total for service sector employment."

"100% of Anchorage/Mat-Su construction exports, 90% of health services exports; 88% of wholesale trade exports; 86% of finance, insurance, and rural real estate exports; and 69% of business services exports were purchased by the rest of Alaska."

"Anchorage/Mat-Su construction companies made almost 50% of their total sales to buyers located elsewhere in Alaska. For firms in engineering, legal services, and wholesale trade the comparable figure was over one-third. The periphery accounted for over 60% of total exports and one-eighth of total sales in retail trade."

"Alaska's economy is heavily natural resource based. In 1996, resource industries contributed \$15.5 billion share to the state's \$25.85 billion total output, a 60% share. Activity in oil and gas, minerals, fisheries and seafood processing accounted for nearly 90% of the resource total and is based almost 100% outside Anchorage/Mat-Su."

**Alaska's Economic Links. A Multi-Regional Analysis**      *prepared by Gross & Associates*

*But what happens when Senator Stevens goes away?*

## **Evidence of Progress - Federal 638 Contracting**

Although the discussion of the subcommittee did not address race or cultural communities directly, one member of the subcommittee brought to its attention a federal program that is making some progress in addressing economic development needs of "Native Americans" to include Alaska Natives. The following brief discussion is provided to assist in considering this model for small rural communities in Alaska and highlights the possibilities for contracting out of appropriate state programs.

The Federal government is now involved in substantive change in the way it delivers goods and services to Native Americans. Under what is referred to as Section 638, tribes or tribal governments (in Alaska that is tribal IRA councils), if the federal government is proposing to provide goods or services to Native Americans or on Native American lands, and if the tribal government can show they are qualified, they may choose to take the funds as a grant and provide the goods or services themselves. This is becoming very popular in Alaska and is starting to catch on with Native Americans outside of Alaska.

The greatest impact in Alaska to date has been on the delivery of health care by the federal government to Native Alaskans. Virtually all health care is now delivered by the Indian Health Service under contract to Native non-profits. There have been some great successes. For example: Maniliq, in Kotzebue, now can afford to build its own capital improvements and is planning to construct \$1MM clinics in each of its villages using their own funds.

This process encourages the private sector to seek out local tribal IRA's and offer their expertise to them. By partnering with private companies, the IRA's can show the expertise needed to be awarded a 638 selection grant. They then take control of how the money is spent. It is not the BIA or some other federal government doing it for them. There have been some great successes with this approach with housing projects, road construction, and other capital improvements. It gives the local Alaska Natives control over the money and how and where it is spent. It is obviously a far more efficient process.

This same approach could be used by the State to better deliver goods and services. In fact, some state government programs within the DEC and Village Safe Water Programs are already successfully using a similar approach.

It will not work in all cases, in all villages, or at all times, but it has been highly effective in many projects.

## **Division Overview**

The Municipal and Regional Assistance Division (MRAD) of the Department of Community and Economic Development is, according to publications from that division, the agency called for in the Alaska State Constitution to "advise and assist" local governments. The framers of the Constitution clearly indicated their belief that local government would play a critical role in Alaska's future and that the state had a responsibility to work with local governments to help them be successful in providing local governance and effective public services for community residents.

There are over 160 municipal governments in Alaska, and only a few of which are considered "urban" in the classic sense. While all municipalities receive assistance from the division, the focus of division staff is technical assistance and training for the smaller communities that lack resources essential to effectively operate their local government. The division's basic strategy is "capacity building." The division focuses on increasing the capacity of local people to deal with local problems without outside assistance.

The division also administers a number of programs that provide financial assistance to municipal governments to supplement local revenue generation.



The division's support for larger municipalities concentrates on provision of professional training and development opportunities in cooperation with organizations such as the Alaska Association of Municipal Clerks, Alaska Association of Assessing Officers, and Alaska Planners Association.

#### **RECOMMENDATION:**

Recognizing the current limitations of the Internet and locally trained support, the subcommittees recommendations is that the division appropriately advise all local governments of the resources available to any municipality over the Internet and through a host of state and national trade and professional organizations. Further, the subcommittee believes that rather than try and address local governance issues from the perspective of the State, that communities be encouraged to interact and share problems and solutions with similar community's in Alaska or other rural communities. This is a function for the Alaska Municipal League (AML) and should be a major goal of that organization in serving its current and future membership. A departmental partnership with AML and the University of Alaska and just about any local government training or support program can encourage independence.

It was also concluded that most municipal challenges are not new or unique. Most often they have raised their head before and by reaching out to information sources within Alaska or other similar communities; a host of successful solutions can be identified, considered, tried, and institutionalized.

This approach can greatly reduce travel costs and the cost of state services while helping build a greater sense of self-sufficiency. As humans solve their own problems, through their own initiative they gain independence. The Internet is a very cost-effective means of searching for answers and obtaining assistance.

The State is currently reviewing its integrated communications future. Building a transforming bridge with Internet links and cables is a cost effective and responsible way to help span the Cultural Revolution forced on many communities in a time continuum that few in urban communities can grasp or understand.

The expansion of the Alaska Municipal League (AML), to include smaller rural communities who may not be able to pay their membership fees initially, would do much to include and integrate such communities as they "build capacity." This is an appropriate and legitimate role and function for AML as a trade or professional association. This effort to reach out would also do much to break down the divisive conflict between rural and urban communities in our state. AML should be aggressive in looking at expanding its programmatic matrix and build partnerships with state programs that provide training and technical assistance to its members or possible members.

Over a hundred cities in Alaska have populations numbering only in the hundreds. For many of these cities, it is a constant struggle to maintain basic services. This situation threatens the State's investment in essential community facilities and poses a threat to the health and safety of rural residents. Some of the more common problems are:

Very frequent city staff turnover

Lack of financial management and local government skills

Significant decline in state financial assistance to communities as state revenues are reduced

Limited local tax base or economy

## **RECOMMENDATION:**

The subcommittee recognizes that the division has already been forced to choose communities that will receive services and those that will not based on the communities willingness to make change. Consistent with this appropriate public management decision, the subcommittee recommends that the division add and additional threshold that seriously looks at the question of "return on investment" even when doing capacity building. Does a community get to the point, given limited program funding, that further state assistance is not going to provide a reasonable level of return to justify continued investment? At this threshold, it may be appropriate that the state terminate any further assistance, at least for the immediate future, as it is no longer cost effective. These are hard choices, but the subcommittee believes they are appropriate given the growing budget deficit and the need to target public investments where they have a reasonable expectation of generating a reasonable return.

### **Management Structure – Regional Offices**

The division currently has seven regional offices including its main office in Anchorage. Some staff deal with unique challenges in a few rural communities where English is a second language.

## **RECOMMENDATION:**

The cost of regional offices, in contrast to consolidated services and the financial and intellectual efficiencies they bring, deserves review. Given the availability of information sources now on the Internet and with Email and video conferencing, regional offices could be reduced in number or eliminated, while the program continues services to rural communities. This consolidation should be reviewed and cost savings passed on to other program areas or eliminated as a BRU expense.

### **Financial Management Assistance General Local Government Assistance**

These two programs appear to have had some success in reducing the cost of local government by increasing financial and management efficiencies. They have become, in fact, the basic day to day function of this division.

## **RECOMMENDATION:**

The subcommittee would again like to see the Alaska Municipal League, as well as other appropriate professional and trade associations and the University of Alaska explore providing these services in a partnership with the division. Initially, some level of contracting may be appropriate by the division with the League and/or University, but eventually we believe it appropriate that these organizations provide these services on a fee for service basis or at the cost of the organization. This is the role and purpose of such groups.

### **Rural Utility Business Advisor (RUBA) Program**

The goal of this program is to help rural communities manage and operate sanitation utilities developed with state and federal funds. Providing business, finance, personnel, and general management assistance to governments responsible for operating newly constructed sewer and water utilities does this.

After an internal analysis and some modest effort to provide these service on their own, DEC approached MARAD and requested the division develop and provide training and technical assistance in this program



area. DEC took the position that it is a regulatory agency with some construction responsibilities, not in the business of providing these kinds of services.

#### **RECOMMENDATION:**

Although this subcommittee is not charged with reviewing any DEC programs or functions, the decision to differentiate between regulatory "enforcement" programs in DEC and local government assistance programs is a reflection of one of the problems with that agency. There is no question that DEC must perform its regulatory function but it needs to reexamine how it does that. Regulatory programs need to be as much in the business of helping a community succeed in the face of ever imposing environmental mandates as do other services. The separation of these functions is troubling and reflects an attitude in government that is one of the reasons citizens and businesses are so hostile to regulatory agencies.

"I'm from the state, and I'm here to help you," should not be a joke. It should honestly be what every state agency should do.

Although the subcommittee found, initially, that components of this program more appropriately belong in the Department of Environmental Conservation or contracted out to appropriate Regional or Village corporations with the skills to assist neighboring communities, the subcommittee recognizes that DEC turned this program over to the MRAD division. The subcommittee believes, however, that there should be a partnership between DEC and MRAD as the effort of capacity building goes forward.

#### **Coordinated Response Partnership**

The principle function of this program is response coordination to economic disruption.

#### **RECOMMENDATION:**

Although the subcommittee agrees that this is an appropriate role for state government, they also believe the more appropriate agency to provide these services is Emergency Services and thus recommends this program be transferred to that agency. Some adjustment within the Emergency Services program may be necessary, but responding to an economic disruption is in many ways similar to responding to a natural disaster. Both are economic disruptions.

The legislature and administration should explore the integration of economic and physical disaster response, within a single agency, as it may offer some management and programmatic efficiencies.

#### **Office of the State Assessor**

This office provides assistance to communities on assessment and taxation issues. It develops the annual Full Value Determination, and administers the Senior Citizen and Disabled Veteran Property Tax Exemption Program and the Senior Citizen and Disabled Veteran Property Tax Equivalency (renter rebate) Program. It also monitors municipal assessment and taxation practices and procedures.

#### **RECOMMENDATION:**

The subcommittee found that this was an appropriate role for state government, but felt it should be placed in the Department of Revenue rather than Commerce.

## **Community Development Programs**

These programs address the relationship between investment into a community's infrastructure and development of an economic base.

### **Community Development Block Grant Program**

This is a pass through federal grant program to enhance the quality of life for low and moderate-income residents in rural Alaska by providing grants for public facilities and planning for basic health and safety. These grants subsidize the cost of local services. Special Economic Development funds may be used to provide capital to assist in the creation or retention of jobs that principally benefit low and moderate income persons.

#### **RECOMMENDATION:**

The subcommittee believes that, consistent with the intent of the federal program, the state should not be the holder of these grants, but they should pass directly to the regional (borough) governments in partnership with ARDORs. This will enable more local control. This action is considered more efficient as it would lower state overhead attached to such grant programs, putting money directly into communities. All reporting requirements would effectively remain the same, but the state office would be eliminated.

The subcommittee recognizes that this is a radical departure from what is done in any other state, but given the legislative mandate of the Commission, and the pressing budget imperative we face in Alaska, it is time to step outside of the box of conventional public sector management structures and pursue proven notions of enabling greater local control.

To meet any competitive mandate in the allocation of limited funds in face of demand, a partnership between the Alaska Municipal League and representatives of state agencies should be challenged to wrestle with this alternative.

### **Rural Development Assistance Program**

*Although still on the books, his program has not been funded for many years.* It is a state funded rural development program that provides grants, on an annual competitive basis, to rural communities for a wide range of development projects. One application per community is accepted for a maximum of \$50,000 per year.

#### **RECOMMENDATION:**

The subcommittee believes that since the program has not been funded for many years, it should be eliminated as a program mandate. If the legislature determines that it wishes to keep this program as a vehicle for future funding, consistent with similar programs, this funding base should be allocated and distributed directly to the regional (borough) governments in partnership with ARDORs. The Alaska Municipal League could oversee the competitive process.

### **Emergency Shelter Grant Program**

Assists in providing emergency shelter for the homeless. It is a part of a package of programs the federal department of Housing and Urban Development grants to the State of Alaska. These



programs are considered, by the Fed's, as community development tools rather than social or emergency services.

#### **RECOMMENDATION:**

Regardless of what the federal agencies call it, this is either a social or an emergency service. Either way, this program should be reassigned to Health and Social Services or the Division of Emergency Services.

#### **Community Services Block Grant**

A program designed to reduce or prevent poverty through community-based educational activities that lead to a greater degree of self-sufficiency for low-income persons. Rural CAP also deals with alcohol and drug abuse, energy conservation, economic development activities, local control strategies, participation, etc.

#### **RECOMMENDATION:**

This program also appears to be more focused on social services and should be reassigned to Health and Social Services or delegated to RuralCAP or boroughs. Alternatively, the Subcommittee would suggest consolidation of these programs and support funding through the regional governments in partnership with ARDORs and/or AML. This is particularly true for one of the major expenditures under this grant, RuralCAP's annual Village Participation Conference – where village leaders from around the state get together to discuss common problems, issues, and solutions.

The continued segregation of rural community gatherings from those of larger communities feeds the festering conflict between urban and rural areas in our state. A public mandate that such functions be integrated would go far to initiate the construction of appropriate bridges between rural and urban communities. As pointed out in the opening discussion of this evaluation, this needs to be accomplished by an integration of AML of all communities in Alaska, even those who financially are unable to meet AML's membership fees. Appropriate AML scholarships and "developing community" or "capacity building" grants should be offered to assist in building these critical bridges.

#### **Economic Development Programs**

##### **Rural Development Assistance/Forest Service Mini-Grants (RDA Mini-Grants)**

Funding is available on a competitive basis to communities of less than 10,000. Municipalities, Native Village or IRA Councils, and nonprofit corporations may submit one application per year for a maximum of \$30,000. This program provides funds for economic development projects or other enterprises that increase jobs, income, or services in rural communities.

#### **RECOMMENDATION:**

In this case the definition of what is "economic development" is a function of federal regulations. Some members of the subcommittee do not agree that roads, water and sewer projects are "economic development" although they may be "capacity building."

In past years ARDORs have played a role in the competitive review process. This should be encouraged, but a partnership with AML should also be explored. As long as federal regulations mandate the process for allocation of federal dollars, this may be the closest we can get to any process reform.

#### **Rural Development Initiative Fund (RDIF) Loans**

This program provides loans for new businesses or expanding businesses that have been unable to secure funding through more conventional sources. The program is to encourage investors to place funds into new ventures in smaller communities (less than 5,000) by reducing the financial risk to the lender. A commercial lender must apply for any loan.

#### **RECOMMENDATION:**

Again, it is the subcommittee's feeling that these funds/loans be directly administered by a partnership of AML and regional ARDORs and local banks in communities that qualify. These organizations know the communities and their needs far better than a state agency does. Such a re-delegation would further target these funds in a more efficient organizational structure.

#### **Community Development Quota Program**

This is a federal program specific to fishing communities to address serious economic and social problems of the western Alaska region. Federal statute and regulation mandate the state's role.

#### **RECOMMENDATION:**

Again, even in the face of federal mandates, it is important for the state to explore alternative management strategies if they prove effective and efficient. Developing a partnership with appropriate ARDORs, the AML, and regional governments for the allocation of these funds would further push decisions down. This management philosophy has consistently proven more responsive to local needs than federal or state management.

#### **Alaska Regional Development Organizations (ARDORs)**

Created by the state legislature, ARDORs prepare regional economic development strategies and assist communities and businesses implement them. They are eligible for grants and other pass through economic development oriented programs.

#### **RECOMMENDATION:**

Consistent with the legislative intent of creating regional organizations to assist communities and businesses grow and be productive, a stronger and more integrated partnership between state and federal programs, ARDORs, and the AML should be crafted. This would enable ARDORs to be more project oriented, yet still meet their planning and coordination responsibilities. It would put some muscle where the rhetoric has been, by annually funding project or need areas.

If legislative changes are needed in specific funding programs or in the ARDOR statute, the Commission should advance them.



### **Local Boundary Commission**

One of five state boards with origins in Alaska's Constitution, the commission ensures arguments for and against boundary adjustment proposals are analyzed objectively, taking areawide and statewide needs into consideration.

#### **RECOMMENDATION:**

This is an appropriate role for state government. The Subcommittee believes, however, that Internet technology could greatly enhance and expand the capability of this function.

### **Community Planning**

Provides assistance on regional and community planning issues with technical advice and training. It also oversees the Alaska Coastal Management Program and the National Flood Insurance Program.

#### **Local Government Planning Assistance**

Provides surveys, land use studies, technical services, and other planning work for municipalities that exercise planning and zoning authority.

#### **RECOMMENDATION:**

This is a service that should be provided by the Alaska Municipal League (AML) as a part of its membership services. As pointed out in earlier recommendations, however, the AML needs to expand its role and function to be more inclusive of smaller rural communities. A partnership between AML and the Alaska Chapter of the American Planning Association to provide annual planning commission training should also be explored.

#### **Alaska Coastal Management Program (ACMP)**

Conducts a program of research, training, and technical assistance to coastal resource districts including granting ACMP funds.

#### **RECOMMENDATION:**

This program should be delegated to DNR. It is a land management; land regulation function that should be combined not segregated. The grant administration and technical assistance activities within this program area should also be delegated to DNR. Providing money and technical assistance to local land planning agencies needs to be integrated with the land management function. Segregation of these two functions is not appropriate from a land and program management perspective.

#### **National Flood Insurance Program (NFIP)**

State is the coordinating agency for the NFIP providing over \$207 million in flood insurance coverage to 30 cities and boroughs. Staff assists local governments dealing with flood management issues so that local's can obtain flood insurance.

## **RECOMMENDATION:**

This program should be privatized consistent with efforts nationally to have all federal flood insurance privatized. The Congress of the United States found, over 16 years ago, that federal spending in flood prone areas encourages building and rebuilding in those areas and further taxes federal revenues. It is a program of incentives where disincentives should prevail. Proceeded only by Social Security and Medicare, government provided flood insurance is the third largest exposure to the national treasury.

Fundamental to such an effort, however, is the objective of significantly reducing, over time, or eliminating repeat assistance. Damaged structures should receive one payment following a flood, but if they choose to rebuild in the same "flood prone" location, they should not receive further assistance in the event of disaster. The state's efforts should focus on this goal.

## **Financial Assistance to Communities**

### **State Revenue Sharing**

This is the largest program in MRAD. The program reallocates, based on formulas, "excess" funds obtained by the state, to local communities for a host of projects and needs.

## **RECOMMENDATION:**

As long as there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. Once the state determines there are not sufficient funds from general revenue to "share" with other levels of government, this program should be eliminated.

Although the subcommittee recognizes that reallocation schemes predate oil revenues, the assumption that it is in the public interest to take funds away from some and reallocate them to others, for purposes other than those mandated by the Constitution, is a pervasive notion of some in government. If the State of Alaska finds that this socio-political engineering through the reallocation of wealth, be it of communities, businesses, or persons is consistent with the role and purpose of state government, then such programs should continue. If, on the other hand, the legislature finds that reallocation programs can be harmful to communities, businesses, and persons, then an alternative action would be suggested.

### **Safe Communities**

This is a targeted revenue sharing program that redirects corporate income tax revenue to a priority list of services. In FY00 the state estimates \$220 million will be collected.

## **RECOMMENDATION:**

The collection of corporate taxes is a disincentive to business in Alaska. The elimination of this tax on business and industry would encourage business expansion and reinvestment in Alaska. This is a far more efficient means of economic development than any reallocation strategy by the state.



As long as the state legislature finds that this is an appropriate function of state government, and there are "excess" funds at the state level, they should continue to be reallocated to local governments, based on fair formulas, for community determined "priority" uses. Once the state determines this program is inefficient or there are not sufficient funds from corporate income taxes to "share" they should eliminate this program.

#### **National Forest Receipts**

This is essentially another revenue sharing program, where 25% of the income earned from activities within the national forest is distributed to boroughs and cities within the national forest. Federal and state law requires expenditures only for public schools and public roads. The FY99 program distributed about \$1.9 million to nine boroughs, 18 cities, four Regional Educational Attendance Areas, and the Metlakatla reservation. The division receives no funding for administration of the NFRS program, thereby subsidizing this federal reallocation strategy.

#### **RECOMMENDTION:**

As long as the federal government mandates state management of this reallocation program, it should pay for the cost of that management by a percentage of the funds that pass through. Alternatively, the allocation should be based on a formula based on population in communities that qualify, and the funds could be sent directly to such communities without state participation.

#### **Shared Fisheries Business Tax Program**

Provides an annual sharing of fish taxes collected outside of municipal boundaries on the basis of nineteen "fisheries management areas." FY99, \$1,208,039 was distributed to eligible municipalities. Allocations are based on level of significant impacts resulting from fishing industry activity compared to the level of impact experience by other municipalities in the area. The division receives no funding for administration of this program, and therefor subsidizes the state program.

#### **RECOMMENDATION:**

This is again a tax reallocation program based on the subjective standard of socio-economic impact. The state should allow a percentage of each dollar to off-set the cost of management or the funds should be directly allocated to the qualifying local or regional governments reducing state participation.

#### **Federal Payments in Lieu of Taxes (PILT) Program for Cities in the Unorganized Borough**

Provides federal funds in part payment of local tax losses due to federal presence. \$3.19 million was distributed to 96 cities in FY99.

#### **RECOMMENDATION:**

Somewhat similar to the previous two federal reallocation programs, the state subsidizes the process with staff. PILT can be structured to directly target those communities that do not receive taxes due to federal property ownership. These funds should be directly allocated to the affected communities based on objective formulas by the federal agency. The state should not continue to subsidize the management and oversight of this program.

## **Land Management and Mapping**

These programs address Land title issues that hinder economic and community development in both private and public sectors. Resolving current land issues assists in preventing future land management problems.

### **RECOMMENDATION:**

The subcommittee believes all of the below listed programs should be moved to the Department of Natural Resources. They are directly consistent with that agency's purpose and function and DNR has the staff to assimilate these programs efficiently.

Although MRAD argues that these programs are about community development, they still are a function of land management. To assert that DNR mandate is state-owned land and therefore manages to the "state's best interest," thus not capable of considering community needs or the interests of local governments is incorrect.

MRAD points out that lands impacted by these programs are held in trust for community and public purposes and the decisions about land use are made by local village councils often complicated by local social and political issues. This does not change the land and program management capabilities of DNR. The subcommittee would argue that a partnership between DNR and these communities is a good match allowing significant land management skills to be tapped by small rural communities.

This does not mean that the subcommittee does not support the concepts of strong local government as identified in Title 29 of the Alaska State Constitution – it does.

#### **Land Management Program**

Site Control

ANCSA 140 survey plans

Municipal Lands Trustee Program

Land Management Assistance and Training

#### **Mapping Program**

## **Research and Analysis and Community Data**

Provides research, analysis and general technical support for internal program operations, as well as develops and maintains a wide range of information about Alaska's communities, sharing that information with agencies and the public.

This program is located in this division because it was believed that the state agency could perform this function most efficiently. The department has researched options for doing the research and analysis work and have found no one willing to do the work for anywhere near what it costs the department.

One of the directives contained in the constitutional mandate of this MRAD division is to "collect and publish local government information." In addition the department continues to be flooded with requests for this type of information from the Legislature, private development sector, and other agencies.



## **RECOMMENDATION:**

First the subcommittee examined if the work done was necessary and useful. It was found that based on requests from the Legislature, other state agencies, federal agencies, and the private development sector that the information is needed and used.

Objective information gathering and redistribution is an appropriate and necessary function of government. In fact it is the principle function of government if assessed based on function.

But what level of government or agency of government should provide this function in looking at communities?

Two options present themselves with these programs. They are:

1. The function is contracted out to such organizations as the Alaska Municipal League or the University of Alaska
2. That an internal, multi-agency review of all research and analysis programs within state agencies, be combined and relocated.

Some relationship with the University of Alaska, Institute for Economic Research and the Alaska Municipal League as well as with other agencies should be explored as it may offer significant database efficiencies.

The function of research and analysis is essentially a means through which agencies attempt to better understand their clients or customers. This is not dissimilar to private businesses that study their markets. There is, however, a board public interest issue that makes this an appropriate university activity.

This recommendation is applicable to all of the below listed programs:

**Community Database/Community Profiles**  
**Promoting Alaska's Communities Through a new Web site**  
**Community Capital Project Database**



and Delivery of Government Services

[www.privatizealaska.org](http://www.privatizealaska.org)

## NOTICE OF SUBCOMMITTEE MEETING

**Subcommittee Name:** DEPARTMENT OF Community Economic Development  
Co-Chair: Mr. Craig Johnson  
Phone: 762-1944  
Co-Chair: Mr. Lee Wareham  
Phone: 688-2540

**Committee Members:**

|                |                   |
|----------------|-------------------|
| Craig Johnson  | Ann Roberts       |
| Chris Anderson | Steve Rouse       |
| Jim Crawford   | Jim Sanders       |
| Rick Davidge   | Dennis Schlofeldt |
| Dale Fox       | Don Schroer       |
| Gene Furman    | Steve Smirnof     |
| John Haxby     | Don Smith         |
| JD Holmes      | Bob Southall      |
| Henry Kim      | Kathryn Thomas    |
| Linda Leary    | Greg Wolf         |
| Steve Levi     | George Weurch     |
| Mel Nichols    | Lee Wharam        |
| Justin Ripley  | Ken Zong          |
|                |                   |

**Date:** Friday, October 29<sup>th</sup>, 1:30 PM

**Place:** Legislative Information Office  
716 W. 4<sup>th</sup> Avenue  
Second Floor Conference Room  
Fairbanks, Kenai , Mat-Su LIO Teleconference Available

If you have any questions please call Representative John Cowdery's office at 269-0222.  
The web site that has a current list of members and schedule of meetings  
posted daily!

**[www.privatizealaska.org](http://www.privatizealaska.org)**



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**MINUTES, October 25, 1999**

Present at the October 25, 1999 meeting were Chairman Lee Wareham and subcommittee members and guests Dale Fox, Gene Furman, Don Smith, Kathryn Thomas, Greg Wolf, Pat Poland, John Haxby, Linda Leary, Bob Southall, Henry Kim, Ken Zong, Justin Ripley, Steve Smirnoff, Marco Pignalberi, Steve Levi, and Chris Anderson. On the conference phone were Tom Brice in Fairbanks, J. D. Holmes in the Mat-Su, Steve Rouse in Homer, Jeff Bush and Traci Carpenter in Juneau. Chairman Lee Wareham called the meeting to order and the new members of the Committee were introduced. Then Wareham went into the makeup of the new committees. It was agreed that all members of the subcommittee would be given the opportunity to review all material from all of the reports and have a vote on the final recommendations.

To accelerate the process, it was decided that all reports thus far submitted would be reviewed for relevancy. First on the agenda would be the Economic Development/Local Government report and the Regulatory. Gene Furman, one of the new members, requested to be on that committee and there was no objection. He was instructed to contact Don Shroer for a copy of the rough draft report. A special subcommittee on Tourism was established composed of Dale Fox, Chris Anderson, Robert Southall and Justin Ripley. Henry Kim was assigned to examine the fish-related BRUs.

Kathryn Thomas emphasized the necessity to stay within the confines of the enabling legislation and suggested that every member review the critical sections with regard to recommendations.

Steven Levi suggested that some mechanism to established to make sure that the final report was at least read by someone who did business in the bush.

**Subject: Meeting Roll Call**

**Date: Tue, 26 Oct 1999 16:05:20 -0800**

**From: Representative John Cowdery <Representative\_John\_Cowdery@legis.state.ak.us>**

**Organization: Alaska State Legislature**

**To: afscl@alaska.net**

Steve,

List of people present at DEC 10/25/99 meeting:

**Anchorage:**

Lee Wareham, Dale Fox, Gene Furman, Don Smith, Kathryn Thomas Greg Wolf, Pat Poland, John Haxby, Linda Leary, Bob Southall, Henry Kim, Ken Zong, Justin Ripley, Steve Smirnoff, Marco Pignalberi, Steve Levi, Chris Anderson.

**Fairbanks:**

Representative Tom Brice.

**Mat-su:**

J. D. Holmes.

**Homer:**

Steve Rouse

**Juneau:**

Jeff Busch, Traci Carpenter.

Let me know if I can help with anything else.

Andree McLeod



**AGENDA:**  
**PRIVATIZATION SUBCOMM ON DCED**  
**MONDAY, OCTOBER 25, 1999**  
**11:00 AM**

1. Intro of New Members
2. Distribution of Privatization Articles
3. Website Demonstration
4. Minutes of all past meetings
5. Schedule: Nov 18 deadline
6. Status of Subcommittees
  - Regulatory - Schroer
  - Management (Local Government?)- Davidge
  - Revenue Sharing - Holm
  - Economic Development - Davidge
  - Subsidies (Investments?) - Crawford
7. List Of Suggested Issues for Subcommittee to Consider:
  - How many state funded offices engage in seafood marketing? Do we need more than one? Can it (they) be privatized?
  - How many state agencies are involved in international trade? Do we need them all? Can any of their activities be privatized?
  - How many vehicles does the dept. have? Who maintains them? Can vehicle maintenance be contracted out?
  - How many grants does the dept. issue, to whom, for how much money. Is it just pass thru money or is there some followup compliance to ensure the money is spent properly?
  - What are the dept's regulatory functions and can any of them be combined into a single agency?
  - Should the dept. continue to provide revenue sharing to local governments
  - If the Division of Occupational Licensing is self supporting via fees paid by the licensed parties, can it be privatized and taken off the state budget?
  - Why is the Fishery Enhancement Tax Receipts BRU in the Dept. of Commerce instead of the Dept. of Revenue?
  - What functions will remain for a Division of Tourism after the Alaska Tourism Information Agency goes into effect on July 1, 2000. (The Millenium Plan) Can those remaining functions be privatized?
  - The Division of Insurance has 52 employees and the Division of Banking, Securities and Corporations has 26 employees. Both Divisions have Executive Directors and overhead staff. Can they be combined? Which of their activities that they perform, e.g., investigations, can be privatized?
  - We have 44 people in the Division of Investments. What do they do that the private sector cannot do? The Department of Revenue also has a large investment management group in the State Treasurer's office. Why do we have this separate investment group in CED?

**CONFERENCE CS FOR SENATE BILL NO. 33**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE CONFERENCE COMMITTEE**

**Offered: 5/14/99**

**Sponsor(s): SENATOR WARD**

**REPRESENTATIVE Kohring**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to contracts for the performance of certain state functions  
2 previously performed by state employees and to the Commission on Privatization  
3 and Delivery of Government Services; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1. FINDINGS AND INTENT. (a) The legislature finds that**

6 (1) the annual cost of state government is exceeding the annual revenue of the  
7 state;

8 (2) the State of Alaska, other states, and the federal government have  
9 successfully and substantially reduced government spending and increased government  
10 efficiency by contracting with third parties to perform particular state or government functions;

11 (3) there may be functions of our current state government that can be  
12 performed more efficiently by any or all of the following entities:

13 (A) nongovernmental or private organizations;

14 (B) local government or regional service organizations;



1 (4) there may be functions that state government should not continue to  
2 perform, but should leave to the federal government;

3 (5) there may be state government functions that should be consolidated or  
4 otherwise performed more efficiently;

5 (6) there exist state government functions that would be inappropriate to  
6 contract out to nongovernmental agencies.

7 (b) The legislature finds it is in the best interest of the state to make a formal  
8 determination of which state government functions can and should be transferred entirely to  
9 private entities or to local government agencies and whether the state should stop performing  
10 some functions for the federal government. The legislature also finds that it is in the best  
11 interest of the state to determine which state government functions can be consolidated or  
12 otherwise made more efficient.

13 (c) The legislature intends to make the determination set out in (b) of this section in  
14 order to reduce dependency on state governmental revenues for the delivery of government  
15 services.

16 \* Sec. 2. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT  
17 SERVICES. (a) There is created in the legislative branch of the state government the  
18 Commission on Privatization and Delivery of Government Services. The commission shall  
19 consist of 11 members, as follows:

20 (1) one member of the senate appointed by the president of the senate who  
21 shall serve as co-chair;

22 (2) one member of the house appointed by the speaker of the house who shall  
23 serve as co-chair;

24 (3) one member appointed by the Alaska Municipal League;

25 (4) two public members appointed by the president of the senate, one of whom  
26 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
27 (Alaska Native Claims Settlement Act);

28 (5) two public members appointed by the speaker of the house, one of whom  
29 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
30 (Alaska Native Claims Settlement Act);

31 (6) one member appointed by the Alaska State Chamber of Commerce;

1 (7) one member appointed by the American Federation of Labor-Congress of  
2 Industrial Organizations;

3 (8) one member from the minority caucus of the house appointed by the  
4 speaker of the house;

5 (9) one member from the minority caucus of the senate appointed by the  
6 president of the senate.

7 (b) The commission may appoint an advisory council to assist it in carrying out its  
8 duties.

9 \* Sec. 3. COMPENSATION. (a) The public members of the Commission on Privatization  
10 and Delivery of Government Services appointed under sec. 2(a) of this Act are not eligible  
11 for compensation but are entitled to per diem and travel expenses authorized for boards and  
12 commissions under AS 39.20.180.

13 (b) Members of the advisory council appointed under sec. 2(b) of this Act are not  
14 eligible for compensation, per diem, or payment of travel or other expenses by the state.

15 \* Sec. 4. MEETINGS. The Commission on Privatization and Delivery of Government  
16 Services shall meet as frequently as the commission determines necessary to perform its work.  
17 The commission may meet and vote by teleconference.

18 \* Sec. 5. DUTIES. (a) The Commission on Privatization and Delivery of Government  
19 Services shall

20 (1) review and evaluate the policies and recommendations of other states that  
21 are studying or have implemented recommendations to transfer the provision of government  
22 services to other entities;

23 (2) review state contracting policy and procedures, including competitive  
24 bidding procedures;

25 (3) identify state government functions capable of more efficient performance  
26 in the delivery of government services, and determine whether those identified functions could  
27 most effectively be provided by

28 (A) transferring to the private sector or contracting out;

29 (B) transferring to local governments or regional service organizations;

30 (C) the federal government;

31 (D) consolidation or other efficiency changes; or



1 (E) a combination of the approaches under (A) - (D) of this paragraph;

2 (4) identify state government functions that should be eliminated;

3 (5) identify present state government services that are most effectively and  
4 efficiently delivered by the state and that should remain a responsibility of the state;

5 (6) solicit public comment about the delivery of state government services.

6 (b) By January 1, 2000, the Commission on Privatization and Delivery of Government  
7 Services shall submit a written report of its findings and recommendations to the governor and  
8 the legislature. The report must include suggested legislation that may be needed to  
9 accomplish the recommendations. The report must specify which state

10 (1) functions should be transferred to the private sector or contracted out;

11 (2) functions should be transferred to local governments or regional service  
12 organizations;

13 (3) agencies or functions should be consolidated or otherwise made more  
14 efficient;

15 (4) functions should be performed by the federal government;

16 (5) functions should be eliminated as functions of state government.

17 \* Sec. 6. This Act is repealed on January 1, 2000.

18 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

| Department of Community & Economic Development Subcommittee Membership |         |                   |              |          |                                            |                               |                      |           |          |
|------------------------------------------------------------------------|---------|-------------------|--------------|----------|--------------------------------------------|-------------------------------|----------------------|-----------|----------|
| Johnson                                                                | Craig   | 762-1944/242-6380 | 563-4744     |          | AK Journal of Commerce                     |                               |                      |           | AK       |
| Wharam                                                                 | Lee     | 688-2540          | 688-4009     | 229-0306 |                                            |                               |                      |           | AK       |
| Anderson                                                               | Chris   | 274-2739          | 277-1033     |          | Glacier Brewhouse Restaurant               |                               | 737 West 5th Avenue  | Anchorage | AK 99501 |
| Crawford                                                               | Jim     | 263-0722          | 263-0799     |          | City Mortgage                              |                               |                      |           | AK       |
| Davidge                                                                | Rick    | 373-9045          | 373-9089     |          | Community Planner                          |                               |                      |           | AK       |
| Fox                                                                    | Dale    | 277-5706          | 277-5700     |          | Chenega Corporation                        | dfox@chenegacorp.com          |                      | Wasilla   | AK       |
| Fuhs                                                                   | Paul    | 276-8288          |              | 351-0407 | Professional Services                      | fuhs@ptialaska.com            |                      |           | AK 99503 |
| Haxby                                                                  | John    | 345-6800          | 345-0311     |          | Waukesha Alaska Corporation                |                               |                      |           | AK       |
| Holmes                                                                 | J.D.    | 745-8506          | 745-7557     |          | Alaska Energy Products, Borough Assembly   | ldholmes@postman.net          |                      |           | AK       |
| Kim                                                                    | Henry   | 258-1234          | 258-4949     |          | Topex Industries                           | topexinc@aol.com              | 7640 King St         | Anchorage | AK       |
| Leary                                                                  | Linda   | 276-7797          | 278-7301     | 244-3774 | Carlisle Enterprises                       |                               | 1813 E. 1st Avenue   | Anchorage | AK       |
| Levi                                                                   | Steve   | 440-7444/337-2021 | 337-4485     |          | Parsnackie                                 | afaci@alaska.net              |                      | Anchorage | AK 99501 |
| Nichols                                                                | Mel     | 562-2000 x 205    | 801-838-0488 | 250-0483 | DOWL                                       | mnichols@dowl.com             |                      |           | AK       |
| Ripley                                                                 | Justin  | 245-0200          | 245-0400     |          | Alaska Tour & Travel                       | windsong@alaska.net           | PO Box 221011        | Anchorage | AK 99522 |
| Rouse                                                                  | Steve   | 258-2878          | 276-7255     | 244-6421 | MAKE IT ALASKA, Inc.                       | makeitak@alaska.net           |                      | Anchorage | AK       |
| Sanders                                                                | Jim     | 269-4591          | 269-4539     |          | APEA                                       |                               |                      |           | AK       |
| Schlottfeldt                                                           | Dennis  | 452-3663          | 456-6803     |          | Pacific Movers                             | pacificmovers@mosquitonet.com |                      | Fairbanks | AK       |
| Schroer                                                                | Don     | 272-5668          | 279-2586     |          |                                            |                               |                      | Anchorage | AK       |
| Smirnoff                                                               | Steve   | 349-5481          | 522-1489     |          |                                            |                               | 3581 Kachemak Circle | Anchorage | AK 99515 |
| Smith                                                                  | Don     | 276-4325          | 276-2500     | 229-7079 |                                            |                               |                      | Anchorage | AK       |
| Southall                                                               | Bob     | 272-7411          | 265-7075     |          | Anchorage Hilton Hotel                     |                               |                      | Anchorage | AK       |
| Thomas                                                                 | Kathryn | 776-5515          | 776-5132     |          | Alaska State Chamber of Commerce           | asccluno@ptialaska.net        |                      | Juneau    | AK       |
| Wolf                                                                   | Greg    | 269-8115          | 269-8125     |          | Dept of Commerce - Individual Dept Contact |                               |                      | Kenai     | AK       |
| Wuerch                                                                 | George  | 563-2737          | 561-3793     |          | Municipality of Anchorage                  | wuerch@alaska.net             |                      | Anchorage | AK       |
| Zong                                                                   | Ken     | 278-1700          | 278-1994     | 727-1174 | Pan A Travel                               |                               |                      | Anchorage |          |



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This page was last updated 8/16/99; Direct corrections and technical inquiries to

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**schedules, subcommittee**  
**membership information, and**  
**contact information.**

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**COMMUNITY AND ECONOMIC DEVELOPMENT**  
**Subcommittee**  
**Contact Information Sheet**

**Name:**

**Work Phone:**

**Home Phone:**

**Fax:**

**Company:**

**Email:**

**Address:**



**TONY KNOWLES**  
GOVERNOR



**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
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Fax (907) 485-3532

August 11, 1999

The Honorable John Cowdery  
Alaska State Legislature  
716 W. 4<sup>th</sup> Ave.  
Suite 320  
Anchorage, Alaska 99501-2133

Dear *John* Rep. Cowdery:

The Knowles Administration is committed to working with you and the entire Commission of Privatization and Delivery of Government Services to make the process spelled out in SB 33 as productive as possible. Towards that end I am enclosing a report produced by the Administration last year that may be of use to you.

In this document, titled "Knowles/Ulmer Administration Accomplishments in Budget Discipline and Government Efficiencies", each state agency has identified privatization efforts that have been accomplished or are underway. I think the Commission and its subcommittees will find this information helpful.

The report has not been updated since May 1998 so there are undoubtedly some new efforts underway that are not described in this document. I expect the Commission and subcommittee deliberations will provide agency personnel the opportunity to discuss any new developments not covered in the report.

As you know Mike Abbott, Special Assistant to the Governor, is the Administration's primary point of contact for the Commission. If you have further requests for information please make contact with Mike at your convenience.

Sincerely,

*Pat*  
Pat Pourchot  
Legislative Director

Enclosure

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# **Knowles/Ulmer Administration**

## **Accomplishments in Budget Discipline and Government Efficiencies**

**Compiled in May 1998**

**Office of Management and Budget**

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## Department of Commerce and Economic Development

### *Efficiency Innovations:*

- Information about state-registered corporations and business licensees is now accessible on the Internet.
- The Division of Trade and Development is actively utilizing the internet:
  - ❑ A collection of links to other tourism sites, our online highway travel planner, and the online Vacation Planner of ATMC are on the web.
  - ❑ DTD's Tourism North program's entire advertising, direct mail and public relations effort is aimed at driving traffic to their internet sites. People who still wish to order a hard copy of the planner fill out an online request form, and it is transferred electronically to our fulfillment house. Brochures are automatically mailed without any human ever intervening in the process.
  - ❑ International inquiries are now processed via the internet for free. This has substantially reduced our international postage and increased program receipts.
- DTD also utilizes computer technology to improve mailing efficiency. Names for information requests are electronically transferred to fulfillment houses for them to handle the assembly of the mail. This has reduced postage costs significantly, and allowed the inquiry staff to spend more time on the phone with potential travelers and travel agents.
- Initiated the approval of travel (TA forms) via email thus eliminating routing and mailing TA's between offices.
- Routine supplies, utilities, courier are pre-approved at the beginning of the year by agency staff - eliminating routing invoices for approval so the vendor is paid quicker.
- Have majority of our travel and procurement forms on common drives which eliminates mailing forms, throwing away out dated forms, and ensures all offices have the same information.
- Began accepting MasterCard two years ago (Banking & Tourism). Much more convenient for those paying for services.
- Reduced the paper work required of grant applicants, condensing the materials they need to review and respond to. And condensing them again.
- **Occupational Licensing Division**
  - ❑ Cash Management has identified portions of the licensing process that would achieve significant improvements by converting applications to a readable coupon and having the transaction processes through a bank controlled lock box. Cash Management collaborated with Occupational Licensing staff and converted business license renewals. The conversion eliminated the need for 7 part-time positions and allowed the renewals to be processed and returned 8 to 10 weeks quicker than the previous operation. The lock box process provided for same day deposit of payments and the transmission of an electronic file used to update the divisions records. This improvement provided a significant increase in the level of service for individuals and business renewing their business licenses. Other licensing functions may be converted to a similar process in the future.

## **SUGGESTED OUTLINE FOR SUBCOMMITTEE REPORTS**

**I. Agency & Department Name**

**II. BRU and Component Names as listed in state budget**

**III. Total Budget, all funds**

- identify fund sources

**IV. Total Revenue derived**

- net cost/income to state

**V. Identify Constitutional and Statutory Provisions Governing Agency Operation.**

**VI. Agency Mission, Goals and Objectives**

- do reality check

**VII. Number of Employees**

- Identify Specialized Expertise Needed for Mission

**VIII. Describe Technology Used to Perform Mission**

- Identify Specialized Equipment Needed for Mission

**IX. List Existing Agency Contracts including amount, contractor, purpose, term, and procurement method.**

**X. Identify Existing Privatization Practices, if any. Evaluate them for effectiveness and public accountability.**

**XI. Make Recommendations per Section 5 in SB 33, including suggestions for new legislation.**

**XII. Explain rationale for each recommendation, the number of votes for and against it.**

**XIII. List problems or barriers to implementing proposed privatization.**



# Agency Totals - FY00 Operating Budget

## Agency: Department of Commerce and Economic Development

|                                | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
| <b>Totals for Agency</b>       | <b>57,536.7</b> | <b>51,239.5</b> | <b>70,354.4</b> | <b>57,221.1</b> | <b>49,452.8</b> | <b>32,845.4</b> | <b>32,755.8</b> | <b>-37,898.6</b>     | <b>-53.4%</b> |
| <b>Objects of Expenditure:</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Personal Services              | 19,999.7        | 20,442.0        | 20,454.7        | 22,068.3        | 20,752.1        | 13,084.6        | 13,160.3        | -7,294.4             | -35.7%        |
| Travel                         | 1,505.8         | 1,777.7         | 1,727.7         | 1,625.3         | 1,436.5         | 542.1           | 550.2           | -1,177.5             | -68.2%        |
| Contractual                    | 21,048.0        | 20,170.6        | 25,913.5        | 24,639.1        | 18,281.8        | 10,408.9        | 10,563.1        | -15,350.4            | -59.2%        |
| Commodities                    | 509.7           | 556.5           | 560.5           | 560.0           | 544.0           | 233.3           | 237.4           | -323.1               | -57.6%        |
| Equipment                      | 347.3           | 123.1           | 138.8           | 158.8           | 158.8           | 61.2            | 65.2            | -73.6                | -53.0%        |
| Land/Bldgs                     | 12.8            | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |
| Grants, Claims                 | 14,113.4        | 8,169.6         | 21,559.2        | 8,169.6         | 8,279.6         | 8,109.6         | 8,229.6         | -13,329.6            | -61.8%        |
| Miscellaneous                  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 405.7           | -50.0           | -50.0                | %             |
| <b>Funding Sources:</b>        |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 1002 Fed Rcpts                 | 3,006.7         | 3,650.0         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 0.0                  | 0.0%          |
| 1003 G/F Match                 |                 |                 | 1.0             | 1.0             | 1.0             | 0.0             | 0.0             | -1.0                 | -100.0%       |
| 1004 Gen Fund                  | 12,398.9        | 7,474.7         | 7,481.0         | 7,785.8         | 2,053.2         | 1,964.5         | 1,874.9         | -5,606.1             | -74.9%        |
| 1005 GF/Prgrm                  | 16,340.6        | 14,573.3        | 18,931.7        | 18,840.5        | 18,326.0        | 1,808.3         | 1,808.3         | -17,123.4            | -90.4%        |
| 1007 I/A Rcpts                 | 1,523.0         | 1,739.0         | 1,743.2         | 2,029.7         | 1,808.4         | 1,808.4         | 1,808.4         | 65.2                 | 3.7%          |
| 1025 Sci/Tech                  | 11,564.6        | 9,553.4         | 23,061.1        | 9,539.8         | 9,539.8         | 9,539.8         | 9,539.8         | -13,521.3            | -58.6%        |
| 1035 Vet Loan                  | 230.3           | 183.1           | 183.8           | 147.8           | 147.8           | 147.8           | 147.8           | -36.0                | -19.6%        |
| 1036 Cm Fish Ln                | 2,534.2         | 2,586.2         | 2,583.8         | 2,608.9         | 2,608.9         | 2,608.9         | 2,608.9         | 15.1                 | 0.6%          |
| 1040 Surety Fnd                | 100.0           | 263.8           | 264.1           | 209.9           | 209.9           | 209.9           | 209.9           | -54.2                | -20.5%        |
| 1053 Invest Loss               | 34.4            |                 | 6.6             | -0.0            | 0.0             | 0.0             | 0.0             | -6.6                 | -100.0%       |
| 1057 Small Bus                 | 2.5             | 3.5             | 3.5             | 3.3             | 3.3             | 3.3             | 3.3             | -0.2                 | -5.7%         |
| 1061 CIP Rcpts                 | 36.5            | 135.0           | 135.1           | 360.1           | 360.1           | 360.1           | 360.1           | 225.0                | 166.5%        |
| 1067 Mining RLF                | 4.8             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 0.0                  | 0.0%          |
| 1068 Child Care                | 5.3             | 5.7             | 5.8             | 5.8             | 5.8             | 5.8             | 5.8             | 0.0                  | 0.0%          |
| 1069 Hist Dist                 | 2.9             | 2.0             | 2.0             | 2.5             | 2.5             | 2.5             | 2.5             | 0.5                  | 25.0%         |
| 1070 Fish En Ln                | 285.1           | 309.8           | 310.5           | 325.5           | 325.5           | 325.5           | 325.5           | 15.0                 | 4.6%          |
| 1071 Alt Energy                | 149.0           | 148.6           | 149.1           | 148.7           | 148.7           | 148.7           | 148.7           | -0.4                 | -0.3%         |
| 1072 Res Energy                | 0.1             |                 |                 |                 |                 |                 |                 | 0.0                  | %             |
| 1101 AERO Rcpts                | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 0.0                  | 0.0%          |
| 1102 AIDEA Rcpt                | 3,528.5         | 3,737.4         | 3,743.9         | 3,705.9         | 3,705.9         | 3,705.9         | 3,705.9         | -38.0                | -1.0%         |
| 1107 AEA Rcpts                 | 881.4           | 1,049.5         | 1,050.4         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | -0.9                 | -0.1%         |
| 1108 Stat Desig                | 1,012.8         | 1,299.9         | 1,307.0         | 1,299.9         | 0.0             | -0.0            | -0.0            | -1,307.0             | -100.0%       |
| 1110 APUC Rcpts                | 3,851.9         | 4,476.4         | 4,923.5         | 4,699.2         | 4,699.2         | 4,699.2         | 4,699.2         | -224.3               | -4.6%         |
| 1115 ITDF                      |                 |                 | 759.0           | 759.0           | 759.0           | 759.0           | 759.0           | 0.0                  | 0.0%          |
| <b>Positions:</b>              |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Perm Full Time                 | 343.0           | 342.0           | 343.0           | 370.0           | 351.0           | 349.0           | 348.0           | 5.0                  | 1.5%          |
| Perm Part Time                 | 10.0            | 9.0             | 10.0            | 8.0             | 5.0             | 5.0             | 5.0             | -5.0                 | -50.0%        |
| Non-Perm                       | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |

# Agency Totals - FY00 Operating Budget

## Agency: Department of Community & Regional Affairs

|                   | <u>FY98 Act</u> | <u>FY99 CC</u> | <u>FY99Auth</u> | <u>Gov Amd</u> | <u>House</u> | <u>Senate</u> | <u>ConfComm</u> | <u>FY99Auth to ConfComm</u> |        |
|-------------------|-----------------|----------------|-----------------|----------------|--------------|---------------|-----------------|-----------------------------|--------|
| Totals for Agency | 130,278.3       | 184,937.1      | 161,681.9       | 160,030.7      | 109,097.3    | 127,233.6     | 136,285.4       | -26,296.6                   | -16.3% |

### Objects of Expenditure:

|                   |           |           |           |           |          |           |           |           |        |
|-------------------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|--------|
| Personal Services | 10,061.1  | 10,325.5  | 10,360.0  | 11,008.4  | 10,608.4 | 10,963.9  | 10,808.4  | 448.4     | 4.3%   |
| Travel            | 1,082.6   | 1,209.3   | 1,227.3   | 1,261.9   | 1,261.9  | 1,243.2   | 1,261.9   | 34.6      | 2.8%   |
| Contractual       | 3,148.0   | 5,957.2   | 6,390.3   | 6,077.4   | 6,077.4  | 6,077.4   | 6,077.4   | -312.9    | -4.9%  |
| Commodities       | 146.0     | 230.9     | 231.6     | 241.3     | 241.3    | 241.3     | 241.3     | 9.7       | 4.2%   |
| Equipment         | 1,062.1   | 1,900.0   | 1,903.7   | 1,929.0   | 1,929.0  | 1,929.0   | 1,929.0   | 25.3      | 1.3%   |
| Land/Bldings      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0      | 0.0       | 0.0       | 0.0       | %      |
| Grants, Claims    | 114,756.5 | 135,414.2 | 141,469.0 | 139,512.7 | 89,090.7 | 106,958.8 | 115,278.8 | -26,190.2 | -18.5% |
| Miscellaneous     | 0.0       | -100.0    | 0.0       | 0.0       | -111.4   | -200.0    | -311.4    | -311.4    | %      |

### Funding Sources:

|                 |          |          |          |          |          |          |          |           |         |
|-----------------|----------|----------|----------|----------|----------|----------|----------|-----------|---------|
| 1002 Fed Rcpts  | 20,378.6 | 45,258.9 | 51,863.8 | 44,025.0 | 44,025.0 | 43,990.5 | 43,990.5 | -7,873.3  | -15.2%  |
| 1003 G/F Match  | 1,871.5  | 771.6    | 772.7    | 772.7    | 772.7    | 747.7    | 747.7    | -25.0     | -3.2%   |
| 1004 Gen Fund   | 74,920.5 | 69,162.5 | 69,175.7 | 64,465.1 | 10,200.6 | 41,227.3 | 37,559.1 | -31,616.6 | -45.7%  |
| 1005 GF/Prgrm   | 3.8      | 49.2     | 49.2     | 49.2     | 49.2     | 49.2     | 49.2     | 0.0       | 0.0%    |
| 1007 I/A Rcpts  | 12,932.7 | 20,489.6 | 20,496.2 | 30,534.2 | 34,745.3 | 34,734.4 | 35,134.4 | 14,638.2  | 71.4%   |
| 1051 Rural Dev  | 97.1     | 97.8     | 98.0     | 98.0     | 98.0     | 98.0     | 98.0     | 0.0       | 0.0%    |
| 1053 Invt Loss  | 68.2     |          | 14.5     | -0.0     | 0.0      | -0.0     | -0.0     | -14.5     | -100.0% |
| 1054 Empl Trng  |          |          |          |          |          |          | 3,400.0  | 100.0     | %       |
| 1061 CIP Rcpts  | 669.8    | 1,030.1  | 1,031.7  | 1,135.2  | 1,135.2  | 1,135.2  | 1,135.2  | 13.5      | 10.0%   |
| 1062 Power Proj | 606.6    | 728.8    | 731.3    | 802.5    | 802.5    | 802.5    | 802.5    | 1.2       | 9.7%    |
| 1063 NPR Fund   |          | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 0.0       | 0.0%    |
| 1074 Bulk Fuel  | 47.2     | 48.8     | 49.0     | 49.0     | 49.0     | 49.0     | 49.0     | 0.0       | 0.0%    |
| 1069 Power Cost | 18,664.2 | 17,000.0 | 17,000.0 | 17,000.0 | 17,000.0 | 4,180.0  | 12,100.0 | -4,900.0  | -28.8%  |
| 1062 MHTAAR     |          | 50.0     | 50.0     | 0.0      | 0.0      | 0.0      | 0.0      | -50.0     | -100.0% |
| 1106 Stat Desig | 14.1     | 99.8     | 99.8     | 69.8     | 69.8     | 69.8     | 69.8     | -30.0     | -30.1%  |
| 1111 FishFndInc |          | 100.0    | 100.0    | 100.0    | 100.0    | 100.0    | 100.0    | 0.0       | 0.0%    |
| 1119 Tobac Setl |          |          |          | 880.0    | 0.0      | 0.0      | 0.0      | 0.0       | %       |

### Positions:

|                |       |       |       |       |       |       |       |      |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|------|-------|
| Perm Full Time | 173.0 | 168.0 | 168.0 | 185.0 | 185.0 | 185.0 | 185.0 | 17.0 | 10.1% |
| Perm Part Time | 3.0   | 3.0   | 3.0   | 3.0   | 3.0   | 3.0   | 3.0   | 0.0  | 0.0%  |
| Non-Perm       | 20.0  | 7.0   | 7.0   | 7.0   | 7.0   | 7.0   | 7.0   | 0.0  | 0.0%  |



## Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                                     | FY98 Act | FY99 CC | FY99Auth | Gov Amd | House   | Senate  | ConfComm | FY99Auth to ConfComm |         |
|------|------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|----------------------|---------|
|      | <b>Banking, Securities, and Corp</b>                 |          |         |          |         |         |         |          |                      |         |
| 1    | Banking, Securities and Corp                         | 1,652.3  | 1,647.8 | 1,654.9  | 1,894.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | * BRU Total                                          | 1,652.3  | 1,647.8 | 1,654.9  | 1,894.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | <b>Insurance Operations</b>                          |          |         |          |         |         |         |          |                      |         |
| 2    | Insurance Operations                                 | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | * BRU Total                                          | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | <b>Occupational Licensing</b>                        |          |         |          |         |         |         |          |                      |         |
| 3    | Occupational Licensing                               |          |         |          | 5,458.9 | 5,458.9 | 405.7   | 405.7    | 405.7                | %       |
| 4    | Operations                                           | 4,926.1  | 3,983.0 | 5,651.0  | 0.0     | -0.0    | -0.0    | -0.0     | -5,651.0             | -100.0% |
| 5    | Licensing Boards                                     | 198.4    | 173.2   | 183.2    | 0.0     | 0.0     | 0.0     | 0.0      | -183.2               | -100.0% |
|      | * BRU Total                                          | 5,122.5  | 4,156.2 | 5,834.2  | 5,458.9 | 5,458.9 | 405.7   | 405.7    | -5,428.5             | -93.0%  |
|      | <b>Alaska Public Utilities Commission Operations</b> |          |         |          |         |         |         |          |                      |         |
| 6    | APUC Operations                                      | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | * BRU Total                                          | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | <b>Executive Administration and Development</b>      |          |         |          |         |         |         |          |                      |         |
| 7    | Commissioner's Office                                | 541.2    | 450.9   | 452.2    | 546.3   | 452.2   | 452.2   | 402.2    | -50.0                | -11.1%  |
| 8    | Trade and Development                                | 2,834.0  | 1,884.4 | 2,649.6  | 3,180.4 | 2,774.7 | 2,875.1 | 2,835.5  | 185.9                | 7.0%    |
| 9    | Administrative Services                              | 1,153.7  | 1,212.5 | 1,217.8  | 1,282.7 | 1,188.6 | 1,188.6 | 1,188.6  | -29.2                | -2.4%   |
| 10   | Unallocated Reduction                                |          |         |          |         |         | -189.1  | -189.1   | -189.1               | 0.0%    |
|      | * BRU Total                                          | 4,528.9  | 3,547.8 | 4,319.6  | 5,009.4 | 4,415.5 | 4,326.8 | 4,237.2  | -82.4                | -1.9%   |
|      | <b>Alaska Science and Technology Foundation</b>      |          |         |          |         |         |         |          |                      |         |
| 11   | AK Science & Tech. Foundation                        | 10,667.4 | 8,995.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | * BRU Total                                          | 10,667.4 | 8,995.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | <b>Investments</b>                                   |          |         |          |         |         |         |          |                      |         |
| 12   | Investments                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -8.0                 | -0.2%   |
|      | * BRU Total                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -8.0                 | -0.2%   |
|      | <b>Tourism</b>                                       |          |         |          |         |         |         |          |                      |         |
| 13   | Alaska Tourism Mktg Council                          | 4,412.3  | 4,639.4 | 4,640.2  | 4,637.5 | 0.0     | 0.0     | 0.0      | -4,640.2             | -100.0% |
| 14   | Tourism Development                                  | 2,593.4  | 2,360.0 | 2,363.1  | 2,377.9 | 0.0     | -0.0    | 0.0      | -2,363.1             | -100.0% |
|      | * BRU Total                                          | 7,005.7  | 6,999.4 | 7,003.3  | 7,015.4 | 0.0     | 0.0     | 0.0      | -7,003.3             | -100.0% |

## Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                     | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|------|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
|      | <b>AIDEA</b>                         |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 15   | AIDEA Fac Maint                      |                 |                 |                 | 73.0            | 73.0            | 73.0            | 73.0            | 73.0                 | %             |
| 16   | AIDEA                                | 3,528.5         | 4,040.7         | 4,048.1         | 3,952.2         | 3,952.2         | 3,952.2         | 3,952.2         | -95.9                | -2.4%         |
| 17   | Alaska Energy Auth Op & Maint        | 881.4           | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,409.9         | 5,090.2         | 5,097.6         | 5,074.7         | 5,074.7         | 5,074.7         | 5,074.7         | -22.9                | -0.4%         |
|      | <b>Alaska Seafood Marketing Inst</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 18   | Alaska Seafood Marketing Inst        | 8,483.0         | 10,550.1        | 10,554.3        | 10,568.9        | 10,568.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | * BRU Total                          | 8,483.0         | 10,550.1        | 10,554.3        | 10,568.9        | 10,568.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | <b>Alaska Aerospace Devel Corp</b>   |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 19   | Ak Aerospace Development             | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.8%         |
|      | Corp                                 |                 |                 |                 |                 |                 |                 |                 |                      |               |
|      | * BRU Total                          | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.8%         |
|      | <b>Fish Enhancement Tax Receipts</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 20   | Fish Enhancement Tax Rcpts           | 4,072.6         |                 |                 |                 |                 |                 |                 | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,072.6         | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | 0.0%          |
|      | <b>*** Total Agency Expenditure</b>  | <b>57,536.7</b> | <b>61,239.6</b> | <b>70,364.4</b> | <b>67,221.1</b> | <b>49,462.8</b> | <b>32,845.4</b> | <b>32,766.8</b> | <b>-37,606.6</b>     | <b>-63.4%</b> |
|      | <b>Federal Funds</b>                 | <b>3,006.7</b>  | <b>3,650.0</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>0.0</b>           | <b>0.0%</b>   |
|      | <b>General Funds</b>                 | <b>28,739.5</b> | <b>22,048.0</b> | <b>26,413.7</b> | <b>26,627.3</b> | <b>20,380.2</b> | <b>3,772.8</b>  | <b>3,683.2</b>  | <b>-22,730.5</b>     | <b>-86.1%</b> |
|      | <b>Other Funds</b>                   | <b>25,790.5</b> | <b>25,541.5</b> | <b>40,290.6</b> | <b>26,943.7</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>-14,668.1</b>     | <b>-36.9%</b> |



# Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page | Budget Component                          | FY98 Act | FY99 CC  | FY99Auth | Gov Amd  | House    | Senate   | ConfComm | FY99Auth to ConfComm |         |
|------|-------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------------------|---------|
|      | <b>Administration and Support</b>         |          |          |          |          |          |          |          |                      |         |
| 1    | Office of the Commissioner                | 688.5    | 529.4    | 530.8    | 530.8    | 530.8    | 530.8    | 530.8    | 0.0                  | 0.0%    |
| 2    | Administrative Services                   | 1,687.4  | 1,758.8  | 1,767.7  | 1,925.4  | 1,925.4  | 1,925.4  | 1,925.4  | 157.7                | 8.9%    |
| 3    | Data and Word Processing                  | 633.0    | 736.2    | 738.2    | 798.2    | 798.2    | 798.2    | 798.2    | 60.0                 | 8.1%    |
| 4    | One Stop                                  | 1,526.7  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 0.0                  | 0.0%    |
| 5    | Unallocated Reduction                     |          |          |          |          | -111.4   | -43.2    | -111.4   | -111.4               | 0.0%    |
|      | * BRU Total                               | 4,535.6  | 6,024.4  | 6,036.7  | 6,254.4  | 6,143.0  | 6,211.2  | 6,143.0  | 106.3                | 1.8%    |
|      | <b>State Facilities Maintenance</b>       |          |          |          |          |          |          |          |                      |         |
| 6    | State Facilities Maintenance              |          |          |          | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
|      | * BRU Total                               | 0.0      | 0.0      | 0.0      | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
|      | <b>Renters' Equivalency Rebate</b>        |          |          |          |          |          |          |          |                      |         |
| 7    | Renters' Equivalency Rebate               | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
|      | * BRU Total                               | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
|      | <b>National Forest Receipts</b>           |          |          |          |          |          |          |          |                      |         |
| 8    | National Forest Receipts                  | 1,089.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
|      | * BRU Total                               | 1,089.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
|      | <b>Municipal Revenue Sharing</b>          |          |          |          |          |          |          |          |                      |         |
| 9    | State Revenue Sharing                     | 22,717.2 | 21,583.8 | 21,583.8 | 21,583.8 | 0.0      | 14,389.2 | 14,389.2 | -7,194.6             | -33.3%  |
| 10   | Municipal Assistance                      | 27,638.2 | 26,256.3 | 26,256.3 | 26,256.3 | 0.0      | 17,504.2 | 17,504.2 | -8,752.1             | -33.3%  |
|      | * BRU Total                               | 50,355.4 | 47,840.1 | 47,840.1 | 47,840.1 | 0.0      | 31,893.4 | 31,893.4 | -15,946.7            | -33.3%  |
|      | <b>Local Government Assistance</b>        |          |          |          |          |          |          |          |                      |         |
| 11   | Local Government Management               | 3,002.9  | 2,666.1  | 9,272.6  | 2,983.8  | 2,583.8  | 2,983.8  | 2,783.8  | -6,488.8             | -70.0%  |
| 12   | State Assessor                            | 148.8    | 149.3    | 150.2    | 150.2    | 150.2    | 150.2    | 150.2    | 0.0                  | 0.0%    |
| 13   | Local Boundary Commission                 | 245.1    | 247.1    | 248.3    | 248.3    | 248.3    | 248.3    | 248.3    | 0.0                  | 0.0%    |
| 14   | Statewide Assistance                      | 5,167.4  | 6,748.9  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 0.0                  | 0.0%    |
| 15   | National Petroleum Reserve Pgm            |          | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 0.0                  | 0.0%    |
|      | * BRU Total                               | 8,564.2  | 9,861.4  | 16,471.9 | 10,183.1 | 9,783.1  | 10,183.1 | 9,983.1  | -6,488.8             | -39.4%  |
|      | <b>Community and Economic Development</b> |          |          |          |          |          |          |          |                      |         |
| 16   | Community & Econ Develop                  | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |
|      | * BRU Total                               | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |

## Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page                                           | Budget Component                   | FY98 Act         | FY99 CC          | FY99Auth         | Gov Amd          | House            | Senate           | ConfComm         | FY99Auth to ConfComm |               |
|------------------------------------------------|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|---------------|
| <b>Child Assistance</b>                        |                                    |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 17                                             | Child Care                         | 3,865.2          | 3,552.3          | 3,555.1          | 4,623.5          | 4,143.5          | 2,768.4          | 3,668.4          | 113.3                | 3.2%          |
| 18                                             | Day Care Assistance Programs       | 15,844.5         | 18,966.1         | 18,966.1         | 21,635.1         | 19,833.2         | 20,685.1         | 20,185.1         | 1,219.0              | 6.4%          |
| 19                                             | Head Start Grants                  | 5,912.0          | 5,928.4          | 5,929.2          | 6,651.8          | 6,651.8          | 6,029.2          | 6,029.2          | 100.0                | 1.7%          |
|                                                | * BRU Total                        | 25,621.7         | 28,446.8         | 28,450.4         | 32,910.4         | 30,628.5         | 29,482.7         | 29,882.7         | 1,432.3              | 5.0%          |
| <b>Employment Training/Rural Development</b>   |                                    |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 20                                             | Job Training Partnership Act       | 7,229.3          | 15,872.7         | 15,875.4         | 14,361.4         | 14,361.4         | 14,361.4         | 14,361.4         | -1,514.0             | -9.5%         |
| 21                                             | State Training and Employment      | 1,788.8          | 1,732.3          | 1,732.3          | 1,512.3          | 1,512.3          | 1,512.3          | 1,512.3          | -220.0               | -12.7%        |
| 22                                             | Statewide Service Delivery         | 6,843.3          | 10,690.7         | 10,697.5         | 12,417.5         | 12,417.5         | 12,417.5         | 12,417.5         | 1,720.0              | 16.1%         |
| 23                                             | Community Development Assist.      | 1,785.9          | 2,988.3          | 2,969.5          | 3,003.5          | 3,003.5          | 3,003.5          | 3,003.5          | 14.0                 | 0.5%          |
|                                                | * BRU Total                        | 17,647.3         | 31,284.0         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | -0.0                 | -0.0%         |
| <b>Rural Energy Program--Energy Operations</b> |                                    |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 24                                             | Energy Operations                  | 2,033.6          | 2,305.4          | 2,310.8          | 2,444.0          | 2,444.0          | 2,184.5          | 2,184.5          | -126.3               | -5.5%         |
| 25                                             | Power Cost Equalization            | 18,664.2         | 17,000.0         | 17,000.0         | 17,000.0         | 17,000.0         | 4,180.0          | 12,100.0         | -4,900.0             | -28.8%        |
|                                                | * BRU Total                        | 20,697.8         | 19,305.4         | 19,310.8         | 19,444.0         | 19,444.0         | 6,364.5          | 14,284.5         | -5,026.3             | -26.0%        |
| <b>Circuit Rider Program</b>                   |                                    |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 26                                             | Circuit Rider                      | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|                                                | * BRU Total                        | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|                                                | <b>** Total Agency Expenditure</b> | <b>130,276.3</b> | <b>164,937.1</b> | <b>161,681.9</b> | <b>160,030.7</b> | <b>109,097.3</b> | <b>127,233.6</b> | <b>135,285.4</b> | <b>-26,296.5</b>     | <b>-16.3%</b> |
|                                                | <b>Federal Funds</b>               | <b>20,378.6</b>  | <b>45,308.9</b>  | <b>51,913.8</b>  | <b>44,075.0</b>  | <b>44,075.0</b>  | <b>44,040.5</b>  | <b>44,040.5</b>  | <b>-7,873.3</b>      | <b>-15.2%</b> |
|                                                | <b>General Funds</b>               | <b>76,795.8</b>  | <b>69,983.3</b>  | <b>69,997.6</b>  | <b>66,167.0</b>  | <b>11,022.5</b>  | <b>42,024.2</b>  | <b>38,356.0</b>  | <b>-31,641.6</b>     | <b>-45.2%</b> |
|                                                | <b>Other Funds</b>                 | <b>33,101.9</b>  | <b>39,644.9</b>  | <b>39,670.5</b>  | <b>49,788.7</b>  | <b>53,999.8</b>  | <b>41,168.9</b>  | <b>52,888.9</b>  | <b>13,218.4</b>      | <b>33.3%</b>  |



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**August 17, 1999**

The Commerce and Community Development Subcommittee met on August 17, 1999 at 11:30. Present and at remote locations were Chairman Johnson and members Crawford, Smith, Holmes, Smirnoff, Levi, Davidge, Thomas, Wolf, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Also present was Commissioner Sedwick. Staff from Commerce and Community Development were also present on air. The subcommittee decided that it would meet weekly on Wednesdays between 3:30 and 5 starting the next Wednesday.

Commissioner Sedwick gave an overview of her new, combined department. Basically there were four classes of functions: regulatory, economic development, quasi-public entities and rural development. A budgetary overview was distributed and Sedwick gave a brief description of the department and its functions.

After Sedwick's presentation the subcommittee debated what its long term focus was to be. With a final report due by the middle of October, it was decided to make the focus as clear as possible as soon as possible. After a brief discussion it was suggested that the divisions be examined being guided by a five-step process:

1. Identify the functions each division performed,
2. Determine if that function was necessary,
3. Establish a purpose for the function,
4. Suggest alternatives to the function if appropriate, and
5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.

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**August 25, 1999**

**The Commerce and Community Development Subcommittee met on August 25, 1999 at 11:30. Present and at remote locations were Chairman Craig Johnson and members Crawford, Smith, Holmes, Holm, Levi, Davidge, Thomas, Schroer, Rouse, Helm, Wuerch, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Staff from Community and Economic Development were also present on air.**

**The committee reviewed material submitted by staff and one member expressed extreme displeasure at the lack of completeness of the offering. After some discussion, staff agreed to provide a specific, up-to-the-moment organizational chart with all positions – filled and vacant – to the committee by the next meeting.**

**To simplify the process of examining the department, it was decided to divide the department into six functional categories: A) regulatory, B) management, C) revenue sharing, D) economic development and E) subsidy. In person, on air and by phone, the membership of the groups is as follows:**

- A: Schroer, Holmes, Schlofeldt**
- B: Davidge, Johnson, Holmes, Hackney, Smirnoff**
- C: Helm, Wuerch, Sanders**
- D: Levi, Davidge, Smith, Nichols, Rouse**
- E: Crawford, Nichols, Jones, Smirnoff**

**Each of the groups was urged to choose a chair and that person would be the primary contact for the specific divisions to be examined. The meeting adjourned at 5:15.**



**The Commission on Privatization and Delivery of Government Services**  
**Trade and Development Subcommittee**  
8/30/99 11:27 AM

**A. Agency Program Review - Matrix**

*Within your BRU, please identify each program or activity you manage and answer the following questions as appropriate:*

1. When was this program initiated and why?
2. What is the current purpose of the program?  
Example: The purpose of this program is to provide financial, technical, or information assistance to prospective new businesses in Alaska.
3. What is the function of this program?  
Example: This program distributes appropriated funds to qualifying new businesses in Alaska.
4. What is the current mission statement of this program?
5. What is the history of this program?  
Programmatically  
Fiscally  
Employees
6. How is this program funded?
7. Does this program financially depend or is otherwise related to a federal program?  
If so explain the relationship, funding levels (\$ & %), regulatory constraints
9. How does this program relate to other levels of government within Alaska?
10. Does this program generate program receipts or other income?  
Explain receipt authority, accounting, deposits (i.e. separate accounting)
11. What are the accomplishments or outputs of this program over the past ten (10) years? Please be specific.
12. What are the failures of this program over the past 10 years? Please be specific.
13. How many employees, by type and cost level, are related to this program?
14. How many vacant positions do you maintain in your funding base?
15. Is there anything else you wish to add that will assist in our understanding of this program?

**B. Alternative Forms of Program Management - Matrix (CCS for Senate Bill No.33)**

*Answers these questions should be short, but with appropriate "why" explanations.*

1. Should this program be contracted out?
2. Should this program be transferred to the private sector?
3. Should this program be transferred to local governments or regional service organizations?
4. Should this program be given back to the federal government?

5. Should this program be consolidated with other similar program purposes or functions?
6. Are there other program efficiencies that can be identified?
7. Is there a combination of approaches under the above list that would be appropriate?
8. Should this program be eliminated totally?
9. Is this program most effectively and efficiently delivered by the state, and should it remain a state responsibility?

Consistent with the requirements of the Commission on Privatization and Delivery of Government Services, spelled out in SB33, this subcommittee is attempting to become knowledgeable of programs and functions to make informed and intelligent recommendations to the commission. Your responses to these questions are critical to this effort and need to be provided in a timely manner to Ric Davidge via Email ([Rdavidge@ci.wasilla.ak.us](mailto:Rdavidge@ci.wasilla.ak.us)). If you have questions, please call me at 373-9045.

The next meeting of the subcommittee will be Wednesday, September 1, 1999 at 3:30 PM.



**The Commission on Privatization and Delivery of Government Services**  
**Trade and Development Subcommittee**  
8/30/99 11:27 AM

**Subcommittee Review Matrix**

1. Do we have sufficient information from which to base a recommendation?

2. Can this program be contracted out?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Can this contracted service be converted to a non-subsidized business?

How do we deal with the "public interest" and political accountability?

3. Can this program be transferred to the private sector?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Will the private sector provider need to be subsidized? For how long?

How do we deal with the "public interest" and political accountability?

4. Can this program be transferred to local governments or regional service organizations?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Will this local government service need to be subsidized? For how long?

Is this decentralization more or less efficient in service provision?

How do we deal with the "public interest" and political accountability?

5. Can this program be consolidated with other similar program purposes or functions?

What programs and/or functions?

By what service provider? (state, local government, private sector)

What laws, regulations need to be changed if any?

What level of funding reductions can be anticipated based on new management efficiencies?

6. What other program efficiencies can be identified?

7. Are there other organizational alternatives that can still meet the program's purpose and function?

8. Should this program be eliminated totally?

9. Is this program most effectively and efficiently delivered by the state? Should it remain a state responsibility?

10. If appropriate, should this program be returned to the federal government?

What are the program service implications?

Centralization vs. decentralization

In-state services vs. services from federal offices from outside of Alaska

Program accountability

Program management flexibility

What are the funding implications?

Does the state lose more in federal funds than it gains in reduced state government?

Is federal management more or less efficient in providing these services?

Is the "Alaskan" perspective lost in program management and application?

**Other programmatic recommendations:**

**Programmatic strategic plans** should be legislatively required for any state, general fund program. This would include any state contract of program delegation that includes state funds. These strategic plans must identify programmatic goals and objectives, but also specific measurable priorities for each fiscal year. These plans should be submitted with budget requests and become a focus of legislative review for program oversight as well as funding.

The **annual measurement of program outputs or accomplishments** is essential to program performance audits, staffing and funding reviews, legislative oversight, and effectual program management. If you do not measure what you produce every FY, against what you proposed to produce (when making funding arguments before legislative committees), you do not have a meaningful means to argue for continued funding. The use of the term "products" is loosely applied to include measurable services.

State program managers should meet the same performance and reporting requirements as persons who perform under state contracts.



**The Commission on Privatization and Delivery of Government Services**  
**Trade and Development Subcommittee**  
8/30/99 11:28 AM

**Subcommittee Review Matrix**

1. Do we have sufficient information from which to base a recommendation?

2. Can this program be contracted out?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Can this contracted service be converted to a non-subsidized business?

How do we deal with the "public interest" and political accountability?

3. Can this program be transferred to the private sector?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Will the private sector provider need to be subsidized? For how long?

How do we deal with the "public interest" and political accountability?

4. Can this program be transferred to local governments or regional service organizations?

How?

What laws, regulations need to be changed if any?

Who will do program and fiscal audits? How often?

Will this local government service need to be subsidized? For how long?

Is this decentralization more or less efficient in service provision?

How do we deal with the "public interest" and political accountability?

5. Can this program be consolidated with other similar program purposes or functions?

What programs and/or functions?

By what service provider? (state, local government, private sector)

What laws, regulations need to be changed if any?

What level of funding reductions can be anticipated based on new management efficiencies?

6. What other program efficiencies can be identified?

7. Are there other organizational alternatives that can still meet the program's purpose and function?

8. Should this program be eliminated totally?

9. Is this program most effectively and efficiently delivered by the state? Should it remain a state responsibility?

10. If appropriate, should this program be returned to the federal government?

What are the program service implications?

Centralization vs. decentralization

In-state services vs. services from federal offices from outside of Alaska

Program accountability

Program management flexibility

What are the funding implications?

Does the state lose more in federal funds than it gains in reduced state government?

Is federal management more or less efficient in providing these services?

Is the "Alaskan" perspective lost in program management and application?

**Other programmatic recommendations:**

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The **annual measurement of program outputs or accomplishments** is essential to program performance audits, staffing and funding reviews, legislative oversight, and effectual program management. If you do not measure what you produce every FY, against what you proposed to produce (when making funding arguments before legislative committees), you do not have a meaningful means to argue for continued funding. The use of the term "products" is loosely applied to include measurable services.

State program managers should meet the same performance and reporting requirements as persons who perform under state contracts.



## **The Commission on Privatization and Delivery of Government Services Trade and Development Subcommittee**

### **State BRUs**

|                                                               |          |                                                                                                |
|---------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------|
| Trade and Development<br>Greg Wolf, Dir.<br>Robin Boysen      | 269-8115 | <a href="mailto:Greg_Wolf@commerce.state.ak.us">Greg_Wolf@commerce.state.ak.us</a>             |
| Community and Economic Development<br>Pat Poland, Dir         | 269-4580 | <a href="mailto:Pat_Poland@dced.state.ak.us">Pat_Poland@dced.state.ak.us</a>                   |
| Tourism Development<br>Ginny Fay, Dir.                        | 465-2012 | <a href="mailto:GoNorth@commerce.state.ak.us">GoNorth@commerce.state.ak.us</a>                 |
| AK Tourism Marketing Council<br>Kathy Dunn, Ex Dir            | 269-8182 | <a href="mailto:Kathy_Dunn@dced.state.ak.us">Kathy_Dunn@dced.state.ak.us</a>                   |
| Alaska Seafood Marketing Institute<br>Barbara Belknap, Ex Dir | 465-5560 | <a href="mailto:BBElknap@alaskaseafood.org">BBElknap@alaskaseafood.org</a>                     |
| Deborah Sedwick, Commissioner                                 | 465-2500 | <a href="mailto:Deborah_Sedwick@commerce.state.ak.us">Deborah_Sedwick@commerce.state.ak.us</a> |

### **Federal Programs**

|                                                               |          |                                                                |
|---------------------------------------------------------------|----------|----------------------------------------------------------------|
| Department of Commerce<br>International Trade<br>Chuck Becker | 271-6237 | <a href="mailto:cbecker@mail.doc.gov">cbecker@mail.doc.gov</a> |
|---------------------------------------------------------------|----------|----------------------------------------------------------------|

### **Private Programs**

|                             |          |                                                          |
|-----------------------------|----------|----------------------------------------------------------|
| World Trade Center<br>Robyn | 278-7233 | <a href="mailto:world1@alaska.net">world1@alaska.net</a> |
|-----------------------------|----------|----------------------------------------------------------|

## **The Commission on Privatization and Delivery of Government Services Trade and Development Subcommittee**

### **State BRUs**

|                                                               |          |                                                                                                       |
|---------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------|
| Trade and Development<br>Greg Wolf, Dir.<br>Robin Boysen      | 269-8115 | <a href="mailto:Greg_Wolf@commerce.state.ak.us"><u>Greg_Wolf@commerce.state.ak.us</u></a>             |
| Community and Economic Development<br>Pat Poland, Dir         | 269-4580 | <a href="mailto:Pat_Poland@ced.state.ak.us"><u>Pat_Poland@ced.state.ak.us</u></a>                     |
| Tourism Development<br>Ginny Fay, Dir.                        | 465-2012 | <a href="mailto:GoNorth@commerce.state.ak.us"><u>GoNorth@commerce.state.ak.us</u></a>                 |
| AK Tourism Marketing Council<br>Kathy Dunn, Ex Dir            | 269-8182 | <a href="mailto:Kathy_Dunn@ced.state.ak.us"><u>Kathy_Dunn@ced.state.ak.us</u></a>                     |
| Alaska Seafood Marketing Institute<br>Barbara Belknap, Ex Dir | 465-5560 | <a href="mailto:BBElknap@alaskaseafood.org"><u>BBElknap@alaskaseafood.org</u></a>                     |
| Deborah Sedwick, Commissioner                                 | 465-2500 | <a href="mailto:Deborah_Sedwick@commerce.state.ak.us"><u>Deborah_Sedwick@commerce.state.ak.us</u></a> |

### **Federal Programs**

|                                                               |          |                                                                       |
|---------------------------------------------------------------|----------|-----------------------------------------------------------------------|
| Department of Commerce<br>International Trade<br>Chuck Becker | 271-6237 | <a href="mailto:cbecker@mail.doc.gov"><u>cbecker@mail.doc.gov</u></a> |
|---------------------------------------------------------------|----------|-----------------------------------------------------------------------|

### **Private Programs**

|                             |          |                                                                 |
|-----------------------------|----------|-----------------------------------------------------------------|
| World Trade Center<br>Robyn | 278-7233 | <a href="mailto:world1@alaska.net"><u>world1@alaska.net</u></a> |
|-----------------------------|----------|-----------------------------------------------------------------|



**Steven C. Levi**  
Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

**August 17, 1999**

The Commerce and Community Development Subcommittee met on August 17, 1999 at 11:30. Present and at remote locations were Chairman Johnson and members Crawford, Smith, Holmes, Smirnoff, Levi, Davidge, Thomas, Wolf, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Also present was Commissioner Sedwick. Staff from Commerce and Community Development were also present on air. The subcommittee decided that it would meet weekly on Wednesdays between 3:30 and 5 starting the next Wednesday.

Commissioner Sedwick gave an overview of her new, combined department. Basically there were four classes of functions: regulatory, economic development, quasi-public entities and rural development. A budgetary overview was distributed and Sedwick gave a brief description of the department and its functions.

After Sedwick's presentation the subcommittee debated what its long term focus was to be. With a final report due by the middle of October, it was decided to make the focus as clear as possible as soon as possible. After a brief discussion it was suggested that the divisions be examined being guided by a five-step process:

1. Identify the functions each division performed,
2. Determine if that function was necessary,
3. Establish a purpose for the function,
4. Suggest alternatives to the function if appropriate, and
5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.



Please distribute to  
Committee members

Thank you

Rick Davidge  
373-9045

Rick sent this report out  
to Subcommittee members  
already.



**Steven C. Levi**  
Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

**August 25, 1999**

The Commerce and Community Development Subcommittee met on August 25, 1999 at 11:30. Present and at remote locations were Chairman Craig Johnson and members Crawford, Smith, Holmes, Holm, Levi, Davidge, Thomas, Schroer, Rouse, Helm, Wuerch, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Staff from Community and Economic Development were also present on air.

The committee reviewed material submitted by staff and one member expressed extreme displeasure at the lack of completeness of the offering. After some discussion, staff agreed to provide a specific, up-to-the-moment organizational chart with all positions – filled and vacant – to the committee by the next meeting.

To simplify the process of examining the department, it was decided to divide the department into six functional categories: A) regulatory, B) management, C) revenue sharing, D) economic development and E) subsidy. In person, on air and by phone, the membership of the groups is as follows:

- A: Schroer, Holmes, Schlotfeldt
- B: Davidge, Johnson, Holmes, Hackney, Smirnoff
- C: Helm, Wuerch, Sanders
- D: Levi, Davidge, Smith, Nichols, Rouse
- E: Crawford, Nichols, Jones, Smirnoff

Each of the groups was urged to choose a chair and that person would be the primary contact for the specific divisions to be examined. The meeting adjourned at 5:15.

## **Steven C. Levi**

**Box 241467**

**Anchorage, AK 99524**

**Phone: 337-2021**

**FAX: 337-4485**

**Email: afscl@alaska.net**

### **MINUTES for September 17, 1999:**

The September 17, 1999 meeting was very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Jim Sanders, Steve Rouse and legislative staff member Marco Pignalberi. Staff chair Ric Davidge gave a summary of the work done by the Economic Development subcommittee and announced that all of the questionnaires had been sent out and he was assembling the responses. He stated he expected to have a final report within three weeks for review by the entire committee. Crawford reported that his investment subcommittee had examined AHFC, AIDA, ASTF and the Alaska Aerospace Development Corporation and stated he felt his subcommittee would recommend that AHFC and AIDA be combined administratively with the \$620 million funding from AIDA going back to the General Fund. The meeting was then adjourned.

### **MINUTES for September 22, 1999:**

The September 17, 1999 meeting was also very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Dennis Schlotfeldt, Jim Sanders, Don Shroer, and legislative staff member Marco Pignalberi as well as administrative staff member Greg Wolfe. Chairman Crawford gave an update on his subcommittee and Don Schroer gave an overview of the work the regulatory subcommittee was doing. A question was raised about the State of Alaska's statutory responsibility to handle the elections of Alaska Native Corporations and administrative staff member Wolfe stated he would bring details to the next meeting. Schroer suggested allowing all bank audits to be done by the private sector. With unanimous consent, Chairman Crawford set a deadline for questions to the administration on September 27<sup>th</sup>. All questions were to be answered by October 4<sup>th</sup> so a final report could be presented on October 15<sup>th</sup>. The meeting was then adjourned.



# LEGISLATIVE RESEARCH REPORT

OCTOBER 19, 1999



REPORT NUMBER 00.008

## POTENTIAL STATE TAX LIABILITY OF THE ALASKA RAILROAD

PREPARED FOR REPRESENTATIVE JOHN COWDERY

PREPARED BY KATHLEEN L. WAKEFIELD, LEGISLATIVE ANALYST

You asked us to estimate what the state tax liability of the Alaska Railroad would have been for the last five years had the corporation been subject to state taxes. As you know, Alaska Statute 42.40.910 exempts the Alaska Railroad Corporation "from all taxes and special assessments of the state or a political subdivision of the state." Without such an exemption, according to officials with the Alaska Department of Revenue, the corporation would be required to pay the state corporate income tax and the motor fuel tax. We estimate that the corporation would have paid approximately four million dollars in taxes over the last five years (1994-1998): over three million dollars in state corporate income tax, and about \$600,000 in state motor fuel tax. (The corporation is also exempt from federal income tax.)<sup>1</sup>

The following table provides estimated tax liability for the corporate income tax for 1994, 1995, 1996, 1997, and 1998, based on the corporation's "net income" as reported on the balance sheets in the annual reports for those years. The corporate tax rate for businesses earning taxable income of over \$90,000 per year is 9.4 percent.<sup>2</sup> These figures do not take into account any deductions that the corporation may be eligible to claim (for example, depreciation of buildings and equipment).

<sup>1</sup> "Alaska Railroad Corporation 1998 Annual Report," p. 18.

<sup>2</sup> Personal communication with Mark Graber, Income & Excise Audit, Alaska Department of Revenue, October 13, 1999.

**Estimated Corporate Income Tax Liability for the Alaska Railroad,  
1994-1998 (in thousands)**

|                                      | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>Five Year<br/>Total</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------|
| Net Income <sup>1</sup>              | (\$3,210.0) | \$7,871.0   | \$8,009.0   | \$10,590.0  | \$9,936.0   | \$33,196.0                 |
| Potential Tax Liability <sup>2</sup> | \$0.0       | \$739.9     | \$752.8     | \$995.5     | \$934.0     | \$3,422.2                  |

<sup>1</sup> "Net Income" is taken from ARC annual report balance sheets for these years.

<sup>2</sup> "Potential Tax Liability" is based on the Alaska corporate income tax rate of 9.4% for corporations with taxable income of over \$90,000 per year. In 1994, the corporation experienced a net loss, so no tax would have been assessed.

According to the Corporate Communications office, the railroad purchases approximately six million gallons of motor fuel per year for locomotives, and corporate vehicles and equipment.<sup>3</sup> A net motor fuel tax rate of two cents per gallon would have applied to most of the fuel purchased by the railroad had it been subject to state taxes, since the bulk of the fuel is used for the locomotives.<sup>4</sup> At that rate, the railroad would have paid at least \$120,000 per year in state motor fuel tax--a total of about \$600,000 over the past five years (1994-1998).

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I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

---

<sup>3</sup> Personal communication with Scott Banks, Corporate Communications, Alaska Railroad Corporation, October 15, 1999.

<sup>4</sup> According to the Department of Revenue, the state motor fuel tax is eight cents per gallon, which is included in the purchase price of the fuel. But users are entitled to a refund of six cents per gallon for fuel used in vehicles that are not licensed for highway use (off-road vehicles, locomotives, etc.).





and Delivery of Government Services

Co-Chairs:  
Representative John Cowdery  
Senator Jerry Ward

October 8, 1999

Senator Al Adams  
Bill Allen  
Representative Tom Brice  
Tom Fink  
Michael Harper  
Emil Notti  
Kathryn Thomas  
Don Valesko  
George Wuerch

Honorable Tony Knowles  
Governor of Alaska  
State Capitol Building  
Juneau, Alaska 99801

Re: Privatization Commission

Dear Governor Knowles:

The attached September 28, 1999 article in the Juneau Empire is troubling because we believe it is true. It said:

*"The issue of privatizing some state government operations is already tinged with politics...."*

*"The Knowles Administration is characterizing the commission as blind to ethical conflicts of interest...an apparent pre-emptive strike by the governor on the group's forthcoming report to the Legislature."*

*"Pugh is troubled by ties on the commission's corrections subcommittee to Texas-based Cornell Corrections, a firm that does more than half of the contracting for halfway houses in Alaska."*

*"David Ramseur, deputy chief of staff...describes himself as the person who's been collecting strange stories about the commission from the executive branch."*

Additionally, copies have been sent to us of some of the same staff memoranda that were collected by Mr. Ramseur. And, the denigrating remarks made by some of your staff and commissioners are also relayed to us, to commission members and to subcommittee volunteers. It is clear that some people in your Administration are not invested in a positive outcome for the Privatization Commission and a campaign is underway to 'kill the baby in the cradle' before it issues its first word.

As legislators, we expect to be fair grist for your public relations juggernaut. However, in this case, Mr. Ramseur, et al, are targeting volunteer citizens to be your grist. This is flat wrong. These people are trying to achieve a goal that is set out in Chapter 61, SLA 1999, a law, which you signed without reservation.

Instead of thanking these citizens for trying to understand and improve their state government, your staff is making veiled threats about conflicts of interest and denigrating them. For example:

"Ramseur said the commission's subcommittees include people with 'pretty blatant conflicts of interest,' a former state employee with a grudge about being fired and a relative of a property owner who's in conflict with state regulators about hazardous waste cleanup."

In fact, the *former state employee with the (alleged) grudge*, Ms. Andree McLeod, informs us that she never talked with Mr. Ramseur about her situation and she wonders why the governor's office characterizes her as a grudge holder. She is not holding a grudge. Her two meetings on this subject with Mr. Ayers were pleasant, by her account. Ms. McLeod is a single mother who was a range 9 accounting clerk. She was not fired. After the mandatory probationary period, she was not retained for permanent status. The reason she was not retained had more to do with supervisory incompetence than any failing on her part. She simply doesn't have the resources to sue the state. While Mr. Ramseur may take comfort in that, we can tell you that she is quite intimidated by being singled out, labeled and pejoratively referenced by such a high government official. She considers Mr. Ramseur's quote as proof that she will never get a fair shake while your administration exists. We think she's right. We hope you will correct this situation and restrain your staff from such heavy-handed treatment against citizens of our state.

As an aside, Ms. McLeod has been a volunteer coordinator for the Commission subcommittees, working out of Rep. Cowdery's office. We can attest that she has an outstanding work ethic, is very productive and brings intelligence and diligence to her assigned tasks.

Another reference was to *"a relative of a property owner who's in conflict with the state regulators about hazardous waste cleanup."* Mr. Virgil Norton is the referenced party. He is the son-in-law and Project Manager for the owner of a site that had a 20-gallon spill of PCE and additional contamination that migrated from offsite. Although the owner hired a nationally renown environmental consultant, Hart Crowser, spent \$1 million to clean up the site and offered to treat the groundwater, DEC won't sign off on the clean up. Their standards are moving targets that are impossible to conclude. As Project Manager for the cleanup, under EPA, Mr. Norton learned the governing statutes and regulations. He gained valuable and unique experience in the way DEC follows them and doesn't follow them. It's been an awful experience for the owner and Mr. Norton. Can you imagine spending \$1 million of your restaurant's money to clean up a problem that isn't defined and for which the DEC can't prescribe a solution. Now, to make matters worse, your staff wants to disqualify Mr. Norton from imparting the benefit of his experience to the Privatization Commission.

Ms. McLeod and Mr. Norton both feel they have been wronged by state actions. This doesn't require them to forfeit their rights. Chapter 61 SLA 99 specifically requires the Privatization Commission to solicit public comment. The subcommittee members are themselves a fulfillment of the statutory obligation. Mr. Ramseur's disqualification of them is tantamount to saying, "If you're not a Knowles loyalist, please don't try and exercise your civic duties or we'll go after you."

At this level of government, we are supposed to be able to deal with people who hold viewpoints that are contrary to our own. We're even supposed to encourage it. We question whether Mr. Ramseur understands the difference between his role as your Campaign Manager and as your



Deputy Chief of Staff. The campaign is over. As a government official, he needs to be restrained. We find this whole notion of his office keeping files on subcommittee members to be a bit pernicious. We recommend that this practice be stopped immediately.

The accusation of conflict of interest from your office has, and has had, a chilling effect on the unfettered participation from our volunteers. Consequently, for the sake of our volunteers we need to clear the air on this charge. Prior to the Empire story we already received an opinion from Legislative Legal Services that volunteers are not subject to the conflict of interest statutes. A copy is attached for your information. But, because the issue has been raised by your administration, in order to clear the air, we request a written opinion from the Attorney General as soon as possible. It will be provided to all commission members and volunteers.

Every commission, board and task force appointed by the governor would have as great or greater conflict of interest than the volunteers on the privatization subcommittees. Be they liquor license holders on the ABC Board, occupational license holders on occupational license boards, farmers on the Agriculture Revolving Loan Board, lawyers and judges on the Judicial Council ... they all are appointed because of their occupational nexus to the subject for which the board exists. Their expertise and experience are what make them valuable to the public process. Did Mr. Ramseur object when you made these appointments.

We need only look at your State Long-Range Financial Planning Commission and the Marketing Alaska Program to see citizen involvement in very similar functions as the Privatization Commission. Under what postulate can Mr. Ramseur charge our volunteers with a conflict of interest without similarly charging your appointees. Such machinations are tawdry even in a campaign context, but certainly have no place in the operation of the governor's office.

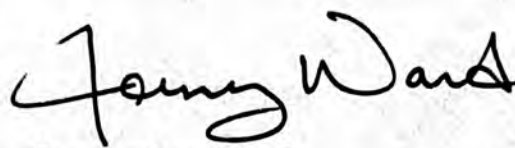
Governor, you said, in your state of the state address,

*"I encourage questions, scrutiny and criticisms. We must engage Alaskans in a broad discussion about the future of our state."*

Those are good words, Governor, and they may be the basis on which we may be able to resume cooperation. But your staff must believe that you mean what you said. We urge you to eliminate the files being maintained in your office to discredit the Privatization Commission volunteers and to curtail the gutter-sniping emanating from your administration.

Yours truly,

  
Representative John J. Cowdery  
Co-chair  
Commission on Privatization and  
Delivery of Government Services

  
Senator Jerry Ward  
Co-chair  
Commission on Privatization and  
Delivery of Government Services

Enclosures

# LEGAL SERVICES

## DIVISION OF LEGAL AND RESEARCH SERVICES LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

### MEMORANDUM

September 7, 1999

**SUBJECT:** Application of conflicts of interest provisions (CCS SB 33)

**TO:** Representative John Cowdery  
Attn: Marco Pignalberi

**FROM:** Tamara Brandt Cook  
Director

TBC

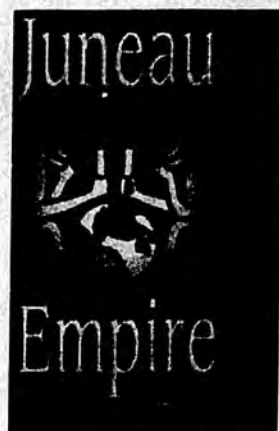
You have asked how conflicts of interest provisions might apply to members of an advisory council appointed under CCS SB 33. That act establishes the Commission on Privatization in the legislative branch and authorizes the Commission to appoint an advisory council. These members "are not eligible for compensation, per diem, or payment of travel or other expenses by the state." (Ch. 61, SLA 1999 (CCS SB 33), Sec. 3(b))

AS 24.60 (Standards of Conduct) generally applies to the legislative branch of government and it contains several provisions that address conflicts of interest issues. (AS 24.60.030, AS 24.60.040, AS 24.60.050, AS 24.60.070, AS 24.60.080, AS 24.60.085, AS 24.60.090, AS 24.60.100) All these conflicts of interest provisions apply to a legislator or legislative employee. (AS 24.60.020) The term "legislative employee" is defined in AS 24.60.990(10). Because compensation is required as part of the definition and the advisory council members appointed under CCS SB 33 are not compensated, in my opinion the majority of the conflicts of interest provisions do not apply to these members. A few of the conflicts of interest provisions do apply to another person who is acting on behalf of a legislator or legislative employee (see AS 24.60.030(d) for example), and a few apply to a member of the immediate family of a legislator or legislative employee (see AS 24.60.040 for example). However, serving on an advisory council alone will not bring a person within the coverage of even these provisions.

In conclusion it is my opinion that the conflicts of interest provisions of AS 24.60 do not apply to members of an advisory committee appointed under CCS SB 33, but be aware that the Select Committee on Legislative Ethics has authority to construe and apply AS 24.60 and that my opinion will not bind or influence the Select Committee. Advice can be requested directly from the Select Committee. (AS 24.60.158, AS 24.60.160)

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Web posted **Tuesday, September 28, 1999**

## Pros and cons of going private

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By **BILL McALLISTER**  
THE JUNEAU EMPIRE

The issue of privatizing some state government operations is already tinged with politics, even as subcommittees of a task force begin making recommendations this week.

The Commission on Privatization and Delivery of Government Services picked up steam with the recent statewide advisory vote against using earnings from the Alaska Permanent Fund to balance the state budget, said commission co-chairman Jerry Ward, a Republican senator from Anchorage.

But the Knowles administration is characterizing the commission as blind to ethical conflicts of interest with subcommittee members who would personally profit from privatization - an apparent pre-emptive strike by the governor on the group's forthcoming report to the Legislature.

The move toward privatization is driven by the idea that competitive forces in the marketplace can deliver operational cost savings that government can't achieve.

Much privatization already has occurred in the state Department of Corrections: Alaska had 756 criminal inmates at a private prison in Arizona as of Monday, a program that costs about \$16 million a year; a correctional facility near Delta Junction is being considered for private operation; and state halfway houses, with 682 residents and a \$15 million annual appropriation, are in private hands.

Corrections Commissioner Margaret Pugh believes that, on balance, the state is getting good service for its money.

Still, Pugh is troubled by ties on the commission's corrections subcommittee to Texas-based Cornell Corrections, a firm that does more than half of the contracting for halfway houses in Alaska. The first subcommittee chairman was an employee of Cornell, and after his departure, former Cornell employee Sharon Anderson was named chairwoman.

"One should be extremely cautious about conflicts," Pugh said.

Anderson, however, did not see a problem: "I don't know what

they're talking about," she said.

It's unclear how much business the private sector might get.

No one has announced goals for privatization in terms of a percentage or a dollar figure that would be cut from the cost of government operations. As a result, it's open for speculation how much privatization - along with consolidation or elimination - would offset the need for new taxes or permanent fund-related budget solutions.

The term itself is open to some debate, as the commission's Website notes: "Privatization runs a very broad range, sometimes leaving very little government involvement, and other times creating partnerships between government and private service providers where government is still the dominant player."

But one thing is clear, said Ward: This month's vote on the permanent fund shows that the public expects government to wring every last dollar of waste out of the system before imposing any solutions that hit the taxpayers' pocketbook.

"I think the people of the state of Alaska said that they don't want to give any additional funds to government," Ward said.

So far, there aren't many specific privatization proposals under debate.

Commission Co-Chairman John Cowdery, a Republican representative from Anchorage, said they're not hard to come up with, though. For example, Alaska State Troopers shouldn't be doing their own radio repair, and the courts shouldn't do their own transcriptions; that work should be contracted out to private companies, he said.

Although organized labor is often cited as opposing privatization, it's not front-line state workers who would be targeted, Ward said. Rather, it's middle management in state government that has increased, resulting in "more filing of forms, more intergovernmental relations," he said.

"We don't have more people doing work. We have more people watching other people do work."

But if Ward thinks the executive branch is bloated, the governor's office portrays the commission as possibly out of control.

David Ramseur, deputy chief of staff to Gov. Tony Knowles, describes himself as "the person who's been collecting strange stories about the task force from the executive branch."



Ramseur said the commission's subcommittees include people with ``pretty blatant conflicts of interest," a former state employee with a grudge about being fired and a relative of a property owner who's in conflict with state regulators about hazardous waste cleanup.

``Knowles' philosophy always has been (that) there may be some functions of government that may be better performed by the private sector," Ramseur said, mentioning engineering services as a possibility. ``But what we're hearing is that the whole process may be questionable."

Michele Brown, commissioner of the Department of Environmental Conservation, said an obvious red flag comes with the commission's subcommittee chairman for her department: Virgil Norton, former site manager for a Kenai area RV park that is owned by his father-in-law and has a hazardous waste site left over from a previous dry cleaning operation. The state and the company have been in dispute about the cleanup, and the company has ongoing litigation against the state, she said.

``So far, there's really nothing in particular that's come out in the committee related to that," Brown said. ``(But) it's something you naturally think about when you have a chairman with strong feelings in one direction or another."

Norton said he no longer works for his father-in-law and is not involved in the litigation against the state.

``I'm really reaching out to be very objective," he said from Nikiski. ``Several sections of DEC have been very responsive."

It's possible that the subcommittee's report won't recommend the privatization of any state function, Norton said. One of the most frequently heard suggestions is to combine the agency's laboratory with the Anchorage municipal laboratory, he said.

Ward and Cowdery said they have not been worried about conflict of interest, as they view the 300 volunteers who serve on the subcommittees as civic-minded citizens seeking a leaner, more responsive state government. Cowdery said the commission simply hasn't been willing to turn away volunteers.

Subcommittee members seemed surprised that the governor's office has raised questions about procedure.

Greg Pease, executive director of Gastineau Human Services Corp. in Juneau, said he doesn't think the Knowles administration's concerns make much sense, especially given the

existing privatization of halfway houses.

"It's all competitively bid," Pease said. "I don't know how anybody could say we're going to profit from it. . . .

"Everybody, including myself, knows we should move very cautiously."

Sam Kito III, who serves on the transportation subcommittee, acknowledged a former DOT employee who's on the subcommittee did distribute an old internal audit of the agency.

But Kito downplayed the importance of the document and said subcommittee members actually have been pleased with the department's cooperation.

"I believe it's going very well, actually," Kito said. There have been some moments, but you work through them."

There are no preconceived notions about privatization on the commerce and economic development subcommittee, said chairman Craig Johnson, general manager of the Alaska Journal of Commerce.

But Johnson, former chief of staff for Ward, said that after certain essential government services are eliminated - for example, the Alaska State Troopers - "the sky's the limit" on what might be turned over to the private sector.

Johnson predicted that Knowles would oppose privatization except when the merits are so obvious that there's "no way out."

"This particular administration's power base rests with state employees," Johnson said. "This administration has grown government.

He added: "This (commission) is not a lynch mob. There are many, many state employees who are underpaid, who do yeoman's work. . . . We can save some money, and we can also give back some of the confidence in government that I think is missing right now."

The Commission on Privatization is due to release its report to the Legislature by Jan. 1.

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| Department of Commerce & Economic Development  |                               |   |          |        |          |        |       |          |         |       |          |       |     |
|------------------------------------------------|-------------------------------|---|----------|--------|----------|--------|-------|----------|---------|-------|----------|-------|-----|
| FY00 Enacted Budget                            |                               |   |          |        |          |        |       |          |         |       |          |       |     |
| BRU_Short_Name                                 | Comp_Short_Name               | F | PS       | Travel | Contract | Commod | Equip | Land/Bld | Grant   | Misc  | Total    | PFT   | PPT |
| Banking, Securities, and Corp                  | Banking, Securities and Corp  | N | 1,504.7  | 76.3   | 133.5    | 18.9   | 2.1   |          |         |       | 1,735.5  | 26.0  |     |
| <b>Banking, Securities, and Corp Total</b>     |                               |   | 1,504.7  | 76.3   | 133.5    | 18.9   | 2.1   | 0.0      | 0.0     | 0.0   | 1,735.5  | 26.0  | 0.0 |
| Insurance Operations                           | Insurance Operations          | N |          |        |          |        |       |          |         |       |          | 52.0  |     |
| <b>Insurance Operations Total</b>              |                               |   | 0.0      | 0.0    | 0.0      | 0.0    | 0.0   | 0.0      | 0.0     | 0.0   | 0.0      | 52.0  | 0.0 |
| Occupational Licensing                         | Occupational Licensing        | N | 235.3    | 8.1    | 154.2    | 4.1    | 4.0   |          |         |       | 405.7    | 64.0  | 3.0 |
| Occupational Licensing                         | Operations                    | N |          |        |          |        |       |          |         |       |          |       |     |
| Occupational Licensing                         | Licensing Boards              | N |          |        |          |        |       |          |         |       |          |       |     |
| <b>Occupational Licensing Total</b>            |                               |   | 235.3    | 8.1    | 154.2    | 4.1    | 4.0   | 0.0      | 0.0     | 0.0   | 405.7    | 64.0  | 3.0 |
| APUC Operations                                | APUC Operations               | N | 3,287.0  | 35.0   | 1,300.9  | 62.5   | 13.8  |          |         |       | 4,699.2  | 55.0  |     |
| <b>APUC Operations Total</b>                   |                               |   | 3,287.0  | 35.0   | 1,300.9  | 62.5   | 13.8  | 0.0      | 0.0     | 0.0   | 4,699.2  | 55.0  | 0.0 |
| Executive Admin & Development                  | Commissioner's Office         | N | 343.8    | 22.4   | 81.0     | 5.0    |       |          |         | -50.0 | 402.2    | 6.0   |     |
| Executive Admin & Development                  | Trade and Development         | N | 1,145.2  | 200.2  | 1,161.2  | 33.5   |       |          | 295.4   |       | 2,835.5  | 19.0  | 1.0 |
| Executive Admin & Development                  | Administrative Services       | N | 1,060.9  | 6.6    | 113.0    | 8.1    |       |          |         |       | 1,188.6  | 20.0  |     |
| Executive Admin & Development                  | Unallocated Reduction         | N | -127.3   | -61.8  |          |        |       |          |         |       | -189.1   |       |     |
| <b>Executive Admin &amp; Development Total</b> |                               |   | 2,422.6  | 167.4  | 1,355.2  | 46.6   | 0.0   | 0.0      | 295.4   | -50.0 | 4,237.2  | 45.0  | 1.0 |
| AK Science & Tech Foundation                   | AK Science & Tech. Foundation | N | 587.9    | 84.0   | 582.0    | 16.5   |       |          | 7,714.2 |       | 8,984.6  | 6.0   | 1.0 |
| <b>AK Science &amp; Tech Foundation Total</b>  |                               |   | 587.9    | 84.0   | 582.0    | 16.5   | 0.0   | 0.0      | 7,714.2 | 0.0   | 8,984.6  | 6.0   | 1.0 |
| Investments                                    | Investments                   | N | 2,366.0  | 31.2   | 635.6    | 37.9   | 4.8   |          | 220.0   |       | 3,295.5  | 44.0  |     |
| <b>Investments Total</b>                       |                               |   | 2,366.0  | 31.2   | 635.6    | 37.9   | 4.8   | 0.0      | 220.0   | 0.0   | 3,295.5  | 44.0  | 0.0 |
| Tourism                                        | Alaska Tourism Mktg Council   | N |          |        |          |        |       |          |         |       |          |       |     |
| Tourism                                        | Tourism Development           | N |          |        |          |        |       |          |         |       |          |       |     |
| <b>Tourism Total</b>                           |                               |   | 0.0      | 0.0    | 0.0      | 0.0    | 0.0   | 0.0      | 0.0     | 0.0   | 0.0      | 0.0   | 0.0 |
| AIDEA                                          | AIDEA Fac Maint               | N |          |        | 73.0     |        |       |          |         |       | 73.0     |       |     |
| AIDEA                                          | AIDEA                         | N | 2,319.6  | 68.2   | 1,510.0  | 38.9   | 15.5  |          |         |       | 3,952.2  | 32.0  |     |
| AIDEA                                          | Alaska Energy Auth Op & Maint | N |          | 30.0   | 1,006.5  | 8.0    | 5.0   |          |         |       | 1,049.5  |       |     |
| <b>AIDEA Total</b>                             |                               |   | 2,319.6  | 98.2   | 2,589.5  | 46.9   | 20.5  | 0.0      | 0.0     | 0.0   | 5,074.7  | 32.0  | 0.0 |
| Alaska Seafood Marketing Inst                  | Alaska Seafood Marketing Inst | N |          |        | 3,500.0  |        |       |          |         |       | 3,500.0  | 18.0  |     |
| <b>Alaska Seafood Marketing Inst Total</b>     |                               |   | 0.0      | 0.0    | 3,500.0  | 0.0    | 0.0   | 0.0      | 0.0     | 0.0   | 3,500.0  | 18.0  | 0.0 |
| Alaska Aerospace Devel Corp                    | Ak Aerospace Development Corp | N | 437.2    | 50.0   | 312.2    | 4.0    | 20.0  |          |         |       | 823.4    | 6.0   |     |
| <b>Alaska Aerospace Devel Corp Total</b>       |                               |   | 437.2    | 50.0   | 312.2    | 4.0    | 20.0  | 0.0      | 0.0     | 0.0   | 823.4    | 6.0   | 0.0 |
| <b>Grand Total</b>                             |                               |   | 13,160.3 | 550.2  | 10,563.1 | 237.4  | 65.2  | 0.0      | 8,229.6 | -50.0 | 32,755.8 | 348.0 | 5.0 |

|                                                          |                               |             |  |  |
|----------------------------------------------------------|-------------------------------|-------------|--|--|
| <b>Department of Commerce &amp; Economic Development</b> |                               |             |  |  |
| <b>FY00 Enacted Budget</b>                               |                               |             |  |  |
| <b>BRU_Short_Name</b>                                    | <b>Comp_Short_Name</b>        | <b>Temp</b> |  |  |
| Banking, Securities, and Corp                            | Banking, Securities and Corp  |             |  |  |
| <b>Banking, Securities, and Corp Total</b>               |                               | <b>0.0</b>  |  |  |
| Insurance Operations                                     | Insurance Operations          |             |  |  |
| <b>Insurance Operations Total</b>                        |                               | <b>0.0</b>  |  |  |
| Occupational Licensing                                   | Occupational Licensing        |             |  |  |
| Occupational Licensing                                   | Operations                    |             |  |  |
| Occupational Licensing                                   | Licensing Boards              |             |  |  |
| <b>Occupational Licensing Total</b>                      |                               | <b>0.0</b>  |  |  |
| APUC Operations                                          | APUC Operations               |             |  |  |
| <b>APUC Operations Total</b>                             |                               | <b>0.0</b>  |  |  |
| Executive Admin & Development                            | Commissioner's Office         |             |  |  |
| Executive Admin & Development                            | Trade and Development         |             |  |  |
| Executive Admin & Development                            | Administrative Services       |             |  |  |
| Executive Admin & Development                            | Unallocated Reduction         |             |  |  |
| <b>Executive Admin &amp; Development Total</b>           |                               | <b>0.0</b>  |  |  |
| AK Science & Tech Foundation                             | AK Science & Tech. Foundation |             |  |  |
| <b>AK Science &amp; Tech Foundation Total</b>            |                               | <b>0.0</b>  |  |  |
| Investments                                              | Investments                   |             |  |  |
| <b>Investments Total</b>                                 |                               | <b>0.0</b>  |  |  |
| Tourism                                                  | Alaska Tourism Mktg Council   |             |  |  |
| Tourism                                                  | Tourism Development           |             |  |  |
| <b>Tourism Total</b>                                     |                               | <b>0.0</b>  |  |  |
| AIDEA                                                    | AIDEA Fac Maint               |             |  |  |
| AIDEA                                                    | AIDEA                         |             |  |  |
| AIDEA                                                    | Alaska Energy Auth Op & Maint |             |  |  |
| <b>AIDEA Total</b>                                       |                               | <b>0.0</b>  |  |  |
| Alaska Seafood Marketing Inst                            | Alaska Seafood Marketing Inst |             |  |  |
| <b>Alaska Seafood Marketing Inst Total</b>               |                               | <b>0.0</b>  |  |  |
| Alaska Aerospace Devel Corp                              | Ak Aerospace Development Corp |             |  |  |
| <b>Alaska Aerospace Devel Corp Total</b>                 |                               | <b>0.0</b>  |  |  |
| <b>Grand Total</b>                                       |                               | <b>0.0</b>  |  |  |



| Department of Commerce & Economic Development  |                               |                |                |               |              |                |               |
|------------------------------------------------|-------------------------------|----------------|----------------|---------------|--------------|----------------|---------------|
| FY00 Enacted Budget                            |                               |                |                |               |              |                |               |
| BRU_Short_Name                                 | Comp_Short_Name               | 1002 Fed Rcpts | 1003 G/F Match | 1004 Gen Fund | 1005 GF/Prgm | 1007 I/A Rcpts | 1025 Sci/Tech |
| Banking, Securities, and Corp                  | Banking, Securities and Corp  |                |                |               | 1,733.8      | 1.7            |               |
| <b>Banking, Securities, and Corp Total</b>     |                               | 0.0            | 0.0            | 0.0           | 1,733.8      | 1.7            | 0.0           |
| Insurance Operations                           | Insurance Operations          |                |                |               |              |                |               |
| <b>Insurance Operations Total</b>              |                               | 0.0            | 0.0            | 0.0           | 0.0          | 0.0            | 0.0           |
| Occupational Licensing                         | Occupational Licensing        |                |                |               |              | 195.8          |               |
| Occupational Licensing                         | Operations                    |                |                |               |              |                |               |
| Occupational Licensing                         | Licensing Boards              |                |                |               |              |                |               |
| <b>Occupational Licensing Total</b>            |                               | 0.0            | 0.0            | 0.0           | 0.0          | 195.8          | 0.0           |
| APUC Operations                                | APUC Operations               |                |                |               |              |                |               |
| <b>APUC Operations Total</b>                   |                               | 0.0            | 0.0            | 0.0           | 0.0          | 0.0            | 0.0           |
| Executive Admin & Development                  | Commissioner's Office         |                |                | 68.1          |              | 334.1          |               |
| Executive Admin & Development                  | Trade and Development         | 150.1          |                | 1,543.5       | 74.5         | 173.3          |               |
| Executive Admin & Development                  | Administrative Services       |                |                | 452.4         |              | 736.2          |               |
| Executive Admin & Development                  | Unallocated Reduction         |                |                | -189.1        |              |                |               |
| <b>Executive Admin &amp; Development Total</b> |                               | 150.1          | 0.0            | 1,874.9       | 74.5         | 1,243.6        | 0.0           |
| AK Science & Tech Foundation                   | AK Science & Tech. Foundation |                |                |               |              |                | 8,984.6       |
| <b>AK Science &amp; Tech Foundation Total</b>  |                               | 0.0            | 0.0            | 0.0           | 0.0          | 0.0            | 8,984.6       |
| Investments                                    | Investments                   |                |                |               |              | 48.0           |               |
| <b>Investments Total</b>                       |                               | 0.0            | 0.0            | 0.0           | 0.0          | 48.0           | 0.0           |
| Tourism                                        | Alaska Tourism Mktg Council   |                |                |               |              |                |               |
| Tourism                                        | Tourism Development           |                |                |               |              |                |               |
| <b>Tourism Total</b>                           |                               | 0.0            | 0.0            | 0.0           | 0.0          | 0.0            | 0.0           |
| AIDEA                                          | AIDEA Fac Maint               |                |                |               |              |                |               |
| AIDEA                                          | AIDEA                         |                |                |               |              | 319.3          |               |
| AIDEA                                          | Alaska Energy Auth Op & Maint |                |                |               |              |                |               |
| <b>AIDEA Total</b>                             |                               | 0.0            | 0.0            | 0.0           | 0.0          | 319.3          | 0.0           |
| Alaska Seafood Marketing Inst                  | Alaska Seafood Marketing Inst | 3,500.0        |                |               |              |                |               |
| <b>Alaska Seafood Marketing Inst Total</b>     |                               | 3,500.0        | 0.0            | 0.0           | 0.0          | 0.0            | 0.0           |
| Alaska Aerospace Devel Corp                    | Ak Aerospace Development Corp |                |                |               |              |                | 555.2         |
| <b>Alaska Aerospace Devel Corp Total</b>       |                               | 0.0            | 0.0            | 0.0           | 0.0          | 0.0            | 555.2         |
| <b>Grand Total</b>                             |                               | 3,650.1        | 0.0            | 1,874.9       | 1,808.3      | 1,808.4        | 9,539.8       |

| Department of Commerce & Economic Development  |                               |               |                 |                 |                 |                |                |
|------------------------------------------------|-------------------------------|---------------|-----------------|-----------------|-----------------|----------------|----------------|
| FY00 Enacted Budget                            |                               |               |                 |                 |                 |                |                |
| BRU_Short_Name                                 | Comp_Short_Name               | 1035 Vet Loan | 1036 Cm Fish Ln | 1040 Surety Fnd | 1053 Invst Loss | 1057 Small Bus | 1061 CIP Rcpts |
| Banking, Securities, and Corp                  | Banking, Securities and Corp  |               |                 |                 |                 |                |                |
| <b>Banking, Securities, and Corp Total</b>     |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Insurance Operations                           | Insurance Operations          |               |                 |                 |                 |                |                |
| <b>Insurance Operations Total</b>              |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Occupational Licensing                         | Occupational Licensing        |               |                 | 209.9           |                 |                |                |
| Occupational Licensing                         | Operations                    |               |                 |                 |                 |                |                |
| Occupational Licensing                         | Licensing Boards              |               |                 |                 |                 |                |                |
| <b>Occupational Licensing Total</b>            |                               | 0.0           | 0.0             | 209.9           | 0.0             | 0.0            | 0.0            |
| APUC Operations                                | APUC Operations               |               |                 |                 |                 |                |                |
| <b>APUC Operations Total</b>                   |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Executive Admin & Development                  | Commissioner's Office         |               |                 |                 |                 |                |                |
| Executive Admin & Development                  | Trade and Development         |               |                 |                 |                 |                | 135.1          |
| Executive Admin & Development                  | Administrative Services       |               |                 |                 |                 |                |                |
| Executive Admin & Development                  | Unallocated Reduction         |               |                 |                 |                 |                |                |
| <b>Executive Admin &amp; Development Total</b> |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 135.1          |
| AK Science & Tech Foundation                   | AK Science & Tech. Foundation |               |                 |                 |                 |                |                |
| <b>AK Science &amp; Tech Foundation Total</b>  |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Investments                                    | Investments                   | 147.8         | 2,608.9         |                 |                 | 3.3            |                |
| <b>Investments Total</b>                       |                               | 147.8         | 2,608.9         | 0.0             | 0.0             | 3.3            | 0.0            |
| Tourism                                        | Alaska Tourism Mktg Council   |               |                 |                 |                 |                |                |
| Tourism                                        | Tourism Development           |               |                 |                 |                 |                |                |
| <b>Tourism Total</b>                           |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| AIDEA                                          | AIDEA Fac Maint               |               |                 |                 |                 |                |                |
| AIDEA                                          | AIDEA                         |               |                 |                 |                 |                |                |
| AIDEA                                          | Alaska Energy Auth Op & Maint |               |                 |                 |                 |                |                |
| <b>AIDEA Total</b>                             |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Alaska Seafood Marketing Inst                  | Alaska Seafood Marketing Inst |               |                 |                 |                 |                |                |
| <b>Alaska Seafood Marketing Inst Total</b>     |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 0.0            |
| Alaska Aerospace Devel Corp                    | Ak Aerospace Development Corp |               |                 |                 |                 |                | 225.0          |
| <b>Alaska Aerospace Devel Corp Total</b>       |                               | 0.0           | 0.0             | 0.0             | 0.0             | 0.0            | 225.0          |
| <b>Grand Total</b>                             |                               | 147.8         | 2,608.9         | 209.9           | 0.0             | 3.3            | 360.1          |



| Department of Commerce & Economic Development  |                               |                    |                 |                   |                 |                    |                    |
|------------------------------------------------|-------------------------------|--------------------|-----------------|-------------------|-----------------|--------------------|--------------------|
| FY00 Enacted Budget                            |                               |                    |                 |                   |                 |                    |                    |
| BRU_Short_Name                                 | Comp_Short_Name               | 1067 Mining<br>RLF | 1068 Child Care | 1069 Hist<br>Dist | 1070 Fish En Ln | 1071 Alt<br>Energy | 1101 AERO<br>Rcpts |
| Banking, Securities, and Corp                  | Banking, Securities and Corp  |                    |                 |                   |                 |                    |                    |
| <b>Banking, Securities, and Corp Total</b>     |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Insurance Operations                           | Insurance Operations          |                    |                 |                   |                 |                    |                    |
| <b>Insurance Operations Total</b>              |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Occupational Licensing                         | Occupational Licensing        |                    |                 |                   |                 |                    |                    |
| Occupational Licensing                         | Operations                    |                    |                 |                   |                 |                    |                    |
| Occupational Licensing                         | Licensing Boards              |                    |                 |                   |                 |                    |                    |
| <b>Occupational Licensing Total</b>            |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| APUC Operations                                | APUC Operations               |                    |                 |                   |                 |                    |                    |
| <b>APUC Operations Total</b>                   |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Executive Admin & Development                  | Commissioner's Office         |                    |                 |                   |                 |                    |                    |
| Executive Admin & Development                  | Trade and Development         |                    |                 |                   |                 |                    |                    |
| Executive Admin & Development                  | Administrative Services       |                    |                 |                   |                 |                    |                    |
| Executive Admin & Development                  | Unallocated Reduction         |                    |                 |                   |                 |                    |                    |
| <b>Executive Admin &amp; Development Total</b> |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| AK Science & Tech Foundation                   | AK Science & Tech. Foundation |                    |                 |                   |                 |                    |                    |
| <b>AK Science &amp; Tech Foundation Total</b>  |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Investments                                    | Investments                   | 5.0                | 5.8             | 2.5               | 325.5           | 148.7              |                    |
| <b>Investments Total</b>                       |                               | 5.0                | 5.8             | 2.5               | 325.5           | 148.7              | 0.0                |
| Tourism                                        | Alaska Tourism Mktg Council   |                    |                 |                   |                 |                    |                    |
| Tourism                                        | Tourism Development           |                    |                 |                   |                 |                    |                    |
| <b>Tourism Total</b>                           |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| AIDEA                                          | AIDEA Fac Maint               |                    |                 |                   |                 |                    |                    |
| AIDEA                                          | AIDEA                         |                    |                 |                   |                 |                    |                    |
| AIDEA                                          | Alaska Energy Auth Op & Maint |                    |                 |                   |                 |                    |                    |
| <b>AIDEA Total</b>                             |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Alaska Seafood Marketing Inst                  | Alaska Seafood Marketing Inst |                    |                 |                   |                 |                    |                    |
| <b>Alaska Seafood Marketing Inst Total</b>     |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 0.0                |
| Alaska Aerospace Devel Corp                    | Ak Aerospace Development Corp |                    |                 |                   |                 |                    | 43.2               |
| <b>Alaska Aerospace Devel Corp Total</b>       |                               | 0.0                | 0.0             | 0.0               | 0.0             | 0.0                | 43.2               |
| <b>Grand Total</b>                             |                               | 5.0                | 5.8             | 2.5               | 325.5           | 148.7              | 43.2               |

| Department of Commerce & Economic Development  |                               |                 |                |                 |                 |           |
|------------------------------------------------|-------------------------------|-----------------|----------------|-----------------|-----------------|-----------|
| FY00 Enacted Budget                            |                               |                 |                |                 |                 |           |
| BRU_Short_Name                                 | Comp_Short_Name               | 1102 AIDEA Rcpt | 1107 AEA Rcpts | 1108 Stat Desig | 1110 APUC Rcpts | 1115 ITDF |
| Banking, Securities, and Corp                  | Banking, Securities and Corp  |                 |                |                 |                 |           |
| <b>Banking, Securities, and Corp Total</b>     |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| Insurance Operations                           | Insurance Operations          |                 |                |                 |                 |           |
| <b>Insurance Operations Total</b>              |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| Occupational Licensing                         | Occupational Licensing        |                 |                |                 |                 |           |
| Occupational Licensing                         | Operations                    |                 |                |                 |                 |           |
| Occupational Licensing                         | Licensing Boards              |                 |                |                 |                 |           |
| <b>Occupational Licensing Total</b>            |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| APUC Operations                                | APUC Operations               |                 |                |                 | 4,699.2         |           |
| <b>APUC Operations Total</b>                   |                               | 0.0             | 0.0            | 0.0             | 4,699.2         | 0.0       |
| Executive Admin & Development                  | Commissioner's Office         |                 |                |                 |                 |           |
| Executive Admin & Development                  | Trade and Development         |                 |                |                 |                 | 759.0     |
| Executive Admin & Development                  | Administrative Services       |                 |                |                 |                 |           |
| Executive Admin & Development                  | Unallocated Reduction         |                 |                |                 |                 |           |
| <b>Executive Admin &amp; Development Total</b> |                               | 0.0             | 0.0            | 0.0             | 0.0             | 759.0     |
| AK Science & Tech Foundation                   | AK Science & Tech. Foundation |                 |                |                 |                 |           |
| <b>AK Science &amp; Tech Foundation Total</b>  |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| Investments                                    | Investments                   |                 |                |                 |                 |           |
| <b>Investments Total</b>                       |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| Tourism                                        | Alaska Tourism Mktg Council   |                 |                |                 |                 |           |
| Tourism                                        | Tourism Development           |                 |                |                 |                 |           |
| <b>Tourism Total</b>                           |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| AIDEA                                          | AIDEA Fac Maint               | 73.0            |                |                 |                 |           |
| AIDEA                                          | AIDEA                         | 3,632.9         |                |                 |                 |           |
| AIDEA                                          | Alaska Energy Auth Op & Maint |                 | 1,049.5        |                 |                 |           |
| <b>AIDEA Total</b>                             |                               | 3,705.9         | 1,049.5        | 0.0             | 0.0             | 0.0       |
| Alaska Seafood Marketing Inst                  | Alaska Seafood Marketing Inst |                 |                |                 |                 |           |
| <b>Alaska Seafood Marketing Inst Total</b>     |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| Alaska Aerospace Devel Corp                    | Ak Aerospace Development Corp |                 |                |                 |                 |           |
| <b>Alaska Aerospace Devel Corp Total</b>       |                               | 0.0             | 0.0            | 0.0             | 0.0             | 0.0       |
| <b>Grand Total</b>                             |                               | 3,705.9         | 1,049.5        | 0.0             | 4,699.2         | 759.0     |



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all other funding sources not listed above

### FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98

| FUND<br>CODE | AKSAS<br>CODE | SHORT<br>NAME | LONGNAME                                    |
|--------------|---------------|---------------|---------------------------------------------|
| 1000         | 51005         | Restrted GF   | Restricted General Fund                     |
| 1001         | 51020         | CBR Fund      | Constitutional Budget Reserve Fund          |
| 1002         | 51010         | Fed Rcpts     | Federal Receipts                            |
| 1003         | 68510         | G/F Match     | General Fund Match                          |
| 1004         | 68515         | GF Receipt    | General Fund Receipts                       |
| 1005         | 51060         | GF/PRGM       | GF/Program Receipts                         |
| 1006         | 51340         | GF/MHTIA      | General Fund/Mental Health Trust            |
| 1007         | 51015         | I/A Rcpts     | Inter-Agency Receipts                       |
| 1008         | 51020         | G/O Bonds     | General Obligation Bonds                    |
| 1009         | 51025         | Rev Bonds     | Revenue Bonds                               |
| 1010         | 51030         | UA/INT INC    | U/A Interest Income                         |
| 1011         | 51376         | AACTP Fund    | Alaska Advance College Tuition Pymnt Fund   |
| 1012         | 51265         | Rail Enrgy    | Railbelt Energy Fund                        |
| 1013         | 51377         | A/D RLF       | Alcoholism & Drug Abuse Revolving Loan Fund |
| 1014         | 51120         | DC/HF Acct    | Donated Commodity Handling Fee Account      |
| 1015         | 51290         | UA/DFASVC     | U/A Dormitory/Food Auxiliary Service        |
| 1016         | 51378         | Fed Incent    | Federal Incentive Payments                  |
| 1017         | 51390         | Ben Sys       | Benefits Systems Receipts                   |
| 1018         | 51392         | EV Oil Set    | Exxon Valdez Oil Spill Settlement Fund      |
| 1019         | 51397         | Reforest      | Reforestation Fund                          |
| 1020         | 51345         | Grain Fund    | Grain Reserve Loan Fund                     |
| 1021         | 51035         | Agric Loan    | Agricultural Loan Fund                      |
| 1022         | 51320         | Corp Rcpts    | State Corporation Receipts                  |
| 1023         | 51040         | FICA Acct     | FICA Administration Fund Account            |
| 1024         | 51045         | Fish/Game     | Fish and Game Fund                          |
| 1025         | 51375         | Endow Inc     | Science & Technology Endowment Income       |
| 1026         | 51050         | Hwy Capitl    | Highway Working Capital Fund                |
| 1027         | 51055         | Int Airprt    | International Airport Revenue Fund          |
| 1028         |               | Pre90 PRGM    | Pre-FY90 Program Receipts                   |
| 1029         | 51065         | P/E Retire    | Public Employees Retirement Fund            |
| 1030         | 60180         | School Fnd    | School Fund (Cigarette Tax)                 |
| 1031         | 51075         | Sec Injury    | Second Injury Fund Reserve Account          |
| 1032         | 51080         | Dis Fisher    | Disabled Fishermans Reserve Account         |
| 1033         | 51085         | Surpl Prop    | Surplus Property Revolving Fund             |
| 1034         | 51090         | Teach Ret     | Teachers Retirement System Fund             |
| 1035         | 51095         | Vet Loan      | Veterans Revolving Loan Fund                |
| 1036         | 51100         | C/F Loan      | Commercial Fishing Loan Fund                |
| 1037         | 68515         | GF/MH         | General Fund/Mental Health                  |
| 1038         | 51110         | UA/STF SVC    | U/A Student Tuition/Fees/Services           |
| 1039         | 51115         | UA/ICR        | U/A Indirect Cost Recovery                  |

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## FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98

| FUND CODE | AKSAS CODE | SHORT NAME | LONG NAME                                 |
|-----------|------------|------------|-------------------------------------------|
| 1040      | 51360      | R E Surety | Real Estate Surety Fund                   |
| 1041      | 51373      | PF Earning | Permanent Fund Earnings Reserve Account   |
| 1042      | 51125      | Jud Retire | Judicial Retirement System                |
| 1043      | 51130      | P/L 81-874 | Public Law 81-874                         |
| 1044      | 51391      | Debt R Fnd | Debt Retirement Fund                      |
| 1045      | 51135      | Nat Guard  | National Guard Retirement System          |
| 1046      | 51140      | Stdnt Loan | Student Revolving Loan Fund               |
| 1047      | 51145      | Title XX   | Title 20 - OR - Title XX                  |
| 1048      | 51150      | Univ Rcpt  | University Restricted Receipts            |
| 1049      | 51155      | Trng/Bldg  | Training and Building Fund                |
| 1050      | 51160      | PFD Fund   | Permanent Fund Dividend Fund              |
| 1051      | 51387      | R.D.I.F.   | Rural Development Initiative Fund         |
| 1052      | 51370      | Oil Resp   | Oil/Hazardous Prevention & Response Fund  |
| 1053      | 51393      | ILT FUND   | Investment Loss Trust Fund                |
| 1054      | 51394      | Empl Trng  | State Employment & Training Program       |
| 1055      | 51395      | IA/OIL HAZ | Inter-agency Rcpts/Oil & Hazardous Waste  |
| 1056      | 51396      | ES Ext Fnd | Electrical Service Extension Fund         |
| 1057      | 51180      | Small Bus  | Small Business Loan Fund                  |
| 1058      | 51185      | Trsm Loan  | Tourism Revolving Loan Fund               |
| 1059      | 51190      | Corr. Ind. | Correctional Industries Fund              |
| 1060      |            | OF(Pre'84) | Other Funds (Pre-FY '84 Only)             |
| 1061      | 51200      | CIP Rcpts  | Capital Improvement Project Receipts      |
| 1062      | 51350      | PPL Fund   | Power Project Loan Fund                   |
| 1063      | 51210      | NPR Fund   | National Petroleum Reserve Fund           |
| 1064      | 51215      | House Loan | Housing Assistance Loan Fund              |
| 1065      | 51355      | RERL Fund  | Rural Electrification Revolving Loan Fund |
| 1066      | 51225      | P/S Fund   | Public School Fund                        |
| 1067      | 51230      | MRL Fund   | Mining Revolving Loan Fund                |
| 1068      | 51235      | CCRL Fund  | Child Care Revolving Loan Fund            |
| 1069      | 51240      | HDRL Fund  | Historical District Revolving Loan Fund   |
| 1070      | 51245      | FERL Fund  | Fisheries Enhancement Revolving Loan Fund |
| 1071      | 51250      | AERL Fund  | Alternative Energy Revolving Loan Fund    |
| 1072      | 51255      | RECL Fund  | Residential Energy Conservation Loan Fund |
| 1073      | 51260      | PDRL Fund  | Power Development Fund                    |
| 1074      | 51270      | BFRL Fund  | Bulk Fuel Revolving Loan Fund             |
| 1075      | 51205      | AKCWL Fund | Alaska Clean Water Loan Fund              |
| 1076      | 51380      | AMHS Fund  | Marine Highway System Fund                |
| 1077      | 51381      | IFC GGB    | Indv/Found'n/Corp Gifts/Grants/Bequests   |
| 1078      | 51382      | Sr Hsg Ln  | Senior Housing Loan Fund                  |
| 1079      | 51383      | Storg Tank | Storage Tank Assistance Fund              |
| 1080      | 51384      | Sch Const  | School Construction Fund                  |
| 1081      | 51385      | IS Fund    | Information Services Fund                 |



**FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98**

| FUND<br>CODE | AKSAS<br>CODE | SHORT<br>NAME | LONGNAME                                        |
|--------------|---------------|---------------|-------------------------------------------------|
| 1082         | 51386         | VR Fund       | Vessel Replacement Fund                         |
| 1083         | 51398         | Educ Fac      | Education Facilities Maint & Construct          |
| 1084         | 51399         | Alyeska       | Alyeska Settlement Fund                         |
| 1085         | 51400         | RIT           | Railbelt Intertie Reserve                       |
| 1086         | 51401         | SEEF          | Southeast Energy Fund                           |
| 1087         | 51402         | Muni Grant    | Municipal Matching Grant Fund                   |
| 1088         | 51403         | Uni Grant     | Unincorporated Matching Grant Fund              |
| 1089         | 51404         | Power Cost    | Power Cost Equalization                         |
| 1090         | 51405         | 4 Dam Pool    | Four Dam Pool Transfer Fund                     |
| 1091         | 0             | GF-Desgntd    | General Funds - Designated                      |
| 1092         | 51410         | MHTAAR        | Mental Health Trust Settlement Income           |
| 1093         | 51207         | Clean Air     | Clean Air Protection Fund                       |
| 1094         | 51410         | MHT Admin     | Mental Health Trust Administration              |
| 1095         | 0             | Med Facil     | Medical Facilities Authority Fund               |
| 1096         | 0             | Duplicate     | Do Not Use                                      |
| 1097         | 0             | AETNA Res     | Group Health & Life Benefits Fund               |
| 1098         | 51414         | ChildTrEm     | Children's Trust Fund Earnings                  |
| 1099         | 0             | ChildTrPm     | Children's Trust Fund Principal                 |
| 1100         | 51415         | ADWF          | Alaska Drinking Water Fund                      |
| 1101         | 51416         | AREO Rcpts    | AK Aerospace Dev Corporation Receipts           |
| 1102         | 51406         | AIDEA Rcpts   | AK Industrial Dev & Export Authority Receipts   |
| 1103         | 51407         | AHFC Rcpts    | AK Housing Finance Corporation Receipts         |
| 1104         | 51417         | MBB Rcpts     | Alaska Municipal Bond Bank Receipts             |
| 1105         | 51373         | PFund Rcpt    | Alaska Permanent Fund Corporate Receipts        |
| 1106         | 55520         | P-Sec Rcpt    | AK Post-Secondary Education Commis Receipts     |
| 1107         | 51418         | AEA Rcpts     | Alaska Energy Authority Corporate Receipts      |
| 1108         | 51063         | Stat Desig    | Statutory Designated Program Receipts           |
| 1109         | 51064         | Test Fish     | Test Fisheries Receipts                         |
| 1110         | 51066         | APUC Rcpts    | Alaska Public Utilities Commission Receipts     |
| 1111         | 51420         | FishFndInc    | Fisherman's Fund Income                         |
| 1112         | 51421         | IntAptCons    | International Airports Construction Fund        |
| 1113         | 51419         | AHFC Bonds    | AK Housing Finance Corporation Bonds            |
| 1114         | 51413         | EVOS Rest     | Exxon Valdex Oil Spill Restoration Fund         |
| 1115         |               | ITDF          | International Trade and Development Earnings    |
| 1116         |               | Dis Relief    | Disaster Relief Fund                            |
| 1117         |               | VocSmBus      | Vocational Small Business Fund                  |
| 1118         |               | Pioneers      | Pioneers Homes Receipts                         |
| 1119         |               | Tobac Setl    | Tobacco Settlement Receipts                     |
| 1120         |               | Motor Fuel    | Motor Fuel Tax Increase                         |
| 1121         |               | Multi Funds   | Multiple Funds Used in Prior Years (do not use) |

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all other funding sources not listed above

### FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98

| FUND<br>CODE | AKSAS<br>CODE | SHORT<br>NAME | LONGNAME                                    |
|--------------|---------------|---------------|---------------------------------------------|
| 1000         | 51005         | Restrtd GF    | Restricted General Fund                     |
| 1001         | 51020         | CBR Fund      | Constitutional Budget Reserve Fund          |
| 1002         | 51010         | Fed Rcpts     | Federal Receipts                            |
| 1003         | 68510         | G/F Match     | General Fund Match                          |
| 1004         | 68515         | GF Receipt    | General Fund Receipts                       |
| 1005         | 51060         | GF/PRGM       | GF/Program Receipts                         |
| 1006         | 51340         | GF/MHTIA      | General Fund/Mental Health Trust            |
| 1007         | 51015         | I/A Rcpts     | Inter-Agency Receipts                       |
| 1008         | 51020         | G/O Bonds     | General Obligation Bonds                    |
| 1009         | 51025         | Rev Bonds     | Revenue Bonds                               |
| 1010         | 51030         | UA/INT INC    | U/A Interest Income                         |
| 1011         | 51376         | AACTP Fund    | Alaska Advance College Tuition Pymnt Fund   |
| 1012         | 51265         | Rail Enrgy    | Railbelt Energy Fund                        |
| 1013         | 51377         | A/D RLF       | Alcoholism & Drug Abuse Revolving Loan Fund |
| 1014         | 51120         | DC/HF Acct    | Donated Commodity Handling Fee Account      |
| 1015         | 51290         | UA/DFA SVC    | U/A Dormitory/Food Auxiliary Service        |
| 1016         | 51378         | Fed Incent    | Federal Incentive Payments                  |
| 1017         | 51390         | Ben Sys       | Benefits Systems Receipts                   |
| 1018         | 51392         | EV Oil Set    | Exxon Valdez Oil Spill Settlement Fund      |
| 1019         | 51397         | Reforest      | Reforestation Fund                          |
| 1020         | 51345         | Grain Fund    | Grain Reserve Loan Fund                     |
| 1021         | 51035         | Agric Loan    | Agricultural Loan Fund                      |
| 1022         | 51320         | Corp Rcpts    | State Corporation Receipts                  |
| 1023         | 51040         | FICA Acct     | FICA Administration Fund Account            |
| 1024         | 51045         | Fish/Game     | Fish and Game Fund                          |
| 1025         | 51375         | Endow Inc     | Science & Technology Endowment Income       |
| 1026         | 51050         | Hwy Capitl    | Highway Working Capital Fund                |
| 1027         | 51055         | Int Airprt    | International Airport Revenue Fund          |
| 1028         |               | Pre90 PRGM    | Pre-FY90 Program Receipts                   |
| 1029         | 51065         | P/E Retire    | Public Employees Retirement Fund            |
| 1030         | 60180         | School Fnd    | School Fund (Cigarette Tax)                 |
| 1031         | 51075         | Sec Injury    | Second Injury Fund Reserve Account          |
| 1032         | 51080         | Dis Fisher    | Disabled Fishermans Reserve Account         |
| 1033         | 51085         | Surpl Prop    | Surplus Property Revolving Fund             |
| 1034         | 51090         | Teach Ret     | Teachers Retirement System Fund             |
| 1035         | 51095         | Vet Loan      | Veterans Revolving Loan Fund                |
| 1036         | 51100         | C/F Loan      | Commercial Fishing Loan Fund                |
| 1037         | 68515         | GF/MH         | General Fund/Mental Health                  |
| 1038         | 51110         | UA/STF SVC    | U/A Student Tuition/Fees/Services           |
| 1039         | 51115         | UA/ICR        | U/A Indirect Cost Recovery                  |



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## FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98

| FUND<br>CODE | AKSAS<br>CODE | SHORT<br>NAME | LONGNAME                                  |
|--------------|---------------|---------------|-------------------------------------------|
| 1040         | 51360         | R E Surety    | Real Estate Surety Fund                   |
| 1041         | 51373         | PF Earning    | Permanent Fund Earnings Reserve Account   |
| 1042         | 51125         | Jud Retire    | Judicial Retirement System                |
| 1043         | 51130         | P/L 81-874    | Public Law 81-874                         |
| 1044         | 51391         | Debt R Fnd    | Debt Retirement Fund                      |
| 1045         | 51135         | Nat Guard     | National Guard Retirement System          |
| 1046         | 51140         | Stdnt Loan    | Student Revolving Loan Fund               |
| 1047         | 51145         | Title XX      | Title 20 - OR - Title XX                  |
| 1048         | 51150         | Univ Rcpt     | University Restricted Receipts            |
| 1049         | 51155         | Trng/Bldg     | Training and Building Fund                |
| 1050         | 51160         | PFD Fund      | Permanent Fund Dividend Fund              |
| 1051         | 51387         | R.D.I.F.      | Rural Development Initiative Fund         |
| 1052         | 51370         | Oil Resp      | Oil/Hazardous Prevention & Response Fund  |
| 1053         | 51393         | ILT FUND      | Investment Loss Trust Fund                |
| 1054         | 51394         | Empl Trng     | State Employment & Training Program       |
| 1055         | 51395         | IA/OIL HAZ    | Inter-agency Rcpts/Oil & Hazardous Waste  |
| 1056         | 51396         | ES Ext Fnd    | Electrical Service Extension Fund         |
| 1057         | 51180         | Small Bus     | Small Business Loan Fund                  |
| 1058         | 51185         | Trsm Loan     | Tourism Revolving Loan Fund               |
| 1059         | 51190         | Corr. Ind.    | Correctional Industries Fund              |
| 1060         |               | OF(Pre'84)    | Other Funds (Pre-FY '84 Only)             |
| 1061         | 51200         | CIP Rcpts     | Capital Improvement Project Receipts      |
| 1062         | 51350         | PPL Fund      | Power Project Loan Fund                   |
| 1063         | 51210         | NPR Fund      | National Petroleum Reserve Fund           |
| 1064         | 51215         | House Loan    | Housing Assistance Loan Fund              |
| 1065         | 51355         | RERL Fund     | Rural Electrification Revolving Loan Fund |
| 1066         | 51225         | P/S Fund      | Public School Fund                        |
| 1067         | 51230         | MRL Fund      | Mining Revolving Loan Fund                |
| 1068         | 51235         | CCRL Fund     | Child Care Revolving Loan Fund            |
| 1069         | 51240         | HDRL Fund     | Historical District Revolving Loan Fund   |
| 1070         | 51245         | FERL Fund     | Fisheries Enhancement Revolving Loan Fund |
| 1071         | 51250         | AERL Fund     | Alternative Energy Revolving Loan Fund    |
| 1072         | 51255         | RECL Fund     | Residential Energy Conservation Loan Fund |
| 1073         | 51260         | PDRL Fund     | Power Development Fund                    |
| 1074         | 51270         | BFRL Fund     | Bulk Fuel Revolving Loan Fund             |
| 1075         | 51205         | AKCWL Fund    | Alaska Clean Water Loan Fund              |
| 1076         | 51380         | AMHS Fund     | Marine Highway System Fund                |
| 1077         | 51381         | IFC GGB       | Indv/Foundt'n/Corp Gifts/Grants/Bequests  |
| 1078         | 51382         | Sr Hsg Ln     | Senior Housing Loan Fund                  |
| 1079         | 51383         | Storg Tank    | Storage Tank Assistance Fund              |
| 1080         | 51384         | Sch Const     | School Construction Fund                  |
| 1081         | 51385         | IS Fund       | Information Services Fund                 |

**FUNDING CODES/NAMES CURRENTLY IN USE AS OF 10/7/98**

| <b>FUND<br/>CODE</b> | <b>AKSAS<br/>CODE</b> | <b>SHORT<br/>NAME</b> | <b>LONGNAME</b>                                 |
|----------------------|-----------------------|-----------------------|-------------------------------------------------|
| 1082                 | 51386                 | VR Fund               | Vessel Replacement Fund                         |
| 1083                 | 51398                 | Educ Fac              | Education Facilities Maint & Construct          |
| 1084                 | 51399                 | Alyeska               | Alyeska Settlement Fund                         |
| 1085                 | 51400                 | RIT                   | Railbelt Intertie Reserve                       |
| 1086                 | 51401                 | SEEF                  | Southeast Energy Fund                           |
| 1087                 | 51402                 | Muni Grant            | Municipal Matching Grant Fund                   |
| 1088                 | 51403                 | Uni Grant             | Unincorporated Matching Grant Fund              |
| 1089                 | 51404                 | Power Cost            | Power Cost Equalization                         |
| 1090                 | 51405                 | 4 Dam Pool            | Four Dam Pool Transfer Fund                     |
| 1091                 | 0                     | GF-Desgntd            | General Funds - Designated                      |
| 1092                 | 51410                 | MHTAAR                | Mental Health Trust Settlement Income           |
| 1093                 | 51207                 | Clean Air             | Clean Air Protection Fund                       |
| 1094                 | 51410                 | MHT Admin             | Mental Health Trust Administration              |
| 1095                 | 0                     | Med Facil             | Medical Facilities Authority Fund               |
| 1096                 | 0                     | Duplicate             | Do Not Use                                      |
| 1097                 | 0                     | AETNA Res             | Group Health & Life Benefits Fund               |
| 1098                 | 51414                 | ChildTrEm             | Children's Trust Fund Earnings                  |
| 1099                 | 0                     | ChildTrPm             | Children's Trust Fund Principal                 |
| 1100                 | 51415                 | ADWF                  | Alaska Drinking Water Fund                      |
| 1101                 | 51416                 | AREO Rcpts            | AK Aerospace Dev Corporation Receipts           |
| 1102                 | 51406                 | AIDEA Rcpts           | AK Industrial Dev & Export Authority Receipts   |
| 1103                 | 51407                 | AHFC Rcpts            | AK Housing Finance Corporation Receipts         |
| 1104                 | 51417                 | MBB Rcpts             | Alaska Municipal Bond Bank Receipts             |
| 1105                 | 51373                 | PFund Rcpt            | Alaska Permanent Fund Corporate Receipts        |
| 1106                 | 55520                 | P-Sec Rcpt            | AK Post-Secondary Education Commis Receipts     |
| 1107                 | 51418                 | AEA Rcpts             | Alaska Energy Authority Corporate Receipts      |
| 1108                 | 51063                 | Stat Desig            | Statutory Designated Program Receipts           |
| 1109                 | 51064                 | Test Fish             | Test Fisheries Receipts                         |
| 1110                 | 51066                 | APUC Rcpts            | Alaska Public Utilities Commission Receipts     |
| 1111                 | 51420                 | FishFndInc            | Fisherman's Fund Income                         |
| 1112                 | 51421                 | IntAptCons            | International Airports Construction Fund        |
| 1113                 | 51419                 | AHFC Bonds            | AK Housing Finance Corporation Bonds            |
| 1114                 | 51413                 | EVOS Rest             | Exxon Valdex Oil Spill Restoration Fund         |
| 1115                 |                       | ITDF                  | International Trade and Development Earnings    |
| 1116                 |                       | Dis Relief            | Disaster Relief Fund                            |
| 1117                 |                       | VocSmBus              | Vocational Small Business Fund                  |
| 1118                 |                       | Pioneers              | Pioneers Homes Receipts                         |
| 1119                 |                       | Tobac Setl            | Tobacco Settlement Receipts                     |
| 1120                 |                       | Motor Fuel            | Motor Fuel Tax Increase                         |
| 1121                 |                       | Multi Funds           | Multiple Funds Used in Prior Years (do not use) |





and Delivery of Government Services

Co-Chairs:  
Representative John Cowdery  
Senator Jerry Ward

Senator Al Adams  
Bill Allen  
Representative Tom Brice  
Tom Fink  
William Prosser  
Helvi Sandvik  
Kathryn Thomas  
Don Valesko  
George Wuerch

# FAX COVER SHEET

To:

Number:

From:

Number:

Date:

Subject:

# of pages including cover:

2

Notes:

From Fax # 269-0223

## Department of Community & Economic Development Subcommittee

|             |         |                                            |                               |
|-------------|---------|--------------------------------------------|-------------------------------|
| Johnson     | Craig   | AK Journal of Commerce                     |                               |
| Crawford    | Jim     | City Mortgage                              |                               |
| Davidge     | Rick    | Community Planner                          |                               |
|             |         |                                            |                               |
| Haxby       | John    | Waukesha Alaska Corporation                |                               |
| Holm        | Jim     |                                            | htn@gcl.net                   |
| Holmes      | J.D.    | Alaska Energy Products, Borough Assembly   | ldholmes@postman.net          |
| Jones       | Kim     | Sourdough Productions                      | sourdo@alaska.net             |
| Levi        | Steve   | Parsnackle                                 | afsci@alaska.net              |
| Nichols     | Mel     | DOWL                                       | mnichols@dowl.com             |
|             |         |                                            |                               |
| Rouse       | Steve   | MAKE IT ALASKA, Inc.                       | makeitak@alaska.net           |
| Sanders     | Jim     | APEA                                       |                               |
| Schlotfeldt | Dennis  | Pacific Movers                             | pacificmovers@mosquitonet.com |
| Schroer     | Don     |                                            |                               |
|             |         |                                            |                               |
| Smith       | Don     |                                            |                               |
| Thomas      | Kathryn | Alaska State Chamber of Commerce           | asccluno@ptialaska.net        |
| Wolf        | Greg    | Dept of Commerce - Individual Dept Contact |                               |
| Wuerch      | George  | Municipality of Anchorage                  | wuerch@alaska.net             |
|             |         |                                            |                               |

# *Legislative Research Services*

*Alaska State Legislature  
Legislative Affairs Agency  
Division of Legal and Research Services*

*130 Seward Street, Suite 218  
Juneau, AK 99801  
Phone: 907-465-3991  
Fax: 907-465-3908*

February 7, 1996

## **MEMORANDUM**

**TO:** Representative Pete Kelly

**FROM:** Paula d. Scavera  
Legislative Analyst

**RE:** Privatization of Professional Occupational Licensing Boards  
Research Request 96.026

You wanted to know if any state had privatized professional or occupational licensing boards.

According to Carlton Kern, of the Council on Licensure, Enforcement and Regulation (CLEAR), and Mary Renstrom from the National Conference of State Legislatures, no state has privatized their occupational licensing boards<sup>1</sup>. Recently some states have consolidated boards or deregulated professions thus abolishing the need for their regulation.

We were able to find only one state, Colorado, where legislation has been introduced to privatize all occupational and professional licensing boards. Attached is a copy of House Bill 96-1171, introduced this year which would privatize all licensing boards by setting up Self Regulated Organizations (SRO). According to an official with the Department of Regulatory Agencies in Colorado, SRO's are not mandatory and if a SRO was not formed for a profession, self-regulation would not exist. The official also stated that if this legislation passed, licensure would not be mandatory for any member of a profession or occupation; procedures for review of competence or qualifications for practicing a profession in Colorado would not exist. As of February 7, 1996 this legislation has not passed out of its first committee of referral.

If you have any questions or need further assistance, please contact this agency.

Attachments

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<sup>1</sup>Members of CLEAR from all over the U.S. met in New Orleans the weekend of January 19, 1996. At our request, members discussed whether states had privatized occupational boards. No members present knew of states that had done this.



# Department of Community & Economic Development Subcommittee Membership

|             |         |                   |                |          |                                            |                               |
|-------------|---------|-------------------|----------------|----------|--------------------------------------------|-------------------------------|
| Johnson     | Craig   | 762-1944/242-6380 | 563-4744       |          | AK Journal of Commerce                     |                               |
| Crawford    | Jim     | 263-0722          | 263-0799       |          | City Mortgage                              |                               |
| Davidge     | Rick    | 373-9045          | X 373-9089     |          | Community Planner                          |                               |
|             |         |                   |                |          |                                            |                               |
| Haxby       | John    | 345-6800          | 345-0311       |          | Waukesha Alaska Corporation                |                               |
| Holm        | Jim     | 457-2760          | X 451-8733     |          |                                            | htn@oci.net                   |
| Holmes      | J.D.    | 745-9506          | X 745-7557     |          | Alaska Energy Products, Borough Assembly   | ldholmes@postman.net          |
| Jones       | Kim     | 277-7469          | 272-7372       |          | Sourdough Productions                      | sourdo@alaska.net             |
| Levi        | Steve   | 440-7444/337-2021 | 337-4485       |          | Parsnackie                                 | afsci@alaska.net              |
| Nichols     | Mel     | 562-2000 x 205    | X 801-838-0486 | 250-0483 | DOWL                                       | mnichols@dowl.com             |
|             |         |                   |                |          |                                            |                               |
| Rouse       | Steve   | 258-2878          | 276-7255       | 244-6421 | MAKE IT ALASKA, Inc.                       | makeitak@alaska.net           |
| Sanders     | Jim     | 269-4591          | 269-4539       |          | APEA                                       |                               |
| Schlotfeldt | Dennis  | 452-3663          | X 456-6803     |          | Pacific Movers                             | pacificmovers@mosquitonet.com |
| Schroer     | Don     | 272-5668          | 279-2566       |          |                                            |                               |
|             |         |                   |                |          |                                            |                               |
| Smith       | Don     | 276-4325          | 276-2500       | 229-7079 |                                            |                               |
| Thomas      | Kathryn | 776-5515          | X 776-5132     |          | Alaska State Chamber of Commerce           | asccluno@otlalaska.net        |
| Wolf        | Greg    | 269-8115          | 269-8125       |          | Dept of Commerce - Individual Dept Contact |                               |
| Wuerch      | George  | 563-2737          | 561-3793       |          | Municipality of Anchorage                  | wuerch@alaska.net             |
|             |         |                   |                |          |                                            |                               |

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
Internet e-mail address:  
legaudit@legis.state.ak.us

**SUMMARY OF:** A Special Report on the Departments of Administration and Commerce and Economic Development, Selected State Compensation Issues Including Alaska Seafood Marketing Institute and Alaska Industrial Development and Export Authority, April 15, 1999.

### PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we reviewed a variety of compensation related issues for employees in various governmental corporations.

Specifically, the objectives of our review were to:

1. Identify the state executive branch positions, which are not legally required to comply with the employee salary schedule in AS 39.27.011. Further, to identify the pay plan that is followed and who determines the rate of pay.
2. Identify the state policies and procedures regarding initial step hire and annual merit increases in general and specifically for the Alaska Seafood Marketing Institute (ASMI) and the Alaska Industrial Development and Export Authority (AIDEA).
3. Determine the comparability of salaries at ASMI and AIDEA at range 21 and above with salaries for positions with similar responsibilities in the private sector and other State of Alaska agencies.

### REPORT CONCLUSIONS

#### Only 5% of executive branch employees are legally required to use the statutory pay plan

Only 5% of the executive branch employees are required to be paid in accordance with the statutory pay plan. The largest portion of the employees that are not paid in accordance with the statutory pay plan are those employees in positions represented by labor union contracts. Information provided by the Department of Administration shows that approximately 90% of the positions are covered by bargaining units, 5% are exempt and may or may not use the statutory pay plan, and 5% must use the pay plan.



**Advanced step hire is practiced by both classified and partially/fully exempt employees**

Our review concluded that in approximately 9% of the time both classified and partially/totally exempt employees were being placed in advanced steps upon hire (step B or above). One difference we did notice between the partially and fully exempt employees is that fully exempt employees were being hired into the longevity steps.

**Compensation for most ASMI positions is within competitive market range**

KPMG reviewed five of the six positions at ASMI that are range 21 and above. Its review indicated that four of the five positions are paid within competitive market ranges. The ASMI executive director is considered to be paid below the competitive market range.

**AIDEA positions fall within, above, and below the competitive market according to KPMG analysis**

Of the eight reviewed, five were considered to be within the competitive market range. Two AIDEA positions were considered above the competitive range that is considered by KPMG to be 20% above the survey average. One position is considered to be below the competitive range that is considered by KPMG to be 20% below the survey average.

**State of Alaska benefits are competitive when compared to KPMG 's survey data**

KPMG determined that the costs of benefits as a percentage of salary for the State are slightly higher than corresponding amounts obtained from the private survey data. KPMG determined that for State of Alaska employees, not represented by a bargaining unit, benefits are 42% of salaries. KPMG survey participants reported that their employee benefits were 39% of salaries.

**FINDING AND RECOMMENDATION**

**We recommend that the ASMI executive director develop comprehensive personnel policies approved by the board of directors.**

[Fwd: Re: Seafood Trade Mission]

**Subject: [Fwd: Re: Seafood Trade Mission]**  
**Date: Tue, 28 Sep 1999 16:35:35 -0700**  
**From: Robin Richardson Zerbel <world1@alaska.net>**  
**Organization: World Trade Center Alaska**  
**To: Marco\_Pignalberi@legis.state.ak.us**

**Subject: Re: Seafood Trade Mission**  
**Date: Tue, 28 Sep 1999 16:25:18 -0700**  
**From: Robin Richardson Zerbel <world1@alaska.net>**  
**Organization: World Trade Center Alaska**  
**To: World Trade Center Alaska <102761.2127@compuserve.com>**

TO: Marco  
FROM: Robin  
SUBJ: International Seafood Marketing

In response to your request.

As you are aware, World Trade Center Alaska proposed to the State of Alaska during a number of hearings, in testimony and during numerous discussions over the past 5 years, the possibility of "outsourcing" some of the state international trade services. To make a very long story short.... the World Trade Center Alaska receives a designated grant in the amount of \$115,400 from the State Department of Community and Economic Development (ACIB...ASTF...DOC funds). At the beginning of the year, we submit a proposal to the State of Alaska, Division of Trade and Development on projects/initiatives that we believe to be beneficial to Alaskan trade. We are in the second year of a project which we call the European Seafood Project. The purpose of this project is NOT TO SELL FISH, rather it has fundamental routes is establishing long-term partnerships with European partners for the development of joint ventures here in Alaska. To establish development of high quality, niche market seafood products for the European market. Ideally, Marco, the purpose of this project is to educate Alaskans through these jv's on the business of developing international products for international markets. A broader statewide number of companies where ALASKANS have a proactive role rather than simply bringing the fish to the dock. WTCAL believes that ALASKANS must make this step to control their own destiny and remain internationally competitive. We are not concentrating on the established Japanese or Seattle owned processors, but small/medium sized Alaskan businesses such as CDQ's, etc.

We have collected information from hundreds of Alaskans over 5+ years to come to the conclusion that this project is critical and the results are important in taking the fishing industry into the food industry.

#### ASMI

We have a very good working relationship with ASMI. Barbara was consulted before we submitted this project in its final form and we participated with them last year in the Brussels Seafood Show. In discussions with Barbara Belknap and our Board, the terms of their international marketing (by Fed \$'s and grant) is very specific and generic. It cannot represent individual companies and they welcomed our efforts. They have been very supportive and helpful in our work. They DO understand what we are trying to accomplish is very difficult and long-term, but have told us this is the direction that needs to be taken.

#### State of Alaska, Division of Trade

We had several discussions with the State on this project. Ultimately, they agreed that they had not taken this approach or actively worked in this market. We have WTC's (50+) in Europe and



contacts with our companies on-ground representatives that can really leverage a project like this and they concurred. This is not a duplication. In fact, we meet once a month to go over the progress of this project and to my knowledge they have no similar initiative in this market.

Last thought. The method that we are using is the same as the Japanese. A trading company. However, we're taking individuals from different sectors (seafood processing, harvesting, logistics, freight forwarding, transportation, finance, etc.) to involve the complete development of infrastructure to successfully meet our objectives. Last year, we recruited people for this mission with hundreds of hours of introductions, explanations of objectives and 15 participants. This year, we have 180+ who have expressed interest and already companies who have committed to participate. I am hopeful that this project -- working for the State and with ASMI, as well as ASTF, AFDF, CDQ's and a host of others --- that it will be significant to our long-term economic health.

**Privatization Subcommittee  
CED**

**Sept. 1, 1999  
Anchorage LIO  
3:30 PM**

**AGENDA**

- 1. Call to Order**
- 2. Approval of Minutes of previous meeting**
- 3. Review Material from Department**
- 4. Review Subcommittee Assignments**
- 5. Break into Subcommittees:**
  - Establish Chairperson**
  - Get department contact names**
  - Establish a time line for meeting w/ departments**
  - Review Detailed Budget Books**
  - Review State Warrants**
- 6. Next Meeting of full Committee      Sept.15,**



| Department of Commerce & Economic Development Subcommittee Membership |         |                   |              |                                            |                               |          |           |
|-----------------------------------------------------------------------|---------|-------------------|--------------|--------------------------------------------|-------------------------------|----------|-----------|
| Johnson                                                               | Craig   | 762-1944/242-6390 | 563-4744     | Ak.Journal of Commerce                     |                               |          |           |
| Crawford                                                              | Jim     | 263-0722          | 263-0799     | City Mortgage                              |                               |          |           |
| Davidge                                                               | Rick    | 373-9045          | 373-9089     | Community Planner                          |                               |          | Wasilla   |
| Hackney                                                               | Art     | 279-0554          | 279-0556     | Advertising Design Services                |                               |          |           |
| Haxby                                                                 | John    | 345-6800          | 345-0311     | Waukesha Alaska Corporation                |                               |          |           |
| Holm                                                                  | Jim     | 457-2760          | 451-8733     |                                            | htn@gci.net                   |          | Fairbanks |
| Holmes                                                                | J.D.    | 745-8506          | 745-7557     | Alaska Energy Products, Borough Assembly   | jdholmes@postman.net          |          | Mat-Su    |
| Jones                                                                 | Kim     | 277-7469          | 272-7372     | Sourdough Productions                      | sourdo@alaska.net             |          |           |
| Levi                                                                  | Steve   | 440-7444/337-2021 | 337-4485     | Parsnackle                                 | afsci@alaska.net              |          |           |
| Nichols                                                               | Mel     | 562-2000 x 205    | 801-838-0486 | DOWL                                       | mnichols@dowl.com             | 250-0483 |           |
| Roberts                                                               | Ann     | 479-6375          | 456-8031     |                                            | herbs@ptialaska.net           |          | Fairbanks |
| Rouse                                                                 | Steve   | 258-2878          | 276-7255     | MAKE IT ALASKA, Inc.                       | makelitak@alaska.net          | 244-6421 |           |
| Sanders                                                               | Jim     | 269-4591          | 269-4539     | APEA                                       |                               |          |           |
| Schlotfeldt                                                           | Dennis  | 452-3663          | 456-6803     | Pacific Movers                             | pacificmovers@mosquitonet.com |          | Fairbanks |
| Schroer                                                               | Don     | 272-5668          | 279-2566     |                                            |                               |          |           |
| Smirnoff                                                              | Steve   | 349-5481          | 522-1489     | Marketing                                  | bahamas@alaska.net            |          |           |
| Smith                                                                 | Don     | 276-4325          | 276-2500     |                                            |                               | 229-7079 |           |
| Thomas                                                                | Kathryn | 776-5515          | 776-5132     | Alaska State Chamber of Commerce           | ascjuno@ptialaska.net         |          | Kenai     |
| Wolf                                                                  | Greg    | 269-8115          | 269-8125     | Dept of Commerce - Individual Dept Contact |                               |          |           |
| Wuerch                                                                | George  | 563-2737          | 561-3793     | Municipality of Anchorage                  | wuerch@alaska.net             |          |           |
|                                                                       |         |                   |              |                                            |                               |          |           |
|                                                                       |         |                   |              |                                            |                               |          |           |

**Steven C. Levi**  
Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

**August 17, 1999**

The Commerce and Community Development Subcommittee met on August 17, 1999 at 11:30. Present and at remote locations were Chairman Johnson and members Crawford, Smith, Holmes, Smirnoff, Levi, Davidge, Thomas, Wolf, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Also present was Commissioner Sedwick. Staff from Commerce and Community Development were also present on air. The subcommittee decided that it would meet weekly on Wednesdays between 3:30 and 5 starting the next Wednesday.

Commissioner Sedwick gave an overview of her new, combined department. Basically there were four classes of functions: regulatory, economic development, quasi-public entities and rural development. A budgetary overview was distributed and Sedwick gave a brief description of the department and its functions.

After Sedwick's presentation the subcommittee debated what its long term focus was to be. With a final report due by the middle of October, it was decided to make the focus as clear as possible as soon as possible. After a brief discussion it was suggested that the divisions be examined being guided by a five-step process:

1. Identify the functions each division performed,
2. Determine if that function was necessary,
3. Establish a purpose for the function,
4. Suggest alternatives to the function if appropriate, and
5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.



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Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

**August 25, 1999**

The Commerce and Community Development Subcommittee met on August 25, 1999 at 11:30. Present and at remote locations were Chairman Craig Johnson and members Crawford, Smith, Holmes, Holm, Levi, Davidge, Thomas, Schroer, Rouse, Helm, Wuerch, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Staff from Community and Economic Development were also present on air.

The committee reviewed material submitted by staff and one member expressed extreme displeasure at the lack of completeness of the offering. After some discussion, staff agreed to provide a specific, up-to-the-moment organizational chart with all positions – filled and vacant – to the committee by the next meeting.

To simplify the process of examining the department, it was decided to divide the department into six functional categories: A) regulatory, B) management, C) revenue sharing, D) economic development and E) subsidy. In person, on air and by phone, the membership of the groups is as follows:

- A: Schroer, Holmes, Schlotfeldt
- B: Davidge, Johnson, Holmes, Hackney, Smirnoff
- C: Helm, Wuerch, Sanders
- D: Levi, Davidge, Smith, Nichols, Rouse
- E: Crawford, Nichols, Jones, Smirnoff

Each of the groups was urged to choose a chair and that person would be the primary contact for the specific divisions to be examined. The meeting adjourned at 5:15.

## **Privatization Subcommittee CED**

**8-17-99 11:30 AM  
Anchorage LIO Building  
Chair: Craig Johnson  
AGENDA**

- 1) Call to Order**
- 2) Introduction & Organization**
  - a) Secretary**
  - b) Tree-Phone Person**
  - c) Member Contact Sheets**
- 3) Briefing from Committee**
  - a) Goal Of Legislature**
  - b) Scope Of Legislature**
  - c) End Result Desired – Outline for Report**
- 4) Department Overview**
  - a) Mission Statement**
  - b) Goals & Measures (outcome based budgeting)**
- 5) Subcommittee**
- 6) Next Meeting Schedule**



**CONFERENCE CS FOR SENATE BILL NO. 33**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE CONFERENCE COMMITTEE**

**Offered: 5/14/99**

**Sponsor(s): SENATOR WARD**

**REPRESENTATIVE Kohring**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to contracts for the performance of certain state functions  
2 previously performed by state employees and to the Commission on Privatization  
3 and Delivery of Government Services; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1. FINDINGS AND INTENT.** (a) The legislature finds that

6 (1) the annual cost of state government is exceeding the annual revenue of the  
7 state;

8 (2) the State of Alaska, other states, and the federal government have  
9 successfully and substantially reduced government spending and increased government  
10 efficiency by contracting with third parties to perform particular state or government functions;

11 (3) there may be functions of our current state government that can be  
12 performed more efficiently by any or all of the following entities:

13 (A) nongovernmental or private organizations;

14 (B) local government or regional service organizations;

1 (4) there may be functions that state government should not continue to  
2 perform, but should leave to the federal government;

3 (5) there may be state government functions that should be consolidated or  
4 otherwise performed more efficiently;

5 (6) there exist state government functions that would be inappropriate to  
6 contract out to nongovernmental agencies.

7 (b) The legislature finds it is in the best interest of the state to make a formal  
8 determination of which state government functions can and should be transferred entirely to  
9 private entities or to local government agencies and whether the state should stop performing  
10 some functions for the federal government. The legislature also finds that it is in the best  
11 interest of the state to determine which state government functions can be consolidated or  
12 otherwise made more efficient.

13 (c) The legislature intends to make the determination set out in (b) of this section in  
14 order to reduce dependency on state governmental revenues for the delivery of government  
15 services.

16 \* Sec. 2. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT  
17 SERVICES. (a) There is created in the legislative branch of the state government the  
18 Commission on Privatization and Delivery of Government Services. The commission shall  
19 consist of 11 members, as follows:

20 (1) one member of the senate appointed by the president of the senate who  
21 shall serve as co-chair;

22 (2) one member of the house appointed by the speaker of the house who shall  
23 serve as co-chair;

24 (3) one member appointed by the Alaska Municipal League;

25 (4) two public members appointed by the president of the senate, one of whom  
26 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
27 (Alaska Native Claims Settlement Act);

28 (5) two public members appointed by the speaker of the house, one of whom  
29 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
30 (Alaska Native Claims Settlement Act);

31 (6) one member appointed by the Alaska State Chamber of Commerce;



1 (7) one member appointed by the American Federation of Labor-Congress of  
2 Industrial Organizations;

3 (8) one member from the minority caucus of the house appointed by the  
4 speaker of the house;

5 (9) one member from the minority caucus of the senate appointed by the  
6 president of the senate.

7 (b) The commission may appoint an advisory council to assist it in carrying out its  
8 duties.

9 \* Sec. 3. COMPENSATION. (a) The public members of the Commission on Privatization  
10 and Delivery of Government Services appointed under sec. 2(a) of this Act are not eligible  
11 for compensation but are entitled to per diem and travel expenses authorized for boards and  
12 commissions under AS 39.20.180.

13 (b) Members of the advisory council appointed under sec. 2(b) of this Act are not  
14 eligible for compensation, per diem, or payment of travel or other expenses by the state.

15 \* Sec. 4. MEETINGS. The Commission on Privatization and Delivery of Government  
16 Services shall meet as frequently as the commission determines necessary to perform its work.  
17 The commission may meet and vote by teleconference.

18 \* Sec. 5. DUTIES. (a) The Commission on Privatization and Delivery of Government  
19 Services shall

20 (1) review and evaluate the policies and recommendations of other states that  
21 are studying or have implemented recommendations to transfer the provision of government  
22 services to other entities;

23 (2) review state contracting policy and procedures, including competitive  
24 bidding procedures;

25 (3) identify state government functions capable of more efficient performance  
26 in the delivery of government services, and determine whether those identified functions could  
27 most effectively be provided by

28 (A) transferring to the private sector or contracting out;

29 (B) transferring to local governments or regional service organizations;

30 (C) the federal government;

31 (D) consolidation or other efficiency changes; or

1 (E) a combination of the approaches under (A) - (D) of this paragraph;

2 (4) identify state government functions that should be eliminated;

3 (5) identify present state government services that are most effectively and

4 efficiently delivered by the state and that should remain a responsibility of the state;

5 (6) solicit public comment about the delivery of state government services.

6 (b) By January 1, 2000, the Commission on Privatization and Delivery of Government

7 Services shall submit a written report of its findings and recommendations to the governor and

8 the legislature. The report must include suggested legislation that may be needed to

9 accomplish the recommendations. The report must specify which state

10 (1) functions should be transferred to the private sector or contracted out;

11 (2) functions should be transferred to local governments or regional service

12 organizations;

13 (3) agencies or functions should be consolidated or otherwise made more

14 efficient;

15 (4) functions should be performed by the federal government;

16 (5) functions should be eliminated as functions of state government.

17 \* Sec. 6. This Act is repealed on January 1, 2000.

18 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).



**COMMUNITY AND ECONOMIC DEVELOPMENT**  
**Subcommittee**  
**Contact Information Sheet**

**Name:**

**Work Phone:**

**Home Phone:**

**Fax:**

**Company:**

20

**Email:**

**Address:**

# [www.privatizealaska.org](http://www.privatizealaska.org)

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The Commission on Privatization and Delivery of Government Services.

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This page was last updated 8/16/99; Direct corrections and technical inquiries to

**Web Site Updated Daily ....**  
**Great resource for links, meeting**  
**schedules, subcommittee**  
**membership information, and**  
**contact information.**

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**TONY KNOWLES**  
GOVERNOR



**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
JUNEAU

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August 11, 1999

The Honorable John Cowdery  
Alaska State Legislature  
716 W. 4<sup>th</sup> Ave.  
Suite 320  
Anchorage, Alaska 99501-2133

*John*  
Dear Rep. Cowdery:

The Knowles Administration is committed to working with you and the entire Commission of Privatization and Delivery of Government Services to make the process spelled out in SB 33 as productive as possible. Towards that end I am enclosing a report produced by the Administration last year that may be of use to you.

In this document, titled "Knowles/Ulmer Administration Accomplishments in Budget Discipline and Government Efficiencies", each state agency has identified privatization efforts that have been accomplished or are underway. I think the Commission and its subcommittees will find this information helpful.

The report has not been updated since May 1998 so there are undoubtedly some new efforts underway that are not described in this document. I expect the Commission and subcommittee deliberations will provide agency personnel the opportunity to discuss any new developments not covered in the report.

As you know Mike Abbott, Special Assistant to the Governor, is the Administration's primary point of contact for the Commission. If you have further requests for information please make contact with Mike at your convenience.

Sincerely,

*Pat*  
Pat Pourchot  
Legislative Director

Enclosure

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# **Knowles/Ulmer Administration**

## **Accomplishments in Budget Discipline and Government Efficiencies**

**Compiled in May 1998**

**Office of Management and Budget**

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## Department of Commerce and Economic Development

### *Efficiency Innovations:*

- Information about state-registered corporations and business licensees is now accessible on the Internet.
- The Division of Trade and Development is actively utilizing the internet:
  - A collection of links to other tourism sites, our online highway travel planner, and the online Vacation Planner of ATMC are on the web.
  - DTD's Tourism North program's entire advertising, direct mail and public relations effort is aimed at driving traffic to their internet sites. People who still wish to order a hard copy of the planner fill out an online request form, and it is transferred electronically to our fulfillment house. Brochures are automatically mailed without any human ever intervening in the process.
  - International inquiries are now processed via the internet for free. This has substantially reduced our international postage and increased program receipts.
- DTD also utilizes computer technology to improve mailing efficiency. Names for information requests are electronically transferred to fulfillment houses for them to handle the assembly of the mail. This has reduced postage costs significantly, and allowed the inquiry staff to spend more time on the phone with potential travelers and travel agents.
- Initiated the approval of travel (TA forms) via email thus eliminating routing and mailing TA's between offices.
- Routine supplies, utilities, courier are pre-approved at the beginning of the year by agency staff - eliminating routing invoices for approval so the vendor is paid quicker.
- Have majority of our travel and procurement forms on common drives which eliminates mailing forms, throwing away out dated forms, and ensures all offices have the same information.
- Began accepting MasterCard two years ago (Banking & Tourism). Much more convenient for those paying for services.
- Reduced the paper work required of grant applicants, condensing the materials they need to review and respond to. And condensing them again.
- **Occupational Licensing Division**
  - Cash Management has identified portions of the licensing process that would achieve significant improvements by converting applications to a readable coupon and having the transaction processes through a bank controlled lock box. Cash Management collaborated with Occupational Licensing staff and converted business license renewals. The conversion eliminated the need for 7 part-time positions and allowed the renewals to be processed and returned 8 to 10 weeks quicker than the previous operation. The lock box process provided for same day deposit of payments and the transmission of an electronic file used to update the divisions records. This improvement provided a significant increase in the level of service for individuals and business renewing their business licenses. Other licensing functions may be converted to a similar process in the future.

## **SUGGESTED OUTLINE FOR SUBCOMMITTEE REPORTS**

**I. Agency & Department Name**

**II.. BRU and Component Names as listed in state budget**

**III Total Budget, all funds**

- identify fund sources

**IV. Total Revenue derived**

- net cost/income to state

**V. Identify Constitutional and Statutory Provisions Governing Agency Operation.**

**VI. Agency Mission, Goals and Objectives**

- do reality check

**VII. Number of Employees**

- Identify Specialized Expertise Needed for Mission

**VIII. Describe Technology Used to Perform Mission**

- Identify Specialized Equipment Needed for Mission

**IX. List Existing Agency Contracts including amount, contractor, purpose, term, and procurement method.**

**X. Identify Existing Privatization Practices, if any. Evaluate them for effectiveness and public accountability.**

**XI. Make Recommendations per Section 5 in SB 33, including suggestions for new legislation.**

**XII. Explain rationale for each recommendation, the number of votes for and against it.**

**XIII. List problems or barriers to implementing proposed privatization.**





Department of Community and Economic Development

## Trade and Development

# TIP SHEET

August 1999

### Up & Coming

**HOT TIPS: User's Guide to DTD.** The Division of Trade & Development (DTD) experienced three major changes in the past month that may make navigating through our system a little different from the past. The changes: (1) Merger between Department of Commerce & Economic Development and Department of Community & Regional Affairs; (2) Budget cuts for the July 99 - June 00 fiscal year; and (3) Office move for the Anchorage staff. See below for details.

When we say "the merger," we're talking about state government. As part of the new Department of Community & Economic Development (DCED), DTD gets to work with a familiar commish, and work closely with a new division: Municipal & Regional Assistance (MRAD), with seven offices throughout AK. Commissioner Sedwick believes the delivery of state services can be improved by unifying state government's economic development programs (DTD, MRAD, Investments, Tourism) under one roof. The strategy: leverage trade, tourism marketing, economic development and community outreach resources, and bring access to larger markets for all Alaskans. See the new department's mission on the web at <http://www.dced.state.ak.us/mission.htm>. E-mail addresses for all department employees have changed and are now Firstname\_Lastname@dced.state.ak.us.

**Budget cuts.** The legislature cut the division's budget by 25% in General Fund dollars, which impacts all DTD programs. DTD will strive to continue providing critical services, and will work closely with the private sector to pursue development and trade opportunities.

**New digs in Anchorage.** Boxes and bubble-wrap are gone (mostly), and DTD Anchorage is settled into Suite 1770 of the Atwood Building at 550 West 7<sup>th</sup> Avenue. Phone numbers remain the same. We're co-located with two US Department of Commerce agencies: the Economic Development Administration and the US Commercial Service Alaska Export Assistance Center. Co-locating makes for one-stop export assistance and coordination of development initiatives.

**Extra...extra...read all about it.** New Sakhalin/RFE English-language newspaper, the Eastern Russian Journal, ran its inaugural edition 7/28, timed for First Oil celebration. Alaska and its projects with Sakhalin got prominent mention: an article by Gov. Knowles on Alaska and Sakhalin, and two others on Alaska-Sakhalin projects. Regular publication begins late September -- details to come. For a copy, for as long as our few copies last, call 465-3962.

**Proposed Philippines Mission.** DTD plans environmental services mission to the Philippines, with timing to coincide with Manila Environtech 99 show 9/30-10/2. Focus: air and water quality. DTD applying for a grant to help defray expenses participants' expenses. 269-8118 for info.

### PRIVATE SECTOR PARTNER OF THE MONTH: Governor Knowles' Exporter of the Year, Cominco AK.

The Red Dog Mine is an Alaska success story. Red Dog produces lead zinc concentrate and silver, and exports to Canada, Europe and Asia. Cominco has made a major difference in the economy and in the lives of Alaskans. For its work over the years, for maintaining and even expanding when times got tough, for meeting the challenges of its remote location, and for leading in its field, Governor Knowles honored Cominco as Exporter of the Year. Congratulations!

### Events Calendar

**Aug 13:** Deadline extended for AK companies to register to participate in DTD's booth at American Food Festival in Sept in Taiwan's three largest cities. 269-8118.

**Sept 2:** AK World Affairs Council (AWAC) lunch with Stanley Escudero, US Ambassador to Azerbaijan: "Baku, Jewel of the Ancient Silk Road: Oil & Gas and other Opportunities." Reservations: 276-8038

**Oct 15:** DTD plans day-long trade and investment seminar on Japan: Opportunities for Alaskans. Will include the latest economic update from a Japanese government official, plus recommendations for Alaska businesses, AWAC lunch with the former US State Dept. deputy chief of mission in Japan, protocol dinner with pointers for Alaskans. 269-8119 for more info.

For further info on this media advisory or other activities of the Alaska Division of Trade & Development, please contact Nancy Babcock at 907-269-8110 • Fax 907-269-8125 • <http://www.commerce.state.ak.us/trade/>



Department of Community and Economic Development

## Trade and Development

# SPOTLIGHT ON: GOLD MINING

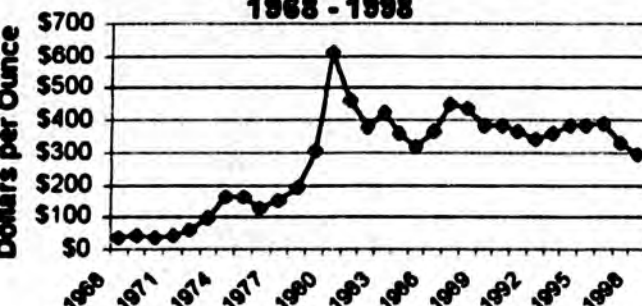
July 1999

### Price of Gold at a 20-Year Low

Until recently, gold has played an important role as a respected backing for national currencies, and a hedge against inflation. The price fluctuated around \$400 per ounce, and many major mining companies and banks made major investments in new mines during the mid-1990s based on the expectation that the price of gold would hold at that level.

In the mid-1990s central banks of several countries began selling their gold reserves. The gold mining industry, which feared that these sales, particularly those of Canada and Australia, would drive down the price.

**Figure 1. London PM Gold Fix Price  
1968 - 1998**

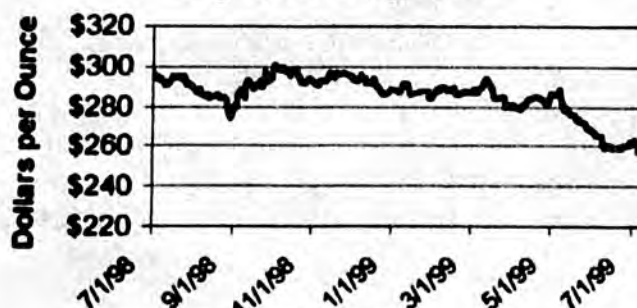


Source: Kitco Minerals & Metals Inc.

Within the last two years, three proposed sales have driven the price down to successive 20-year lows (Figures 1 & 2). Switzerland proposed to sell 1,300 tonnes of its 2,600-tonne reserve; the International Monetary Fund (IMF) was urged by several member-nations, including the U.S.A. to sell 300 tonnes to aid "Heavily Indebted Poorer Countries" (HIPC); and the Bank of England proposed to sell half of its 15-tonne reserve in 25-tonne tranches. Between the announcement on May 6th, 1999 and the actual sale on July 1, 1999, the price of gold fell over \$26 per ounce. The final price was \$261.20 per ounce.

Unfortunately, the economies of many of the HIPC are based on gold mining. On the same day that the Bank of England pocketed \$210 million (\$21 million less than it could have received if it had not announced the sale two months before) the East Rand Proprietary Mines in South Africa declared bankruptcy, adding another 5,000 unemployed miners to the 103,000 already laid off as the price declined in the previous year. With 40% unemployment in South Africa, 8 of 16 gold mines operating marginally at \$260 per ounce gold, and two mining at a loss (S.A. Chamber of Mines), South African President Thabo Mbeki voiced strong opposition to the IMF plan to

**Figure 2. London PM Gold Fix  
July 1, '98 - July 8, '99**



Source: Kitco Minerals & Metals Inc.

sell gold. Many of the proposed recipients of the IMF sales also rely heavily on gold mining to support their economies.

Central Banks hold almost 34,000 tonnes of gold, valued anywhere from \$40 to \$409 per ounce (Figure 3). This is almost 8 years of total annual gold supply, and 14 years of annual gold mine production (Figure 4). It is evident that should a Central Bank decide to sell a large part of its gold reserves before the price declines further, the price of gold could be driven drastically lower with or without advance notice.

### How is Alaska Affected by the Drop in the Price of Gold?

What effect does this have in Alaska? The total value of gold (exploration, development and production) in Alaska in 1998 was about \$222 million, or 21.5% of the total \$1.033 billion value of the mining industry. The Red Dog and Greens Creek mines account for about 62% of the total value of mining in Alaska. The Red Dog Mine near Kotzebue produces zinc, lead, and silver and the Greens Creek Mine near Juneau produces gold in addition to these metals. As a result, a large part of Alaska's mining industry is somewhat insulated from gold, though still dependent on world economics.

The Illinois Creek open-pit hard-rock gold mine near Galena was the first operation in Alaska to be affected by the low gold prices, cutting its operations back to 15 employees. It's parent company, Dakota Mining Company did no mining in 1998, and recently declared bankruptcy. Alaska Gold Company decided to mine its open-pit placer mine at Nome at a reduced rate in 1999, but was bought out by NovaGold Resources Inc. and will not operate this year. In the last few weeks Real del Mont Mining Corporation closed its underground mine at Nixon Fork near McGrath, and also declared bankruptcy.

For further info on this media advisory or other activities of DTD see <http://www.commerce.state.ak.us/trade/> or contact Dick Swainbank at 907-451-3050 - [swainbank@state.ak.us](mailto:swainbank@state.ak.us) or Frankie Pillifant at 907-465-5463 - [frankie\\_pillifant@state.ak.us](mailto:frankie_pillifant@state.ak.us)



Figure 3  
Top Nations' Official Gold Holdings

|    | Nation        | Gold Reserves (tonnes) <sup>1</sup> | * Gold % of all Holdings <sup>1</sup> | Valuation \$ per oz. <sup>2</sup> |
|----|---------------|-------------------------------------|---------------------------------------|-----------------------------------|
| 1  | United States | 8138                                | 53.6%                                 | 42                                |
| 2  | Germany       | 3469                                | 33.6%                                 | 93                                |
| 3  | IMF           | 3217                                | -                                     | -                                 |
| 4  | France        | 3025                                | 50.8%                                 | 371                               |
| 5  | Switzerland   | 2590                                | 39.0%                                 | 106                               |
| 6  | Italy         | 2452                                | 48.5%                                 | 381                               |
| 7  | Netherlands   | 1012                                | 47.0%                                 | 248                               |
| 8  | Japan         | 754                                 | 3.0%                                  | 50                                |
| 9  | England       | 715                                 | 17.6%                                 | -                                 |
| 10 | Portugal      | 622                                 | 27.5%                                 | 323                               |
| 11 | Spain         | 523                                 | 9.5%                                  | 270                               |
| 12 | Russia        | 424                                 | 36.4%                                 | -                                 |
| 13 | Taiwan        | 422                                 | 4.3%                                  | 409                               |
| 14 | Austria       | 404                                 | 20.4%                                 | 168                               |
| 15 | China         | 395                                 | 2.3%                                  | 51                                |
| 16 | India         | 357                                 | 9.6%                                  | -                                 |
| 17 | Venezuela     | 302                                 | 20.5%                                 | -                                 |
| 18 | Lebanon       | 287                                 | 27.9%                                 | -                                 |
| 19 | Belgium       | 269                                 | 17.2%                                 | 385                               |
| 20 | BIS           | 199                                 | -                                     | -                                 |
| 21 | Sweden        | 185                                 | 12.1%                                 | -                                 |
| 22 | Algeria       | 174                                 | 22.9%                                 | -                                 |
| 23 | Philippines   | 169                                 | 14.2%                                 | -                                 |
| 24 | Brazil        | 141                                 | 3.6%                                  | -                                 |
| 25 | Greece        | 141                                 | 5.8%                                  | -                                 |
| 26 | South Africa  | 124                                 | 20.7%                                 | 343                               |
| 27 | Turkey        | 117                                 | 4.9%                                  | -                                 |
| 28 | Poland        | 103                                 | 3.5%                                  | -                                 |
| 29 | Romania       | 100                                 | 27.4%                                 | -                                 |
| 30 | Indonesia     | 96                                  | 3.5%                                  | -                                 |
| 31 | Australia     | 80                                  | 4.6%                                  | 369                               |
| 32 | Kuwait        | 79                                  | 19.5%                                 | -                                 |
| 33 | Thailand      | 77                                  | 2.3%                                  | -                                 |
| 34 | Egypt         | 76                                  | 3.6%                                  | -                                 |
| 35 | Malaysia      | 73                                  | 2.4%                                  | -                                 |
| 36 | Canada        | 72                                  | 2.6%                                  | 50                                |

\* With gold valued at \$280 per oz.

<sup>1</sup> Table of Official Gold Holdings, World Gold Council, WGC calculations based on data in IMF, International Financial Statistics, May 1999.

<sup>2</sup> Engineering & Mining Journal, March 1998.

In addition to these larger mines, which employed approximately 200 people, numerous small- and medium-sized placer mines throughout the state are having difficulty making ends meet. Some are even resorting to opening adjunct tourist attractions; for example visitors can tour the Yellow Eagle Gold Mine and learn about the mining process. It is expected that gold production in 1999 will be 100,000 ounces less than the 594,000 ounces produced in 1998.

The 20-year low in gold prices has also caused junior and major companies in the state to downsize their workforce and exploration budgets. Placer Dome Inc. recently cut back their exploration team in Alaska by 15 people as part of a global downsizing, and Coeur Alaska Inc.'s staff has also declined by 9 in the past year. Many junior companies are fielding much reduced crews.

On a positive note, Fort Knox Gold Mine continues to produce 1000 ounces of gold per day and is actively exploring other properties in the Fairbanks area as potential mill feed.

Figure 4  
World Gold Supply & Demand  
Summary

|                       | (in thousands) |             |             |
|-----------------------|----------------|-------------|-------------|
|                       | 1995           | 1996        | 1997        |
| <b>Supply</b>         |                |             |             |
| Mine production       | 2273           | 2357        | 2464        |
| Official sector sales | 173            | 275         | 406         |
| Old gold scrap        | 623            | 640         | 611         |
| Forward sales         | 466            | 30          | 329         |
| Option hedging*       | 92             | 101         | 184         |
| Disinvestment         | -              | 108         | 260         |
| <b>Total Supply</b>   | <b>3627</b>    | <b>3510</b> | <b>4254</b> |
| <b>Demand</b>         |                |             |             |
| Fabrication           |                |             |             |
| Jewelry               | 2780           | 2837        | 3328        |
| Electronics           | 206            | 211         | 237         |
| Official coins        | 84             | 63          | 99          |
| Other                 | 210            | 212         | 226         |
| Total Fabrication     | 3280           | 3322        | 3890        |
| Bar boarding          | 306            | 182         | 337         |
| Gold loans            | 23             | 5           | 28          |
| Investment            | 17             | -           | -           |
| <b>Total Demand</b>   | <b>3627</b>    | <b>3510</b> | <b>4254</b> |
| Gold Price (US \$/oz) | \$384.05       | \$387.87    | \$331.29    |

\*Includes the impact of predictor and official sector activities

Source: Mining Journal; Metals & Minerals Annual Review, 1998.

# Agency Totals - FY00 Operating Budget

## Agency: Department of Commerce and Economic Development

|                                | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
| <b>Totals for Agency</b>       | <b>57,536.7</b> | <b>51,239.5</b> | <b>70,354.4</b> | <b>57,221.1</b> | <b>49,452.8</b> | <b>32,845.4</b> | <b>32,755.8</b> | <b>-37,598.6</b>     | <b>-53.4%</b> |
| <b>Objects of Expenditure:</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Personal Services              | 19,999.7        | 20,442.0        | 20,454.7        | 22,068.3        | 20,752.1        | 13,084.6        | 13,160.3        | -7,294.4             | -35.7%        |
| Travel                         | 1,505.8         | 1,777.7         | 1,727.7         | 1,625.3         | 1,436.5         | 542.1           | 550.2           | -1,177.5             | -68.2%        |
| Contractual                    | 21,048.0        | 20,170.6        | 25,913.5        | 24,639.1        | 18,281.8        | 10,408.9        | 10,563.1        | -15,350.4            | -59.2%        |
| Commodities                    | 509.7           | 556.5           | 560.5           | 560.0           | 544.0           | 233.3           | 237.4           | -323.1               | -57.6%        |
| Equipment                      | 347.3           | 123.1           | 138.8           | 158.8           | 158.8           | 61.2            | 65.2            | -73.6                | -53.0%        |
| Lands/Buildings                | 12.8            | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |
| Grants, Claims                 | 14,113.4        | 8,169.6         | 21,559.2        | 8,169.6         | 8,279.6         | 8,109.6         | 8,229.6         | -13,329.6            | -61.8%        |
| Miscellaneous                  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 405.7           | -50.0           | -50.0                | %             |
| <b>Funding Sources:</b>        |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 1002 Fed Rcpts                 | 3,006.7         | 3,650.0         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 0.0                  | 0.0%          |
| 1003 G/F Match                 |                 |                 | 1.0             | 1.0             | 1.0             | 0.0             | 0.0             | -1.0                 | -100.0%       |
| 1004 Gen Fund                  | 12,398.9        | 7,474.7         | 7,481.0         | 7,785.8         | 2,053.2         | 1,964.5         | 1,874.9         | -5,606.1             | -74.9%        |
| 1005 GF/Prgrm                  | 16,340.6        | 14,573.3        | 18,931.7        | 18,840.5        | 18,326.0        | 1,808.3         | 1,808.3         | -17,123.4            | -90.4%        |
| 1007 I/A Rcpts                 | 1,523.0         | 1,739.0         | 1,743.2         | 2,029.7         | 1,808.4         | 1,808.4         | 1,808.4         | 65.2                 | 3.7%          |
| 1025 Sci/Tech                  | 11,564.6        | 9,553.4         | 23,061.1        | 9,539.8         | 9,539.8         | 9,539.8         | 9,539.8         | -13,521.3            | -58.6%        |
| 1035 Vet Loan                  | 230.3           | 183.1           | 183.8           | 147.8           | 147.8           | 147.8           | 147.8           | -36.0                | -19.6%        |
| 1036 Cm Fish Ln                | 2,534.2         | 2,586.2         | 2,593.8         | 2,608.9         | 2,608.9         | 2,608.9         | 2,608.9         | 15.1                 | 0.6%          |
| 1040 Surety Fnd                | 100.0           | 263.8           | 264.1           | 209.9           | 209.9           | 209.9           | 209.9           | -84.2                | -20.5%        |
| 1053 Invt Loss                 | 34.4            |                 | 6.6             | -0.0            | 0.0             | 0.0             | 0.0             | -6.6                 | -100.0%       |
| 1057 Small Bus                 | 2.5             | 3.5             | 3.5             | 3.3             | 3.3             | 3.3             | 3.3             | -0.2                 | -5.7%         |
| 1061 CIP Rcpts                 | 36.5            | 135.0           | 135.1           | 360.1           | 360.1           | 360.1           | 360.1           | 225.0                | 166.5%        |
| 1067 Mining RLF                | 4.8             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 0.0                  | 0.0%          |
| 1068 Child Care                | 5.3             | 5.7             | 5.8             | 5.8             | 5.8             | 5.8             | 5.8             | 0.0                  | 0.0%          |
| 1069 Hist Dist                 | 2.9             | 2.0             | 2.0             | 2.5             | 2.5             | 2.5             | 2.5             | 0.5                  | 25.0%         |
| 1070 Fish En Ln                | 285.1           | 309.8           | 310.5           | 325.5           | 325.5           | 325.5           | 325.5           | 15.0                 | 4.6%          |
| 1071 Alt Energy                | 149.0           | 148.6           | 149.1           | 148.7           | 148.7           | 148.7           | 148.7           | -0.4                 | -0.3%         |
| 1072 Res Energy                | 0.1             |                 |                 |                 |                 |                 |                 | 0.0                  | %             |
| 1101 AERO Rcpts                | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 0.0                  | 0.0%          |
| 1102 AIDEA Rcpt                | 3,528.5         | 3,737.4         | 3,743.9         | 3,705.9         | 3,705.9         | 3,705.9         | 3,705.9         | -38.0                | -1.0%         |
| 1107 AEA Rcpts                 | 881.4           | 1,049.5         | 1,050.4         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | -0.9                 | -0.1%         |
| 1108 Stat Desig                | 1,012.8         | 1,299.9         | 1,307.0         | 1,299.9         | 0.0             | -0.0            | -0.0            | -1,307.0             | -100.0%       |
| 1110 APUC Rcpts                | 3,851.9         | 4,476.4         | 4,923.5         | 4,699.2         | 4,699.2         | 4,699.2         | 4,699.2         | -224.3               | -4.6%         |
| 1115 ITDF                      |                 |                 | 759.0           | 759.0           | 759.0           | 759.0           | 759.0           | 0.0                  | 0.0%          |
| <b>Positions:</b>              |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Perm Full Time                 | 343.0           | 342.0           | 343.0           | 370.0           | 351.0           | 349.0           | 348.0           | 5.0                  | 1.5%          |
| Perm Part Time                 | 10.0            | 9.0             | 10.0            | 8.0             | 8.0             | 5.0             | 5.0             | -5.0                 | -50.0%        |
| Non-Perm                       | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |



## Agency Totals - FY00 Operating Budget

### Agency: Department of Community & Regional Affairs

|                                       | <u>FY98 Act</u>  | <u>FY99 CC</u>   | <u>FY99Auth</u>  | <u>Gov Amd</u>   | <u>House</u>     | <u>Senate</u>    | <u>ConfComm</u>  | <u>FY99Auth to ConfComm</u> |               |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------|---------------|
| <b>Totals for Agency</b>              | <b>130,276.3</b> | <b>154,937.1</b> | <b>161,581.9</b> | <b>160,030.7</b> | <b>109,097.3</b> | <b>127,233.6</b> | <b>135,285.4</b> | <b>-26,296.6</b>            | <b>-16.3%</b> |
| <b><u>Objects of Expenditure:</u></b> |                  |                  |                  |                  |                  |                  |                  |                             |               |
| Personal Services                     | 10,081.1         | 10,325.5         | 10,360.0         | 11,008.4         | 10,608.4         | 10,983.9         | 10,808.4         | 448.4                       | 4.3%          |
| Travel                                | 1,082.6          | 1,209.3          | 1,227.3          | 1,261.9          | 1,261.9          | 1,243.2          | 1,261.9          | 34.6                        | 2.8%          |
| Contractual                           | 3,148.0          | 5,957.2          | 6,390.3          | 6,077.4          | 6,077.4          | 6,077.4          | 6,077.4          | -312.9                      | -4.9%         |
| Commodities                           | 146.0            | 230.9            | 231.6            | 241.3            | 241.3            | 241.3            | 241.3            | 9.7                         | 4.2%          |
| Equipment                             | 1,062.1          | 1,900.0          | 1,903.7          | 1,929.0          | 1,929.0          | 1,929.0          | 1,929.0          | 25.3                        | 1.3%          |
| Land/Buildings                        | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0                         | %             |
| Grants, Claims                        | 114,756.5        | 135,414.2        | 141,469.0        | 139,512.7        | 89,090.7         | 106,958.8        | 115,278.8        | -26,190.2                   | -18.5%        |
| Miscellaneous                         | 0.0              | -100.0           | 0.0              | 0.0              | -111.4           | -200.0           | -311.4           | -311.4                      | %             |
| <b><u>Funding Sources:</u></b>        |                  |                  |                  |                  |                  |                  |                  |                             |               |
| 1002 Fed Rcpts                        | 20,378.6         | 45,258.9         | 51,863.8         | 44,025.0         | 44,025.0         | 43,990.5         | 43,990.5         | -7,873.3                    | -15.2%        |
| 1003 G/F Match                        | 1,871.5          | 771.6            | 772.7            | 772.7            | 772.7            | 747.7            | 747.7            | -25.0                       | -3.2%         |
| 1004 Gen Fund                         | 74,920.5         | 69,162.5         | 69,175.7         | 64,465.1         | 10,200.6         | 41,227.3         | 37,559.1         | -31,616.6                   | -45.7%        |
| 1005 GF/Prgm                          | 3.8              | 49.2             | 49.2             | 49.2             | 49.2             | 49.2             | 49.2             | 0.0                         | 0.0%          |
| 1007 I/A Rcpts                        | 12,932.7         | 20,489.6         | 20,496.2         | 30,534.2         | 34,745.3         | 34,734.4         | 35,134.4         | 14,638.2                    | 71.4%         |
| 1051 Rural Dev                        | 97.1             | 97.8             | 98.0             | 98.0             | 98.0             | 98.0             | 98.0             | 0.0                         | 0.0%          |
| 1053 Invt Loss                        | 68.2             |                  | 14.5             | -0.0             | 0.0              | -0.0             | -0.0             | -14.5                       | -100.0%       |
| 1054 Empl Tmg                         |                  |                  |                  |                  |                  |                  | 3,400.0          | 3,400.0                     | %             |
| 1061 CIP Rcpts                        | 669.8            | 1,030.1          | 1,031.7          | 1,135.2          | 1,135.2          | 1,135.2          | 1,135.2          | 103.5                       | 10.0%         |
| 1062 Power Proj                       | 606.6            | 728.8            | 731.3            | 802.5            | 802.5            | 802.5            | 802.5            | 71.2                        | 9.7%          |
| 1063 NPR Fund                         |                  | 50.0             | 50.0             | 50.0             | 50.0             | 50.0             | 50.0             | 0.0                         | 0.0%          |
| 1074 Bulk Fuel                        | 47.2             | 48.8             | 49.0             | 49.0             | 49.0             | 49.0             | 49.0             | 0.0                         | 0.0%          |
| 1089 Power Cost                       | 18,664.2         | 17,000.0         | 17,000.0         | 17,000.0         | 17,000.0         | 4,180.0          | 12,100.0         | -4,900.0                    | -28.8%        |
| 1092 MHTAAR                           |                  | 50.0             | 50.0             | 0.0              | 0.0              | 0.0              | 0.0              | -50.0                       | -100.0%       |
| 1106 Stat Desig                       | 14.1             | 99.8             | 99.8             | 69.8             | 69.8             | 69.8             | 69.8             | -30.0                       | -30.1%        |
| 1111 FishFndInc                       |                  | 100.0            | 100.0            | 100.0            | 100.0            | 100.0            | 100.0            | 0.0                         | 0.0%          |
| 1119 Tobac Setl                       |                  |                  |                  | 880.0            | 0.0              | 0.0              | 0.0              | 0.0                         | %             |
| <b><u>Positions:</u></b>              |                  |                  |                  |                  |                  |                  |                  |                             |               |
| Perm Full Time                        | 173.0            | 168.0            | 168.0            | 185.0            | 185.0            | 185.0            | 185.0            | 17.0                        | 10.1%         |
| Perm Part Time                        | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 0.0                         | 0.0%          |
| Non-Perm                              | 20.0             | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 0.0                         | 0.0%          |

## Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                                     | FY98 Act | FY99 CC | FY99Auth | Gov Amd | House   | Senate  | ConfComm | FY99Auth to ConfComm |         |
|------|------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|----------------------|---------|
|      | <b>Banking, Securities, and Corp</b>                 |          |         |          |         |         |         |          |                      |         |
| 1    | Banking, Securities and Corp                         | 1,852.3  | 1,847.8 | 1,854.9  | 1,894.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | * BRU Total                                          | 1,852.3  | 1,847.8 | 1,854.9  | 1,894.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | <b>Insurance Operations</b>                          |          |         |          |         |         |         |          |                      |         |
| 2    | Insurance Operations                                 | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | * BRU Total                                          | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | <b>Occupational Licensing</b>                        |          |         |          |         |         |         |          |                      |         |
| 3    | Occupational Licensing                               |          |         |          | 5,458.9 | 5,458.9 | 405.7   | 405.7    | 405.7                | %       |
| 4    | Operations                                           | 4,926.1  | 3,983.0 | 5,651.0  | 0.0     | -0.0    | -0.0    | -0.0     | -5,651.0             | -100.0% |
| 5    | Licensing Boards                                     | 196.4    | 173.2   | 183.2    | 0.0     | 0.0     | 0.0     | 0.0      | -183.2               | -100.0% |
|      | * BRU Total                                          | 5,122.5  | 4,156.2 | 5,834.2  | 5,458.9 | 5,458.9 | 405.7   | 405.7    | -5,428.5             | -93.0%  |
|      | <b>Alaska Public Utilities Commission Operations</b> |          |         |          |         |         |         |          |                      |         |
| 6    | APUC Operations                                      | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | * BRU Total                                          | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | <b>Executive Administration and Development</b>      |          |         |          |         |         |         |          |                      |         |
| 7    | Commissioner's Office                                | 541.2    | 450.9   | 452.2    | 546.3   | 452.2   | 452.2   | 402.2    | -50.0                | -11.1%  |
| 8    | Trade and Development                                | 2,834.0  | 1,884.4 | 2,649.6  | 3,180.4 | 2,774.7 | 2,875.1 | 2,835.5  | 185.9                | 7.0%    |
| 9    | Administrative Services                              | 1,153.7  | 1,212.5 | 1,217.8  | 1,282.7 | 1,188.6 | 1,188.6 | 1,188.6  | -29.2                | -2.4%   |
| 10   | Unallocated Reduction                                |          |         |          |         |         | -189.1  | -189.1   | -189.1               | 0.0%    |
|      | * BRU Total                                          | 4,528.9  | 3,547.8 | 4,319.6  | 5,009.4 | 4,415.5 | 4,326.8 | 4,237.2  | -82.4                | -1.9%   |
|      | <b>Alaska Science and Technology Foundation</b>      |          |         |          |         |         |         |          |                      |         |
| 11   | AK Science & Tech. Foundation                        | 10,667.4 | 8,995.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | * BRU Total                                          | 10,667.4 | 8,995.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | <b>Investments</b>                                   |          |         |          |         |         |         |          |                      |         |
| 12   | Investments                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -6.0                 | -0.2%   |
|      | * BRU Total                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -6.0                 | -0.2%   |
|      | <b>Tourism</b>                                       |          |         |          |         |         |         |          |                      |         |
| 13   | Alaska Tourism Mtg Council                           | 4,412.3  | 4,639.4 | 4,640.2  | 4,637.5 | 0.0     | 0.0     | 0.0      | -4,640.2             | -100.0% |
| 14   | Tourism Development                                  | 2,593.4  | 2,360.0 | 2,363.1  | 2,377.9 | 0.0     | -0.0    | 0.0      | -2,363.1             | -100.0% |
|      | * BRU Total                                          | 7,005.7  | 6,999.4 | 7,003.3  | 7,015.4 | 0.0     | 0.0     | 0.0      | -7,003.3             | -100.0% |



# Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                     | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|------|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
|      | <b>AIDEA</b>                         |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 15   | AIDEA Fac Maint                      |                 |                 | 73.0            | 73.0            | 73.0            | 73.0            | 73.0            | 73.0                 | %             |
| 16   | AIDEA                                | 3,528.5         | 4,040.7         | 4,048.1         | 3,952.2         | 3,952.2         | 3,952.2         | 3,952.2         | -95.9                | -2.4%         |
| 17   | Alaska Energy Auth Op & Maint        | 881.4           | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,409.9         | 5,090.2         | 5,097.6         | 5,074.7         | 5,074.7         | 5,074.7         | 5,074.7         | -22.9                | -0.4%         |
|      | <b>Alaska Seafood Marketing Inst</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 18   | Alaska Seafood Marketing Inst        | 8,483.0         | 10,550.1        | 10,554.3        | 10,568.9        | 10,568.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | * BRU Total                          | 8,483.0         | 10,550.1        | 10,554.3        | 10,568.9        | 10,568.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | <b>Alaska Aerospace Devel Corp</b>   |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 19   | Ak Aerospace Development Corp        | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.8%         |
|      | * BRU Total                          | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.8%         |
|      | <b>Fish Enhancement Tax Receipts</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 20   | Fish Enhancement Tax Rcpts           | 4,072.6         |                 |                 |                 |                 |                 |                 | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,072.6         | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | 0.0%          |
|      | <b>** Total Agency Expenditure</b>   | <b>57,536.7</b> | <b>51,239.5</b> | <b>70,354.4</b> | <b>57,221.1</b> | <b>49,452.8</b> | <b>32,845.4</b> | <b>32,755.8</b> | <b>-37,598.6</b>     | <b>-53.4%</b> |
|      | <b>Federal Funds</b>                 | <b>3,006.7</b>  | <b>3,650.0</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>0.0</b>           | <b>0.0%</b>   |
|      | <b>General Funds</b>                 | <b>28,739.5</b> | <b>22,048.0</b> | <b>26,413.7</b> | <b>26,627.3</b> | <b>20,380.2</b> | <b>3,772.8</b>  | <b>3,683.2</b>  | <b>-22,730.5</b>     | <b>-86.1%</b> |
|      | <b>Other Funds</b>                   | <b>25,790.5</b> | <b>25,541.5</b> | <b>40,290.6</b> | <b>26,943.7</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>-14,868.1</b>     | <b>-36.9%</b> |

## Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page                                      | Budget Component               | FY98 Act | FY99 CC  | FY99Auth | Gov Amd  | House    | Senate   | ConfComm | FY99Auth to ConfComm |         |
|-------------------------------------------|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------------------|---------|
| <b>Administration and Support</b>         |                                |          |          |          |          |          |          |          |                      |         |
| 1                                         | Office of the Commissioner     | 688.5    | 529.4    | 530.8    | 530.8    | 530.8    | 530.8    | 530.8    | 0.0                  | 0.0%    |
| 2                                         | Administrative Services        | 1,687.4  | 1,758.8  | 1,767.7  | 1,925.4  | 1,925.4  | 1,925.4  | 1,925.4  | 157.7                | 8.9%    |
| 3                                         | Data and Word Processing       | 633.0    | 736.2    | 738.2    | 798.2    | 798.2    | 798.2    | 798.2    | 60.0                 | 8.1%    |
| 4                                         | One Stop                       | 1,526.7  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 0.0                  | 0.0%    |
| 5                                         | Unallocated Reduction          |          |          |          |          | -111.4   | -43.2    | -111.4   | -111.4               | 0.0%    |
|                                           | * BRU Total                    | 4,535.6  | 6,024.4  | 6,036.7  | 6,254.4  | 6,143.0  | 6,211.2  | 6,143.0  | 106.3                | 1.8%    |
| <b>State Facilities Maintenance</b>       |                                |          |          |          |          |          |          |          |                      |         |
| 6                                         | State Facilities Maintenance   |          |          |          | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
|                                           | * BRU Total                    | 0.0      | 0.0      | 0.0      | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
| <b>Renters' Equivalency Rebate</b>        |                                |          |          |          |          |          |          |          |                      |         |
| 7                                         | Renters' Equivalency Rebate    | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
|                                           | * BRU Total                    | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
| <b>National Forest Receipts</b>           |                                |          |          |          |          |          |          |          |                      |         |
| 8                                         | National Forest Receipts       | 1,089.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
|                                           | * BRU Total                    | 1,089.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
| <b>Municipal Revenue Sharing</b>          |                                |          |          |          |          |          |          |          |                      |         |
| 9                                         | State Revenue Sharing          | 22,717.2 | 21,583.8 | 21,583.8 | 21,583.8 | 0.0      | 14,389.2 | 14,389.2 | -7,194.6             | -33.3%  |
| 10                                        | Municipal Assistance           | 27,638.2 | 26,256.3 | 26,256.3 | 26,256.3 | 0.0      | 17,504.2 | 17,504.2 | -8,752.1             | -33.3%  |
|                                           | * BRU Total                    | 50,355.4 | 47,840.1 | 47,840.1 | 47,840.1 | 0.0      | 31,893.4 | 31,893.4 | -15,946.7            | -33.3%  |
| <b>Local Government Assistance</b>        |                                |          |          |          |          |          |          |          |                      |         |
| 11                                        | Local Government Management    | 3,002.9  | 2,666.1  | 9,272.6  | 2,983.8  | 2,583.8  | 2,983.8  | 2,783.8  | -6,488.8             | -70.0%  |
| 12                                        | State Assessor                 | 148.8    | 149.3    | 150.2    | 150.2    | 150.2    | 150.2    | 150.2    | 0.0                  | 0.0%    |
| 13                                        | Local Boundary Commission      | 245.1    | 247.1    | 248.3    | 248.3    | 248.3    | 248.3    | 248.3    | 0.0                  | 0.0%    |
| 14                                        | Statewide Assistance           | 5,167.4  | 6,748.9  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 0.0                  | 0.0%    |
| 15                                        | National Petroleum Reserve Pgm |          | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 0.0                  | 0.0%    |
|                                           | * BRU Total                    | 8,564.2  | 9,861.4  | 16,471.9 | 10,183.1 | 9,783.1  | 10,183.1 | 9,983.1  | -6,488.8             | -39.4%  |
| <b>Community and Economic Development</b> |                                |          |          |          |          |          |          |          |                      |         |
| 16                                        | Community & Econ Develop       | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |
|                                           | * BRU Total                    | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |



# Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page | Budget Component                               | FY98 Act         | FY99 CC          | FY99Auth         | Gov Amd          | House            | Senate           | ConfComm         | FY99Auth to ConfComm |               |
|------|------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|---------------|
|      | <b>Child Assistance</b>                        |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 17   | Child Care                                     | 3,865.2          | 3,552.3          | 3,555.1          | 4,623.5          | 4,143.5          | 2,768.4          | 3,668.4          | 113.3                | 3.2%          |
| 18   | Day Care Assistance Programs                   | 15,844.5         | 18,966.1         | 18,966.1         | 21,635.1         | 19,833.2         | 20,685.1         | 20,185.1         | 1,219.0              | 6.4%          |
| 19   | Head Start Grants                              | 5,912.0          | 5,928.4          | 5,929.2          | 6,651.8          | 6,651.8          | 6,029.2          | 6,029.2          | 100.0                | 1.7%          |
|      | * BRU Total                                    | 25,621.7         | 28,446.8         | 28,450.4         | 32,910.4         | 30,628.5         | 29,482.7         | 29,882.7         | 1,432.3              | 5.0%          |
|      | <b>Employment Training/Rural Development</b>   |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 20   | Job Training Partnership Act                   | 7,229.3          | 15,872.7         | 15,875.4         | 14,361.4         | 14,361.4         | 14,361.4         | 14,361.4         | -1,514.0             | -9.5%         |
| 21   | State Training and Employment                  | 1,788.8          | 1,732.3          | 1,732.3          | 1,512.3          | 1,512.3          | 1,512.3          | 1,512.3          | -220.0               | -12.7%        |
| 22   | Statewide Service Delivery                     | 6,843.3          | 10,690.7         | 10,697.5         | 12,417.5         | 12,417.5         | 12,417.5         | 12,417.5         | 1,720.0              | 16.1%         |
| 23   | Community Development Assist.                  | 1,785.9          | 2,988.3          | 2,989.5          | 3,003.5          | 3,003.5          | 3,003.5          | 3,003.5          | 14.0                 | 0.5%          |
|      | * BRU Total                                    | 17,647.3         | 31,284.0         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | -0.0                 | -0.0%         |
|      | <b>Rural Energy Program--Energy Operations</b> |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 24   | Energy Operations                              | 2,033.6          | 2,305.4          | 2,310.8          | 2,444.0          | 2,444.0          | 2,184.5          | 2,184.5          | -128.3               | -5.5%         |
| 25   | Power Cost Equalization                        | 18,664.2         | 17,000.0         | 17,000.0         | 17,000.0         | 17,000.0         | 4,180.0          | 12,100.0         | -4,900.0             | -28.8%        |
|      | * BRU Total                                    | 20,697.8         | 19,305.4         | 19,310.8         | 19,444.0         | 19,444.0         | 6,364.5          | 14,284.5         | -5,026.3             | -26.0%        |
|      | <b>Circuit Rider Program</b>                   |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 26   | Circuit Rider                                  | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|      | * BRU Total                                    | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|      | <b>*** Total Agency Expenditure</b>            | <b>130,276.3</b> | <b>154,937.1</b> | <b>161,581.9</b> | <b>160,030.7</b> | <b>109,097.3</b> | <b>127,233.6</b> | <b>135,285.4</b> | <b>-26,296.5</b>     | <b>-16.3%</b> |
|      | <b>Federal Funds</b>                           | <b>20,378.6</b>  | <b>45,308.9</b>  | <b>51,913.8</b>  | <b>44,075.0</b>  | <b>44,075.0</b>  | <b>44,040.5</b>  | <b>44,040.5</b>  | <b>-7,873.3</b>      | <b>-15.2%</b> |
|      | <b>General Funds</b>                           | <b>76,795.8</b>  | <b>69,983.3</b>  | <b>69,997.6</b>  | <b>66,167.0</b>  | <b>11,022.5</b>  | <b>42,024.2</b>  | <b>38,356.0</b>  | <b>-31,641.6</b>     | <b>-45.2%</b> |
|      | <b>Other Funds</b>                             | <b>33,101.9</b>  | <b>39,644.9</b>  | <b>39,670.5</b>  | <b>49,788.7</b>  | <b>53,999.8</b>  | <b>41,168.9</b>  | <b>52,888.9</b>  | <b>13,218.4</b>      | <b>33.3%</b>  |

| Department of Commerce & Economic Development Subcommittee Membership |         |                   |              |                                            |                        |          |           |
|-----------------------------------------------------------------------|---------|-------------------|--------------|--------------------------------------------|------------------------|----------|-----------|
| Johnson                                                               | Craig   | 762-1944/242-6380 | 563-4744     | Ak. Journal of Commerce                    |                        |          |           |
| Crawford                                                              | Jim     | 263-0722          | 263-0799     | City Mortgage                              |                        |          |           |
| Davidge                                                               | Rick    | 373-9045          | 373-9089     | Community Planner                          |                        |          |           |
| Hackney                                                               | Art     | 279-0554          | 279-0556     | Advertising Design Services                |                        |          |           |
| Haxby                                                                 | John    | 345-6800          | 345-0311     | Waukesha Alaska Corporation                |                        |          |           |
| Holmes                                                                | J.D.    | 745-8508          | 745-7557     | Alaska Energy Products, Borough Assembly   | idholmes@postman.net   |          | Mat-Su    |
| Jones                                                                 | Kim     | 277-7469          | 272-7372     | Sourdough Productions                      | sourdo@alaska.net      |          |           |
| Levi                                                                  | Steve   | 440-7444/337-2021 | 337-4485     | Parsnackle                                 | afsci@alaska.net       |          |           |
| Nichols                                                               | Mel     | 582-2000 x 205    | 801-838-0486 | DOWL                                       | mnichols@dowl.com      | 250-0483 |           |
| Roberts                                                               | Ann     | 479-8375          | 456-8031     |                                            | herbs@ptialaska.net    |          | Fairbanks |
| Rouse                                                                 | Steve   | 258-2878          | 276-7255     | MAKE IT ALASKA, Inc.                       | makelitak@alaska.net   |          |           |
| Sanders                                                               | Jim     | 269-4591          | 269-4539     | APEA                                       |                        |          |           |
| Schlofeldt                                                            | Dennis  | 452-3663          | 456-6803     |                                            |                        |          |           |
| Schroer                                                               | Don     | 272-5668          | 279-2566     |                                            |                        |          |           |
| Smirnoff                                                              | Steve   | 349-5481          | 522-1489     | Marketing                                  | bahamas@alaska.net     |          |           |
| Smith                                                                 | Don     | 276-4325          | 276-2500     |                                            |                        | 229-7079 |           |
| Thomas                                                                | Kathryn | 776-5515          | 776-5132     | Alaska State Chamber of Commerce           | asccjuno@ptialaska.net |          | Kenai     |
| Wolf                                                                  | Greg    | 269-8115          | 269-8125     | Dept of Commerce - Individual Dept Contact |                        |          |           |
| Wuerch                                                                | George  | 563-2737          | 561-3793     | Municipality of Anchorage                  | wuerch@alaska.net      |          |           |
| Holm                                                                  | Jim     | 457-2760          | 451-8733     |                                            | htn@gci.net            |          | Fairbanks |
|                                                                       |         |                   |              |                                            |                        |          |           |
|                                                                       |         |                   |              |                                            |                        |          |           |





An Anagram Company  
1216 'S' Street  
Anchorage, Alaska 99501  
(907) 277-9458  
E-mail: ICEMANCINE@aol.com

September 5, 1999

Mr. Craig Johnson, Chairman  
Department of Commerce Subcommittee on Privatization  
c/o The Alaska Journal of Commerce  
4220 B Street  
Anchorage, AK 99503

Dear Mr. Johnson:

I am writing to you as a professional in the film industry with over three decades of experience.

Over the years I've watched as the principal photography of films has become more and more decentralized -- moving out of Hollywood and New York and into the "countryside." What the studios used to call fly-over country, has now become their major shooting locations. Every state and city in this country (and Canada) now labors diligently to lure the \$100,000.00 a day even a television commercial can bring to a locality. Mississippi, North Carolina, Minnesota, Georgia, Texas, the Canadian provinces of British Columbia, Saskatchewan, Ontario and others all realize at least \$12-\$20,000,000 a year from film production.

Since moving my family to Alaska nearly seven years ago, I've spent a good deal of time analyzing what's needed to attract greater production to the State. Our extraordinary environment and seasoned production personnel are indisputably our greatest asset. But, Alaska needs more than the promotion of its scenery and skilled crews, it requires a supportive infrastructure that can provide the physical necessities for making films.

Certainly, a soundstage (for weather cover) is first amongst the needs. All the states mentioned (and more) can provide soundstages. So high are the stakes, some states and localities have in fact built them using public funds. One way or another, Alaska must have a viable soundstage. "Build it and they will come."

Other factors in my original list included a generator truck, a large "grip" truck, some specific lighting hardware and a catering truck capable of feeding a small army. In the spring of this year, acting largely on my analysis, Connections Incorporated, a local film equipment rental company, purchased a \$200,000.00 "movie-silent" generator/grip truck capable of providing on-site power and lighting equipment for even the largest production. Additionally, the company has fortified its stock of lighting instruments and become the sole Alaska agent for the Tyler Camera System helicopter mount. Thanks to Connections, film in Alaska is getting there...

I've watched with growing chagrin, however, the State government's behavior toward the \$15,000,000,000 film and video industry.

An example: a couple of years ago in an effort to demonstrate another, better, way to cultivate film production in the State, I mounted a model for an Internet website, "*Shooting Alaska*" ([http://ourworld.compuserve.com/homepages/ICEMAN\\_CINEMA/homepage.htm](http://ourworld.compuserve.com/homepages/ICEMAN_CINEMA/homepage.htm)) and approached the Department of Commerce with an offer to provide the website at-cost. I believed it could be an important adjunct to the Film Office's sometimes misplaced efforts that too often aimed more at the show than the biz.

After being essentially ignored, I experienced the added indignity of discovering the State had co-opted the site. A link provided from the Commerce department's webpage adopted it, in effect, as the state's official film production website. Dazed and confused, I demanded that the link be dropped and it was.

Now I come to understand that after years of cutting the Alaska Film Office budget, the Office has been closed and efforts are underway to privatize its functions, seemingly without due process or public awareness. Giving the film office function to any entity without a chance for proposal is simply a sole source contract. That's not privatization -- it's politics -- and that's not good business. The potential for income to this state from film production is too important to leave to less than competent personnel.

I continue to maintain the most cost-efficient way to promote film production in Alaska is simple and straightforward: a state-of-the-art website overseen by somebody who knows the film industry inside-and-out. And I'll bet it can be done for significantly less money than is currently being thought about.

Clearly, I want to be included in the discussion. Any insight you can lend me on helping my concerns be heard would be gratefully appreciated.

Sincerely yours,

Jan Welt

JPW/ge

cc: Governor Tony Knowles, Debbie Sedwick John Cowdry, Jim Crawford, Rick Davidge, Art Hackney, John Haxby, J.D. Holmes, Kim Jones, Steve Levi, Mel Nichols, Ann Roberts, Steve Rouse, Jim Sanders, Dennis Shlotfeldt, Don Schroer, Steve Smirnoff, Do Smith, Kathryn Thomas, Greg Wolf, George Wuerch, Jim Holm, Alaska Visitors Association

ALASKA





| Department of Commerce & Economic Development Subcommittee Membership |         |                   |              |                                            |                               |           |
|-----------------------------------------------------------------------|---------|-------------------|--------------|--------------------------------------------|-------------------------------|-----------|
| Johnson                                                               | Craig   | 762-1944/242-6380 | 563-4744     | Ak. Journal of Commerce                    |                               |           |
| Crawford                                                              | Jim     | 263-0722          | 263-0799     | City Mortgage                              |                               |           |
| Davidge                                                               | Rick    | 373-9045          | 373-9089     | Community Planner                          |                               | Wasilla   |
| Hackney                                                               | Art     | 279-0554          | 279-0556     | Advertising Design Services                |                               |           |
| Haxby                                                                 | John    | 345-6800          | 345-0211     | Waukesha Alaska Corporation                |                               |           |
| Holm                                                                  | Jim     | 457-2760          | 451-8733     |                                            | htn@gci.net                   | Fairbanks |
| Holmes                                                                | J.D.    | 745-8506          | 745-7557     | Alaska Energy Products, Borough Assembly   | jdholmes@postman.net          | Mat-Su    |
| Jones                                                                 | Kim     | 277-7469          | 272-7372     | Sourdough Productions                      | sourdo@alaska.net             |           |
| Levi                                                                  | Steve   | 440-7444/337-2021 | 337-4485     | Parsnackie                                 | afsci@alaska.net              |           |
| Nichols                                                               | Mel     | 562-2000 x 205    | 801-838-0486 | DOWL                                       | mnichols@dowl.com             | 250-0483  |
| Roberts                                                               | Ann     | 479-6375          | 456-8031     |                                            | herbs@ptialaska.net           | Fairbanks |
| Rouse                                                                 | Steve   | 258-2878          | 276-7255     | MAKE IT ALASKA, Inc.                       | makeitak@alaska.net           | 244-6421  |
| Sanders                                                               | Jim     | 269-4591          | 269-4539     | APEA                                       |                               |           |
| Schlotfeldt                                                           | Dennis  | 452-3663          | 456-6803     | Pacific Movers                             | pacificmovers@mosquitonet.com | Fairbanks |
| Schroer                                                               | Don     | 272-5668          | 279-2566     |                                            |                               |           |
| Smirnoff                                                              | Steve   | 349-5481          | 522-1489     | Marketing                                  | bahamas@alaska.net            |           |
| Smith                                                                 | Don     | 276-4325          | 276-2500     |                                            |                               | 229-7079  |
| Thomas                                                                | Kathryn | 776-5515          | 776-5132     | Alaska State Chamber of Commerce           | asccjuno@ptialaska.net        | Kenai     |
| Wolf                                                                  | Greg    | 269-8115          | 269-8125     | Dept of Commerce - Individual Dept Contact |                               |           |
| Wuerch                                                                | George  | 563-2737          | 561-3793     | Municipality of Anchorage                  | wuerch@alaska.net             |           |
|                                                                       |         |                   |              |                                            |                               |           |
|                                                                       |         |                   |              |                                            |                               |           |

**Steven C. Levi**  
Box 241467  
Anchorage, AK 99524  
Phone: 337-2021  
FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

**August 17, 1999**

The Commerce and Community Development Subcommittee met on August 17, 1999 at 11:30. Present and at remote locations were Chairman Johnson and members Crawford, Smith, Holmes, Smirnoff, Levi, Davidge, Thomas, Wolf, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Also present was Commissioner Sedwick. Staff from Commerce and Community Development were also present on air. The subcommittee decided that it would meet weekly on Wednesdays between 3:30 and 5 starting the next Wednesday.

Commissioner Sedwick gave an overview of her new, combined department. Basically there were four classes of functions: regulatory, economic development, quasi-public entities and rural development. A budgetary overview was distributed and Sedwick gave a brief description of the department and its functions.

After Sedwick's presentation the subcommittee debated what its long term focus was to be. With a final report due by the middle of October, it was decided to make the focus as clear as possible as soon as possible. After a brief discussion it was suggested that the divisions be examined being guided by a five-step process:

1. Identify the functions each division performed,
2. Determine if that function was necessary,
3. Establish a purpose for the function,
4. Suggest alternatives to the function if appropriate, and
5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.



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FAX: 337-4485  
Email: [afscl@alaska.net](mailto:afscl@alaska.net)

August 25, 1999

The Commerce and Community Development Subcommittee met on August 25, 1999 at 11:30. Present and at remote locations were Chairman Craig Johnson and members Crawford, Smith, Holmes, Holm, Levi, Davidge, Thomas, Schroer, Rouse, Helm, Wuerch, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Staff from Community and Economic Development were also present on air.

The committee reviewed material submitted by staff and one member expressed extreme displeasure at the lack of completeness of the offering. After some discussion, staff agreed to provide a specific, up-to-the-moment organizational chart with all positions – filled and vacant – to the committee by the next meeting.

To simplify the process of examining the department, it was decided to divide the department into six functional categories: A) regulatory, B) management, C) revenue sharing, D) economic development and E) subsidy. In person, on air and by phone, the membership of the groups is as follows:

- A: ~~Schroer~~, ~~Holmes~~, Schlotfeldt
- B: Davidge, ~~Johnson~~, ~~Holmes~~, ~~Hackney~~, ~~Smirnoff~~
- C: ~~Holm~~, Wuerch, Sanders
- D: Levi, ~~Davidge~~, Smith, Nichols, Rouse
- E: Crawford, ~~Nichols~~, Jones, Smirnoff

Each of the groups was urged to choose a chair and that person would be the primary contact for the specific divisions to be examined. The meeting adjourned at 5:15.

**Privatization Subcommittee  
CED**

**Sept. 1, 1999  
Anchorage LIO  
3:30 PM**

**AGENDA**

1. Call to Order
2. Approval of Minutes of previous meeting
3. Review Material from Department
4. Review Subcommittee Assignments
5. Break into Subcommittees:
  - Establish Chairperson
  - Get department contact names
  - Establish a time line for meeting w/ departments
  - Review Detailed Budget Books
  - Review State Warrants
6. Next Meeting of full Committee      Sept.15,





## TRANSACTION REPORT

AUG-20-1999 FRI 12:35 PM

## BROADCAST

| DATE   | START    | RECEIVER     | TX TIME | PAGES | TYPE | NOTE                 | M#  | DP |
|--------|----------|--------------|---------|-------|------|----------------------|-----|----|
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|        | 12:08 PM | 92630799     | 27"     | 1     | SEND | OK                   | 098 |    |
|        | 12:09 PM | 919073739089 | 30"     | 1     | SEND | OK                   | 098 |    |
|        | 12:09 PM | 92790556     | 34"     | 1     | SEND | OK                   | 098 |    |
|        | 12:10 PM | 93450311     | 24"     | 1     | SEND | OK                   | 098 |    |
|        | 12:27 PM | 919077457557 | 34"     | 1     | SEND | OK                   | 098 |    |
|        | 12:12 PM | 92727372     | 31"     | 1     | SEND | OK                   | 098 |    |
|        | 12:13 PM | 93374485     | 34"     | 1     | SEND | OK                   | 098 |    |
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|        | 12:15 PM | 919074568031 | 40"     | 1     | SEND | OK                   | 098 |    |
|        | 12:16 PM | 92767255     | 33"     | 1     | SEND | OK                   | 098 |    |
|        | 12:17 PM | 92694539     | 39"     | 1     | SEND | OK                   | 098 |    |
|        | 12:18 PM | 919074566803 | 29"     | 1     | SEND | OK                   | 098 |    |
|        | 12:19 PM | 92792566     | 46"     | 1     | SEND | OK                   | 098 |    |
|        | 12:21 PM | 95221489     | 36"     | 1     | SEND | OK                   | 098 |    |
|        | 12:22 PM | 92762500     | 49"     | 1     | SEND | OK                   | 098 |    |
|        | 12:23 PM | 919077765132 | 34"     | 1     | SEND | OK                   | 098 |    |
|        | 12:24 PM | 92698125     | 28"     | 1     | SEND | OK                   | 098 |    |
|        | 12:25 PM | 95613793     | 31"     | 1     | SEND | OK                   | 098 |    |
|        | 12:34 PM | 919074518733 | **' **" | 0     | SEND | BUSY - <i>resent</i> | 098 |    |

TOTAL : 10M 37S PAGES: 19





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## NOTICE OF SUBCOMMITTEE MEETING

Subcommittee Name: DEPARTMENT OF Community Economic Development  
Chairperson: Mr. Craig Johnson  
Phone: 762-1944

Committee Members:

|               |                   |
|---------------|-------------------|
| Craig Johnson | Steve Rouse       |
| Jim Crawford  | Jim Sanders       |
| Rick Davidge  | Dennis Schlofeldt |
| Art Hackney   | Steve Smirnof     |
| John Haxby    | Don Smith         |
| Jim Holm      | Kathryn Thomas    |
| JD Holmes     | Greg Wolf         |
| Kim Jones     | George Weurch     |
| Steve Levi    | Mel Nichols       |
| Ann Roberts   |                   |

Date: **EVERY WEDNESDAY, 3:30 PM – Anchorage LIO**  
August 25  
Sept 1  
Sept 8  
Sept 15  
Sept 22  
Sept 29  
Oct 6  
Oct 13  
Oct 20

Place: Legislative Information Office  
716 W. 4<sup>th</sup> Avenue  
Second Floor Conference Room  
Fairbanks, Kenai , Mat-Su LIO Teleconference Available

If you have any questions please call Representative John Cowdery's office at 269-0222.  
The web site that has a current list of members and schedule of meetings  
posted daily!

**[www.privatizealaska.org](http://www.privatizealaska.org)**

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|-----------------------------------------------------------------------|---------|-------------------|--------------|--------------------------------------------|------------------------|----------|-----------|
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|                                                                       |         |                   |              |                                            |                        |          |           |
|                                                                       |         |                   |              |                                            |                        |          |           |
|                                                                       |         |                   |              |                                            |                        |          |           |



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5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.

**Subject: Military Housing Privatization Initiative: Improving Quality of Life**

**Date: Mon, 09 Aug 1999 10:45:30 -0800**

**From: Robert Walsh <Robert\_Walsh@legis.state.ak.us>**

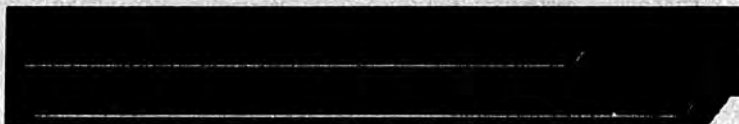
**To: Marco Pignalberi <Marco\_Pignalberi@legis.state.ak.us>**

*Relates to  
ASHA program  
- get state out  
of ownership -*

Marco:

Here is a site that might be a little better than what you were describing in our brief conversation.

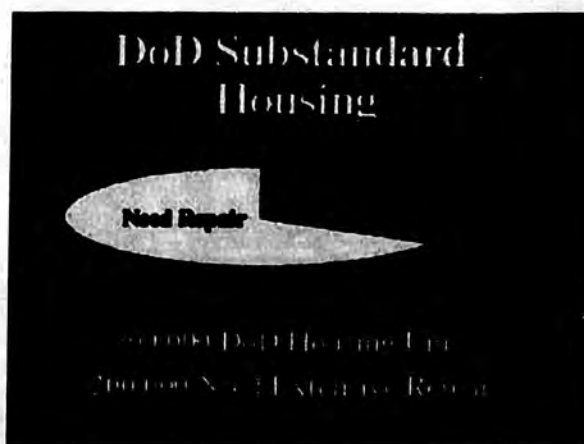
[http://www.defenselink.mil/dodreform/1999update/5\\_4.html](http://www.defenselink.mil/dodreform/1999update/5_4.html)



## Military Housing Privatization Initiative: Improving Quality of Life

A top Department of Defense priority, and among the most important aspects of our service members' quality of life, is the quality of their housing. About a third of our personnel live in DoD-owned housing...much of it substandard.

The DoD owns about 300,000 housing units. Approximately 200,000 units are old and in need of extensive repair. However, using traditional military construction practices and funding, it would take *30 years* and *\$16 billion dollars* to improve them to an acceptable condition.



## Military Housing Privatization Initiative (MHPI)

- Help DoD decrease expenses
- Eliminate traditional costs
- Provide incentives
- Encourage private sector financing

The DoD's Military Housing Privatization Initiative was signed into law in 1996 and provides powerful new tools to address this problem.

This initiative helps DoD decrease expenses and eliminate traditional costs by revising the way we fund and build housing.

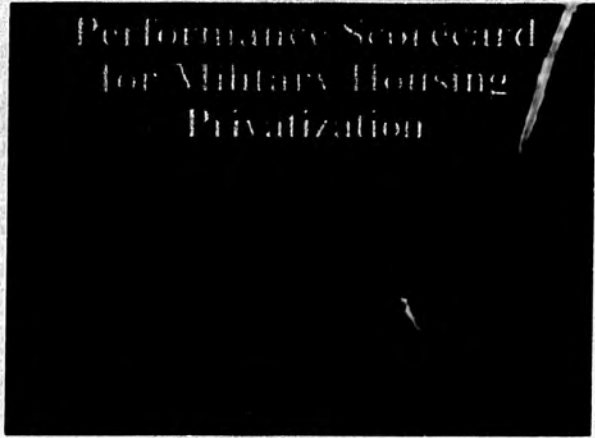
The initiative also provides incentives to the private sector for assistance, and leverages private sector financing.



**As the Performance Scorecard for Military Housing Privatization shows, we've made a great deal of progress. Over 1,000 units were privatized in 1998.**

**We're working on privatizing an additional 13,000 units this year...**

**...and more than 30,000 units by the year 2000. Through privatization, we'll improve the standard of living for our service members, and that helps us attract and retain top-quality personnel.**

A dark rectangular graphic with the title "Performance Scorecard for Military Housing Privatization" in a light, serif font. The graphic is partially obscured by a white diagonal line on the right side.

**Performance Scorecard  
for Military Housing  
Privatization**

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**Updated: 01 Mar 1999**

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**Security and Privacy Notice**

# Alaska

Department of Community and Economic Development

Trade and Development

## SPOTLIGHT ON: SEAFOOD

CED  
10-13-99  
3:30 pm  
FBKS, Mat-Su,  
Kenai LIU's

August 1999

### U.S. Seafood Consumption Notches Up

According to the National Marine Fisheries Service (NMFS), Americans' per capita seafood consumption rose to 14.9 pounds, a 3.7% increase from 1997. This reverses a downward trend that started in 1994. This rise includes salmon and pollock and like other seafood species, fresh and frozen products, not canned products, drive the rise in per capita consumption. NMFS attributes this overall rise in seafood consumption to a rise in supply. Because of the Asian economic crises, more seafood remained in the U.S. and imports rose as several countries attempted to trade their way out of economic trouble. While this modest rise in consumption is encouraging, per capita consumption of seafood as a protein choice remains low compared to beef (64.9 lbs), pork (49.2 lbs.) and chicken (50.8 lbs).

### Did You Know?

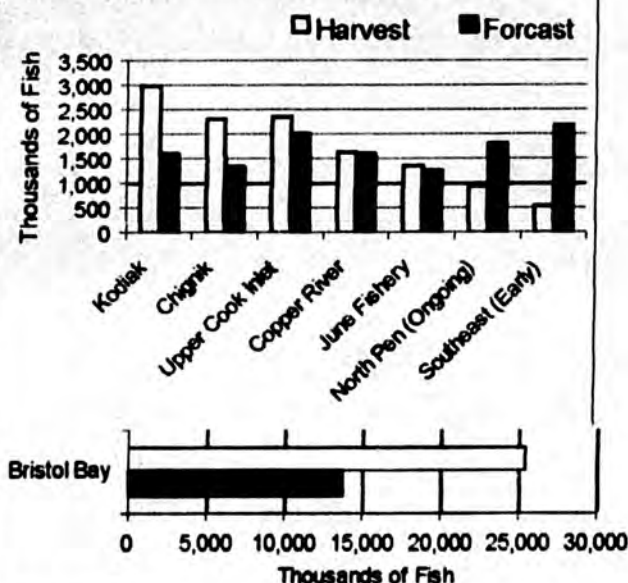
According to the United Nations

Did you know that world production from wild fisheries actually increased in the last two years thanks to improving management? Annual rate of growth is 0.6%. Did you know that farmed salmon is not even in the top ten aquaculture species by volume and comes in number seven when value is considered? Number one by volume is kelp and number one by value is tiger prawns. Did you know that Pacific oysters are the number two aquaculture species in the world by both volume and value? While this information may run contrary to some prevailing Alaska perceptions, this next fact is no surprise: The northwestern Pacific is the most important fishing area in the world in terms of value and volume. These insights are from The State of World Fisheries and Aquaculture, 1998 authored by the Food and Agriculture Organization of the United Nations.

For further info on this media advisory or other activities of DTD see <http://www.commerce.state.ak.us/trade/> or contact Kate Troll at 907-465-5464 • [Kate\\_Troll@dcad.state.ak.us](mailto:Kate_Troll@dcad.state.ak.us)

### Larger than Expected Sockeye Harvest Builds Across the State

#### 1999 Commercial Sockeye Fishery Forecast and Preliminary Harvest



Source: Alaska Department of Fish and Game.

### Pin Bone Removal Update

Ray Wadsworth, with Total Bone Removal System, is testing two machines in Alaska this summer - one land based and one on a floater. His machine is a filleting machine as well as a pinbone puller. The machines are fully processing ten fillets per minute with encouraging results. The total bone removal is greater than 99%, pinbone removal is 85-95%. As a fillet machine it produces 26 fillets per minute. The machines are presently being used on fresh (some still in rigor) chum and red salmon. As fall approaches, the machine will also process pinbone out fillets from coho salmon.

Don LaRue with Carnitech Inc. reports: There are currently five working machines in Alaska, and



eight machines working in the Seattle/Vancouver area. The primary fish being processed is chum salmon, with a bone removal rate at 85 - 90%. The machines are running at a rate of ten to twenty fillets per minute depending on size and degree of rigor. There has been a limited amount of pink salmon run on the machine with very good results.

Scott Smiley with Fisheries Industrial Technology Center reports that their pin bone machine, aimed at high (100 plus fillets per minute) production of boneless, skinless pink salmon fillets, will be tested on large quantities of pink salmon in mid-August.

#### **Upcoming Seafood Evaluation Events**

- **August 8-11 Organic Certification Inspection**  
Representatives from the Organic Growers and Buyers Association will conduct inspections for organic certification of coho salmon at Prime Select Seafoods in Cordova, Alaska. This certification effort is part of a pilot project supported by the State of Alaska to demonstrate that ocean-harvested seafood can meet organic standards. For more information call Teri Camery at (907) 465-2023.
- **July 26 - August 23 - Canned Pink Salmon Sampling**  
The Fisheries Industrial Technology Center will begin testing samples of light pink to buff pink salmon to determine if unsatisfactory odor and taste is associated with lighter color. This sampling is aimed to expand USDA's bid specifications to include lighter color pink salmon in their foreign food relief programs. For more information call Chuck Crapo at (907) 486-1500.
- **Late August - Extending Shelf Life with Ozone**  
Net Systems Inc. and Surefish in collaboration with Alaska Science and Technology Foundation will be testing the effectiveness of ozone in extending the shelf life of fresh chum salmon fillets. Concurrent with this test, the Alaska Department of Environmental Conservation will be evaluating whether the use of ozone interferes with their ability to use odor as an indicator of deterioration when conducting plant inspections. The tests will occur at NorQuest Seafoods plant

in Ketchikan. For more information call Craig Wiese at (907) 563-0311

#### **ASMI's Summer "Grill & Chill" Promotion Builds on Success**

The Alaska Seafood Marketing Institute's annual summer grilling promotion, an all-species summer grilling promotion now in its fifth year, has become the ASMI retail program's largest. Summer is the time of year when grocery retailers are most enthusiastic about featuring Alaska seafood products. The summer salmon runs help to fuel this excitement. Last year 16 million pounds of Alaska seafood were sold during the summer grilling promotion. This represents more than a fivefold increase in two years. While product movement figures from 1999 will not be available until fall, ASMI's retail program manager reports that more than 5,000 stores, including leading national supermarket chains, signed up for the promotion, and that is an indication of its increasing popularity.

"Grill & Chill," the 1999 summer promotion, includes quick, easy recipes for four grilled seafood dishes and two ready-to-eat salads made with seafood. Seafood counters are using the promotion to boost their sales of salmon, halibut, surimi seafoods, pollock, sole, cod, and three varieties of Alaska crab. The recipe leaflets distributed at seafood counters offer simple instructions to enhance grilling success. Instructions on how to cook seafood are an intrinsic part of all retail marketing efforts.

Grilling continues to enjoy unprecedented popularity in the U.S., and is the preferred summer cooking method for seafood. It calls for very little prep work or post-cooking clean up, keeps cooking odors outside the house, and lends itself to producing a meal in minutes. It is also more apt to involve men in the activity of food preparation, as men (61%) are more likely than women (39%) to do the barbecuing.

For more information about this event, contact ASMI at: [Info@AlaskaSeafood.org](mailto:Info@AlaskaSeafood.org)

**AGENDA:  
PRIVATIZATION SUBCOMM ON DCED  
MONDAY, OCTOBER 25, 1999  
11:00 AM**

1. Intro of New Members
2. Distribution of Privatization Articles
3. Website Demonstration
4. Minutes of all past meetings
5. Schedule: Nov 18 deadline
6. Status of Subcommittees
  - Regulatory - Schroer
  - Management (Local Government?) - Davidge
  - Revenue Sharing - Holm
  - Economic Development - Davidge
  - Subsidies (Investments?) - Crawford

1. current structure  
new structure  
in legis.  
what progress

Rouse -  
Levi  
Sundquist

**7. List Of Suggested Issues for Subcommittee to Consider:**

- 1 • How many state funded offices engage in seafood marketing? Do we need more than one? Can it (they) be privatized?
- 2 • How many state agencies are involved in international trade? Do we need them all? Can any of their activities be privatized?
- 3 • How many vehicles does the dept. have? Who maintains them? Can vehicle maintenance be contracted out?
- 4 • How many grants does the dept. issue, to whom, for how much money. Is it just pass thru money or is there some followup compliance to ensure the money is spent properly?
- 5 • What are the dept's regulatory functions and can any of them be combined into a single agency? - Frank
- 6 • Should the dept. continue to provide revenue sharing to local governments
- 7 • If the Division of Occupational Licensing is self supporting via fees paid by the licensed parties, can it be privatized and taken off the state budget?
- 8 • Why is the Fishery Enhancement Tax Receipts BRU in the Dept. of Commerce instead of the Dept. of Revenue?
- 9 • What functions will remain for a Division of Tourism after the Alaska Tourism Information Agency goes into effect on July 1, 2000. (The Millenium Plan) Can those remaining functions be privatized?
- 10 • The Division of Insurance has 52 employees and the Division of Banking, Securities and Corporations has 26 employees. Both Divisions have Executive Directors and overhead staff. Can they be combined? Which of their activities that they perform, e.g., investigations, can be privatized?
- 11 • We have 44 people in the Division of Investments. What do they do that the private sector cannot do? The Department of Revenue also has a large investment management group in the State Treasurer's office. Why do we have this separate investment group in CED?

How are  
grants  
administered?



**CONFERENCE CS FOR SENATE BILL NO. 33**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE CONFERENCE COMMITTEE**

**Offered: 5/14/99**

**Sponsor(s): SENATOR WARD**

**REPRESENTATIVE Kohring**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to contracts for the performance of certain state functions  
2 previously performed by state employees and to the Commission on Privatization  
3 and Delivery of Government Services; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. FINDINGS AND INTENT. (a) The legislature finds that

6 (1) the annual cost of state government is exceeding the annual revenue of the  
7 state;

8 (2) the State of Alaska, other states, and the federal government have  
9 successfully and substantially reduced government spending and increased government  
10 efficiency by contracting with third parties to perform particular state or government functions;

11 (3) there may be functions of our current state government that can be  
12 performed more efficiently by any or all of the following entities:

13 (A) nongovernmental or private organizations;

14 (B) local government or regional service organizations;

1 (4) there may be functions that state government should not continue to  
2 perform, but should leave to the federal government;

3 (5) there may be state government functions that should be consolidated or  
4 otherwise performed more efficiently;

5 (6) there exist state government functions that would be inappropriate to  
6 contract out to nongovernmental agencies.

7 (b) The legislature finds it is in the best interest of the state to make a formal  
8 determination of which state government functions can and should be transferred entirely to  
9 private entities or to local government agencies and whether the state should stop performing  
10 some functions for the federal government. The legislature also finds that it is in the best  
11 interest of the state to determine which state government functions can be consolidated or  
12 otherwise made more efficient.

13 (c) The legislature intends to make the determination set out in (b) of this section in  
14 order to reduce dependency on state governmental revenues for the delivery of government  
15 services.

16 \* Sec. 2. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT  
17 SERVICES. (a) There is created in the legislative branch of the state government the  
18 Commission on Privatization and Delivery of Government Services. The commission shall  
19 consist of 11 members, as follows:

20 (1) one member of the senate appointed by the president of the senate who  
21 shall serve as co-chair;

22 (2) one member of the house appointed by the speaker of the house who shall  
23 serve as co-chair;

24 (3) one member appointed by the Alaska Municipal League;

25 (4) two public members appointed by the president of the senate, one of whom  
26 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
27 (Alaska Native Claims Settlement Act);

28 (5) two public members appointed by the speaker of the house, one of whom  
29 shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628  
30 (Alaska Native Claims Settlement Act);

31 (6) one member appointed by the Alaska State Chamber of Commerce;



1 (7) one member appointed by the American Federation of Labor-Congress of  
2 Industrial Organizations;

3 (8) one member from the minority caucus of the house appointed by the  
4 speaker of the house;

5 (9) one member from the minority caucus of the senate appointed by the  
6 president of the senate.

7 (b) The commission may appoint an advisory council to assist it in carrying out its  
8 duties.

9 \* Sec. 3. COMPENSATION. (a) The public members of the Commission on Privatization  
10 and Delivery of Government Services appointed under sec. 2(a) of this Act are not eligible  
11 for compensation but are entitled to per diem and travel expenses authorized for boards and  
12 commissions under AS 39.20.180.

13 (b) Members of the advisory council appointed under sec. 2(b) of this Act are not  
14 eligible for compensation, per diem, or payment of travel or other expenses by the state.

15 \* Sec. 4. MEETINGS. The Commission on Privatization and Delivery of Government  
16 Services shall meet as frequently as the commission determines necessary to perform its work.  
17 The commission may meet and vote by teleconference.

18 \* Sec. 5. DUTIES. (a) The Commission on Privatization and Delivery of Government  
19 Services shall

20 (1) review and evaluate the policies and recommendations of other states that  
21 are studying or have implemented recommendations to transfer the provision of government  
22 services to other entities;

23 (2) review state contracting policy and procedures, including competitive  
24 bidding procedures;

25 (3) identify state government functions capable of more efficient performance  
26 in the delivery of government services, and determine whether those identified functions could  
27 most effectively be provided by

28 (A) transferring to the private sector or contracting out;

29 (B) transferring to local governments or regional service organizations;

30 (C) the federal government;

31 (D) consolidation or other efficiency changes; or

1 (E) a combination of the approaches under (A) - (D) of this paragraph;

2 (4) identify state government functions that should be eliminated;

3 (5) identify present state government services that are most effectively and  
4 efficiently delivered by the state and that should remain a responsibility of the state;

5 (6) solicit public comment about the delivery of state government services.

6 (b) By January 1, 2000, the Commission on Privatization and Delivery of Government  
7 Services shall submit a written report of its findings and recommendations to the governor and  
8 the legislature. The report must include suggested legislation that may be needed to  
9 accomplish the recommendations. The report must specify which state

10 (1) functions should be transferred to the private sector or contracted out;

11 (2) functions should be transferred to local governments or regional service  
12 organizations;

13 (3) agencies or functions should be consolidated or otherwise made more  
14 efficient;

15 (4) functions should be performed by the federal government;

16 (5) functions should be eliminated as functions of state government.

17 \* Sec. 6. This Act is repealed on January 1, 2000.

18 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).



| Department of Community & Economic Development Subcommittee Membership |         |                   |              |          |                                            |                               |                      |           |    |       |
|------------------------------------------------------------------------|---------|-------------------|--------------|----------|--------------------------------------------|-------------------------------|----------------------|-----------|----|-------|
| Johnson                                                                | Craig   | 762-1944/242-6380 | 563-4744     |          | AK Journal of Commerce                     |                               |                      |           | AK |       |
| Wharam                                                                 | Lee     | 688-2540          | 688-4009     | 229-0306 |                                            |                               |                      |           | AK |       |
| Anderson                                                               | Chris   | 274-2739          | 277-1033     |          | Glacier Brewhouse Restaurant               |                               | 737 West 5th Avenue  | Anchorage | AK | 99501 |
| Crawford                                                               | Jim     | 263-0722          | 263-0799     |          | City Mortgage                              |                               |                      |           | AK |       |
| Davidge                                                                | Rick    | 373-9045          | 373-9089     |          | Community Planner                          |                               |                      |           | AK |       |
| Fox                                                                    | Dale    | 277-5706          | 277-5700     |          | Chenega Corporation                        | dfox@chenegacorp.com          |                      | Wasilla   | AK |       |
| Fuhs                                                                   | Paul    | 276-8288          |              | 351-0407 | Professional Services                      | fuhs@ptialaska.com            |                      |           | AK | 99503 |
| Haxby                                                                  | John    | 345-6800          | 345-0311     |          | Waukesha Alaska Corporation                |                               |                      |           | AK |       |
| Holmes                                                                 | J.D.    | 745-8506          | 745-7557     |          | Alaska Energy Products, Borough Assembly   | jdholmes@postman.net          |                      |           | AK |       |
| Kim                                                                    | Henry   | 258-1234          | 258-4949     |          | Topex Industries                           | topexinc@aol.com              | 7640 King St         | Anchorage | AK |       |
| Leary                                                                  | Linda   | 276-7797          | 278-7301     | 244-3774 | Carlile Enterprises                        |                               | 1813 E. 1st Avenue   | Anchorage | AK |       |
| Levi                                                                   | Steve   | 440-7444/337-2021 | 337-4485     |          | Parsnackie                                 | afsci@alaska.net              |                      | Anchorage | AK | 99501 |
| Nichols                                                                | Mel     | 562-2000 x 205    | 801-838-0486 | 250-0483 | DOWL                                       | mnichols@dowl.com             |                      |           | AK |       |
| Ripley                                                                 | Justin  | 245-0200          | 245-0400     |          | Alaska Tour & Travel                       | windsong@alaska.net           | PO Box 221011        | Anchorage | AK | 99522 |
| Rouse                                                                  | Steve   | 258-2878          | 276-7255     | 244-6421 | MAKE IT ALASKA, Inc.                       | makeitak@alaska.net           |                      | Anchorage | AK |       |
| Sanders                                                                | Jim     | 269-4591          | 269-4539     |          | APEA                                       |                               |                      |           | AK |       |
| Schlotfeldt                                                            | Dennis  | 452-3663          | 456-6803     |          | Pacific Movers                             | pacificmovers@mosquitonet.com |                      | Fairbanks | AK |       |
| Schroer                                                                | Don     | 272-5668          | 279-2566     |          |                                            |                               |                      | Anchorage | AK |       |
| Smirnoff                                                               | Steve   | 349-5481          | 522-1489     |          |                                            |                               | 3581 Kachemak Circle | Anchorage | AK | 99515 |
| Smith                                                                  | Don     | 276-4325          | 276-2500     | 229-7079 |                                            |                               |                      | Anchorage | AK |       |
| Southall                                                               | Bob     | 272-7411          | 265-7075     |          | Anchorage Hilton Hotel                     |                               |                      | Anchorage | AK |       |
| Thomas                                                                 | Kathryn | 776-5515          | 776-5132     |          | Alaska State Chamber of Commerce           | ascciuno@ptialaska.net        |                      | Juneau    | AK |       |
| Wolf                                                                   | Greg    | 269-8115          | 269-8125     |          | Dept of Commerce - Individual Dept Contact |                               |                      | Kenai     | AK |       |
| Wuerch                                                                 | George  | 563-2737          | 561-3793     |          | Municipality of Anchorage                  | wuerch@alaska.net             |                      | Anchorage | AK |       |
| Zong                                                                   | Ken     | 278-1700          | 278-1994     | 727-1174 | Pan A Travel                               |                               |                      | Anchorage |    |       |

# [www.privatizealaska.org](http://www.privatizealaska.org)

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The Commission on Privatization and Delivery of Government Services.

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716 W. 4th Ave. Anchorage, AK 99501

This page was last updated 8/16/99; Direct corrections and technical inquiries to

**Web Site Updated Daily ....**  
**Great resource for links, meeting**  
**schedules, subcommittee**  
**membership information, and**  
**contact information.**

[www.privatizealaska.org](http://www.privatizealaska.org)



**TONY KNOWLES**  
GOVERNOR



**STATE OF ALASKA**  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3600  
Fax (907) 465-3632

August 11, 1999

The Honorable John Cowdery  
Alaska State Legislature  
716 W. 4<sup>th</sup> Ave.  
Suite 320  
Anchorage, Alaska 99501-2133

Dear Rep. *John* Cowdery:

The Knowles Administration is committed to working with you and the entire Commission of Privatization and Delivery of Government Services to make the process spelled out in SB 33 as productive as possible. Towards that end I am enclosing a report produced by the Administration last year that may be of use to you.

In this document, titled "Knowles/Ulmer Administration Accomplishments in Budget Discipline and Government Efficiencies", each state agency has identified privatization efforts that have been accomplished or are underway. I think the Commission and its subcommittees will find this information helpful.

The report has not been updated since May 1998 so there are undoubtedly some new efforts underway that are not described in this document. I expect the Commission and subcommittee deliberations will provide agency personnel the opportunity to discuss any new developments not covered in the report.

As you know Mike Abbott, Special Assistant to the Governor, is the Administration's primary point of contact for the Commission. If you have further requests for information please make contact with Mike at your convenience.

Sincerely,

*Pat*  
Pat Pourchot  
Legislative Director

Enclosure

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# **Knowles/Ulmer Administration**

## **Accomplishments in Budget Discipline and Government Efficiencies**

**Compiled in May 1998**

**Office of Management and Budget**

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## Department of Commerce and Economic Development

### *Efficiency Innovations:*

- Information about state-registered corporations and business licensees is now accessible on the Internet.
- The Division of Trade and Development is actively utilizing the internet:
  - ❑ A collection of links to other tourism sites, our online highway travel planner, and the online Vacation Planner of ATMC are on the web.
  - ❑ DTD's Tourism North program's entire advertising, direct mail and public relations effort is aimed at driving traffic to their internet sites. People who still wish to order a hard copy of the planner fill out an online request form, and it is transferred electronically to our fulfillment house. Brochures are automatically mailed without any human ever intervening in the process.
  - ❑ International inquiries are now processed via the internet for free. This has substantially reduced our international postage and increased program receipts.
- DTD also utilizes computer technology to improve mailing efficiency. Names for information requests are electronically transferred to fulfillment houses for them to handle the assembly of the mail. This has reduced postage costs significantly, and allowed the inquiry staff to spend more time on the phone with potential travelers and travel agents.
- Initiated the approval of travel (TA forms) via email thus eliminating routing and mailing TA's between offices.
- Routine supplies, utilities, courier are pre-approved at the beginning of the year by agency staff - eliminating routing invoices for approval so the vendor is paid quicker.
- Have majority of our travel and procurement forms on common drives which eliminates mailing forms, throwing away out dated forms, and ensures all offices have the same information.
- Began accepting MasterCard two years ago (Banking & Tourism). Much more convenient for those paying for services.
- Reduced the paper work required of grant applicants, condensing the materials they need to review and respond to. And condensing them again.
- Occupational Licensing Division
  - ❑ Cash Management has identified portions of the licensing process that would achieve significant improvements by converting applications to a readable coupon and having the transaction processes through a bank controlled lock box. Cash Management collaborated with Occupational Licensing staff and converted business license renewals. The conversion eliminated the need for 7 part-time positions and allowed the renewals to be processed and returned 8 to 10 weeks quicker than the previous operation. The lock box process provided for same day deposit of payments and the transmission of an electronic file used to update the divisions records. This improvement provided a significant increase in the level of service for individuals and business renewing their business licenses. Other licensing functions may be converted to a similar process in the future.

# Agency Totals - FY00 Operating Budget

## Agency: Department of Commerce and Economic Development

|                                | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
| <b>Totals for Agency</b>       | <b>57,536.7</b> | <b>51,239.5</b> | <b>70,354.4</b> | <b>57,221.1</b> | <b>49,452.8</b> | <b>32,845.4</b> | <b>32,755.8</b> | <b>-37,888.6</b>     | <b>-53.4%</b> |
| <b>Objects of Expenditure:</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Personal Services              | 19,999.7        | 20,442.0        | 20,454.7        | 22,058.3        | 20,752.1        | 13,084.6        | 13,160.3        | -7,294.4             | -35.7%        |
| Travel                         | 1,505.8         | 1,777.7         | 1,727.7         | 1,625.3         | 1,436.5         | 542.1           | 550.2           | -1,177.5             | -68.2%        |
| Contractual                    | 21,048.0        | 20,170.6        | 25,913.5        | 24,839.1        | 18,281.8        | 10,406.9        | 10,563.1        | -15,350.4            | -59.2%        |
| Commodities                    | 509.7           | 556.5           | 560.5           | 560.0           | 544.0           | 233.3           | 237.4           | -323.1               | -57.6%        |
| Equipment                      | 347.3           | 123.1           | 138.8           | 188.8           | 158.8           | 61.2            | 65.2            | -73.6                | -53.0%        |
| Land/Buildings                 | 12.8            | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |
| Grants, Claims                 | 14,113.4        | 8,169.6         | 21,559.2        | 8,169.6         | 8,279.6         | 8,109.6         | 8,229.6         | -13,329.6            | -61.8%        |
| Miscellaneous                  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 405.7           | -50.0           | -50.0                | %             |
| <b>Funding Sources:</b>        |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 1002 Fed Rcpts                 | 3,006.7         | 3,650.0         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 3,650.1         | 0.0                  | 0.0%          |
| 1003 G/F Match                 |                 |                 | 1.0             | 1.0             | 1.0             | 0.0             | 0.0             | -1.0                 | -100.0%       |
| 1004 Gen Fund                  | 12,398.9        | 7,474.7         | 7,481.0         | 7,785.8         | 2,053.2         | 1,984.5         | 1,874.9         | -5,806.1             | -74.9%        |
| 1005 GF/Prgrm                  | 16,340.6        | 14,573.3        | 18,931.7        | 18,840.5        | 18,326.0        | 1,808.3         | 1,808.3         | -17,123.4            | -90.4%        |
| 1007 I/A Rcpts                 | 1,523.0         | 1,739.0         | 1,743.2         | 2,029.7         | 1,808.4         | 1,808.4         | 1,808.4         | 65.2                 | 3.7%          |
| 1025 Sci/Tech                  | 11,564.6        | 9,553.4         | 23,081.1        | 9,539.8         | 9,539.8         | 9,539.8         | 9,539.8         | -13,521.3            | -58.6%        |
| 1035 Vet Loan                  | 230.3           | 183.1           | 183.8           | 147.8           | 147.8           | 147.8           | 147.8           | -38.0                | -19.6%        |
| 1036 Cm Fish Ln                | 2,534.2         | 2,586.2         | 2,593.8         | 2,608.9         | 2,608.9         | 2,608.9         | 2,608.9         | 15.1                 | 0.6%          |
| 1040 Surety Fnd                | 100.0           | 263.8           | 264.1           | 209.9           | 209.9           | 209.9           | 209.9           | -54.2                | -20.5%        |
| 1053 Invt Loss                 | 34.4            |                 | 6.6             | -0.0            | 0.0             | 0.0             | 0.0             | -6.6                 | -100.0%       |
| 1057 Small Bus                 | 2.5             | 3.5             | 3.5             | 3.3             | 3.3             | 3.3             | 3.3             | -0.2                 | -5.7%         |
| 1061 CIP Rcpts                 | 36.5            | 135.0           | 135.1           | 360.1           | 360.1           | 360.1           | 360.1           | 225.0                | 166.5%        |
| 1067 Mining RLF                | 4.8             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 0.0                  | 0.0%          |
| 1068 Child Care                | 5.3             | 5.7             | 5.8             | 5.8             | 5.8             | 5.8             | 5.8             | 0.0                  | 0.0%          |
| 1089 Hist Dist                 | 2.9             | 2.0             | 2.0             | 2.5             | 2.5             | 2.5             | 2.5             | 0.5                  | 25.0%         |
| 1070 Fish En Ln                | 285.1           | 309.8           | 310.5           | 325.5           | 325.5           | 325.5           | 325.5           | 15.0                 | 4.6%          |
| 1071 At Energy                 | 149.0           | 148.8           | 149.1           | 148.7           | 148.7           | 148.7           | 148.7           | -0.4                 | -0.3%         |
| 1072 Res Energy                | 0.1             |                 |                 |                 |                 |                 |                 | 0.0                  | %             |
| 1101 AERO Rcpts                | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 43.2            | 0.0                  | 0.0%          |
| 1102 AIDEA Rcpt                | 3,528.5         | 3,737.4         | 3,743.9         | 3,705.9         | 3,705.9         | 3,705.9         | 3,705.9         | -38.0                | -1.0%         |
| 1107 AEA Rcpts                 | 881.4           | 1,049.5         | 1,050.4         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | -0.9                 | -0.1%         |
| 1108 Stat Dealg                | 1,012.8         | 1,299.9         | 1,307.0         | 1,299.9         | 0.0             | -0.0            | -0.0            | -1,307.0             | -100.0%       |
| 1110 APUC Rcpts                | 3,851.9         | 4,476.4         | 4,823.5         | 4,889.2         | 4,889.2         | 4,889.2         | 4,889.2         | -224.3               | -4.6%         |
| 1115 ITDF                      |                 |                 | 759.0           | 759.0           | 759.0           | 759.0           | 759.0           | 0.0                  | 0.0%          |
| <b>Positions:</b>              |                 |                 |                 |                 |                 |                 |                 |                      |               |
| Perm Full Time                 | 343.0           | 342.0           | 343.0           | 370.0           | 351.0           | 349.0           | 348.0           | 5.0                  | 1.5%          |
| Perm Part Time                 | 10.0            | 9.0             | 10.0            | 8.0             | 8.0             | 8.0             | 8.0             | -8.0                 | -80.0%        |
| Non-Perm                       | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %             |



## Agency Totals - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

|                                       | <u>FY98 Act</u>  | <u>FY99 CC</u>   | <u>FY99Auth</u>  | <u>Gov Amd</u>   | <u>House</u>     | <u>Senate</u>    | <u>ConfComm</u>  | <u>FY99Auth to ConfComm</u> |               |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------|---------------|
| <b>Totals for Agency</b>              | <b>130,278.3</b> | <b>184,937.1</b> | <b>161,681.9</b> | <b>160,030.7</b> | <b>109,097.3</b> | <b>127,233.6</b> | <b>136,286.4</b> | <b>-26,296.6</b>            | <b>-16.3%</b> |
| <b><u>Objects of Expenditure:</u></b> |                  |                  |                  |                  |                  |                  |                  |                             |               |
| Personal Services                     | 10,061.1         | 10,325.5         | 10,360.0         | 11,006.4         | 10,606.4         | 10,963.9         | 10,806.4         | 448.4                       | 4.3%          |
| Travel                                | 1,062.6          | 1,209.3          | 1,227.3          | 1,261.9          | 1,261.9          | 1,243.2          | 1,261.9          | 34.6                        | 2.6%          |
| Contractual                           | 3,148.0          | 6,967.2          | 6,960.3          | 6,077.4          | 6,077.4          | 6,077.4          | 6,077.4          | -312.9                      | -4.6%         |
| Commodities                           | 146.0            | 230.9            | 231.6            | 241.3            | 241.3            | 241.3            | 241.3            | 9.7                         | 4.2%          |
| Equipment                             | 1,062.1          | 1,900.0          | 1,903.7          | 1,929.0          | 1,929.0          | 1,929.0          | 1,929.0          | 25.3                        | 1.3%          |
| Land/Bldgs                            | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0                         | %             |
| Grants, Claims                        | 114,756.5        | 135,414.2        | 141,469.0        | 139,512.7        | 89,090.7         | 106,958.8        | 115,278.8        | -26,190.2                   | -18.5%        |
| Miscellaneous                         | 0.0              | -100.0           | 0.0              | 0.0              | -111.4           | -200.0           | -311.4           | -311.4                      | %             |
| <b><u>Funding Sources:</u></b>        |                  |                  |                  |                  |                  |                  |                  |                             |               |
| 1002 Fed Rcpts                        | 20,378.6         | 45,258.9         | 51,863.8         | 44,025.0         | 44,025.0         | 43,990.5         | 43,990.5         | -7,873.3                    | -15.2%        |
| 1003 G/F Match                        | 1,671.5          | 771.6            | 772.7            | 772.7            | 772.7            | 747.7            | 747.7            | -25.0                       | -3.2%         |
| 1004 Gen Fund                         | 74,820.5         | 69,162.5         | 69,175.7         | 64,465.1         | 10,200.6         | 41,227.3         | 37,559.1         | -31,616.6                   | -45.7%        |
| 1005 GF/Prgrm                         | 3.8              | 49.2             | 49.2             | 49.2             | 49.2             | 49.2             | 49.2             | 0.0                         | 0.0%          |
| 1007 I/A Rcpts                        | 12,932.7         | 20,489.6         | 20,486.2         | 30,534.2         | 34,745.3         | 34,734.4         | 35,134.4         | 14,638.2                    | 71.4%         |
| 1051 Rural Dev                        | 97.1             | 97.8             | 98.0             | 98.0             | 98.0             | 98.0             | 98.0             | 0.0                         | 0.0%          |
| 1053 Invt Loss                        | 68.2             |                  | 14.5             | -0.0             | 0.0              | -0.0             | -0.0             | -14.5                       | -100.0%       |
| 1054 Empl Trng                        |                  |                  |                  |                  |                  |                  | 3,400.0          | 3,400.0                     | %             |
| 1061 CIP Rcpts                        | 669.8            | 1,030.1          | 1,031.7          | 1,135.2          | 1,135.2          | 1,135.2          | 1,135.2          | 103.5                       | 10.0%         |
| 1062 Power Proj                       | 606.6            | 726.8            | 731.3            | 802.5            | 802.5            | 802.5            | 802.5            | 71.2                        | 9.7%          |
| 1063 NPR Fund                         |                  | 50.0             | 50.0             | 50.0             | 50.0             | 50.0             | 50.0             | 0.0                         | 0.0%          |
| 1074 Bulk Fuel                        | 47.2             | 48.8             | 49.0             | 49.0             | 49.0             | 49.0             | 49.0             | 0.0                         | 0.0%          |
| 1089 Power Cost                       | 18,664.2         | 17,000.0         | 17,000.0         | 17,000.0         | 17,000.0         | 4,180.0          | 12,100.0         | -4,900.0                    | -28.8%        |
| 1092 MHTAAR                           |                  | 50.0             | 50.0             | 0.0              | 0.0              | 0.0              | 0.0              | -50.0                       | -100.0%       |
| 1108 Stat Desig                       | 14.1             | 99.8             | 99.8             | 69.8             | 69.8             | 69.8             | 69.8             | -30.0                       | -30.1%        |
| 1111 Fish/Fnding                      |                  | 100.0            | 100.0            | 100.0            | 100.0            | 100.0            | 100.0            | 0.0                         | 0.0%          |
| 1119 Tubes Sell                       |                  |                  |                  | 690.0            | 6.0              | 6.0              | 6.0              | 6.0                         | %             |
| <b><u>Positions:</u></b>              |                  |                  |                  |                  |                  |                  |                  |                             |               |
| Perm Full Time                        | 173.0            | 168.0            | 168.0            | 185.0            | 185.0            | 185.0            | 185.0            | 17.0                        | 10.1%         |
| Perm Part Time                        | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 0.0                         | 0.0%          |
| Non-Perm                              | 20.0             | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 7.0              | 0.0                         | 0.0%          |

## Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                                     | FY98 Act | FY99 CC | FY99Auth | Gov Amd | House   | Senate  | ConfComm | FY99Auth to ConfComm |         |
|------|------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|----------------------|---------|
|      | <b>Banking, Securities, and Corp</b>                 |          |         |          |         |         |         |          |                      |         |
| 1    | Banking, Securities and Corp                         | 1,652.3  | 1,647.8 | 1,654.9  | 1,694.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | * BRU Total                                          | 1,652.3  | 1,647.8 | 1,654.9  | 1,694.5 | 1,735.5 | 1,735.5 | 1,735.5  | 80.6                 | 4.9%    |
|      | <b>Insurance Operations</b>                          |          |         |          |         |         |         |          |                      |         |
| 2    | Insurance Operations                                 | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | * BRU Total                                          | 3,918.3  | 1,883.4 | 4,561.6  | 4,396.6 | 4,396.6 | 0.0     | -0.0     | -4,561.6             | -100.0% |
|      | <b>Occupational Licensing</b>                        |          |         |          |         |         |         |          |                      |         |
| 3    | Occupational Licensing                               |          |         |          | 5,458.9 | 5,458.9 | 405.7   | 405.7    | 405.7                | %       |
| 4    | Operations                                           | 4,926.1  | 3,983.0 | 5,651.0  | 0.0     | -0.0    | -0.0    | -0.0     | -5,651.0             | -100.0% |
| 5    | Licensing Boards                                     | 196.4    | 173.2   | 183.2    | 0.0     | 0.0     | 0.0     | 0.0      | -183.2               | -100.0% |
|      | * BRU Total                                          | 5,122.5  | 4,156.2 | 5,834.2  | 5,458.9 | 5,458.9 | 405.7   | 405.7    | -5,428.5             | -93.0%  |
|      | <b>Alaska Public Utilities Commission Operations</b> |          |         |          |         |         |         |          |                      |         |
| 6    | APUC Operations                                      | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | * BRU Total                                          | 3,851.9  | 4,476.4 | 4,923.5  | 4,699.2 | 4,699.2 | 4,699.2 | 4,699.2  | -224.3               | -4.6%   |
|      | <b>Executive Administration and Development</b>      |          |         |          |         |         |         |          |                      |         |
| 7    | Commissioner's Office                                | 541.2    | 450.9   | 452.2    | 546.3   | 452.2   | 452.2   | 402.2    | -50.0                | -11.1%  |
| 8    | Trade and Development                                | 2,834.0  | 1,884.4 | 2,649.6  | 3,180.4 | 2,774.7 | 2,875.1 | 2,835.5  | 185.9                | 7.0%    |
| 9    | Administrative Services                              | 1,153.7  | 1,212.5 | 1,217.8  | 1,282.7 | 1,188.6 | 1,188.6 | 1,188.6  | -29.2                | -2.4%   |
| 10   | Unallocated Reduction                                |          |         |          |         |         | -189.1  | -189.1   | -189.1               | 0.0%    |
|      | * BRU Total                                          | 4,528.9  | 3,547.8 | 4,319.6  | 5,009.4 | 4,415.5 | 4,326.8 | 4,237.2  | -82.4                | -1.9%   |
|      | <b>Alaska Science and Technology Foundation</b>      |          |         |          |         |         |         |          |                      |         |
| 11   | AK Science & Tech. Foundation                        | 10,667.4 | 8,965.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | * BRU Total                                          | 10,667.4 | 8,965.8 | 22,502.2 | 8,984.6 | 8,984.6 | 8,984.6 | 8,984.6  | -13,517.6            | -60.1%  |
|      | <b>Investments</b>                                   |          |         |          |         |         |         |          |                      |         |
| 12   | Investments                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -6.0                 | -0.2%   |
|      | * BRU Total                                          | 3,273.4  | 3,291.6 | 3,301.5  | 3,295.5 | 3,295.5 | 3,295.5 | 3,295.5  | -6.0                 | -0.2%   |
|      | <b>Tourism</b>                                       |          |         |          |         |         |         |          |                      |         |
| 13   | Alaska Tourism Mktg Council                          | 4,412.3  | 4,639.4 | 4,840.2  | 4,837.8 | 0.0     | 0.0     | 0.0      | -4,840.2             | -100.0% |
| 14   | Tourism Development                                  | 2,583.4  | 2,360.0 | 2,363.1  | 2,377.9 | 0.0     | -0.0    | 0.0      | -2,363.1             | -100.0% |
|      | * BRU Total                                          | 7,005.7  | 6,999.4 | 7,003.3  | 7,015.4 | 0.0     | 0.0     | 0.0      | -7,003.3             | -100.0% |



## Component Summary - FY00 Operating Budget

Agency: Department of Commerce and Economic Development

| Page | Budget Component                     | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |               |
|------|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------|
|      | <b>AIDEA</b>                         |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 15   | AIDEA Fac Maint                      |                 |                 |                 | 73.0            | 73.0            | 73.0            | 73.0            | 73.0                 | %             |
| 16   | AIDEA                                | 3,528.5         | 4,040.7         | 4,048.1         | 3,952.2         | 3,952.2         | 3,952.2         | 3,952.2         | -95.9                | -2.4%         |
| 17   | Alaska Energy Auth Op & Maint        | 881.4           | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 1,049.5         | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,409.9         | 5,090.2         | 5,097.6         | 5,074.7         | 5,074.7         | 5,074.7         | 5,074.7         | -22.9                | -0.4%         |
|      | <b>Alaska Seafood Marketing Inst</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 18   | Alaska Seafood Marketing Inst        | 8,483.0         | 10,550.1        | 10,554.3        | 10,558.9        | 10,558.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | * BRU Total                          | 8,483.0         | 10,550.1        | 10,554.3        | 10,558.9        | 10,558.9        | 3,500.0         | 3,500.0         | -7,054.3             | -66.8%        |
|      | <b>Alaska Aerospace Devel Corp</b>   |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 19   | Ak Aerospace Development Corp        | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.6%         |
|      | * BRU Total                          | 550.8           | 600.8           | 601.7           | 823.4           | 823.4           | 823.4           | 823.4           | 221.7                | 36.6%         |
|      | <b>Fish Enhancement Tax Receipts</b> |                 |                 |                 |                 |                 |                 |                 |                      |               |
| 20   | Fish Enhancement Tax Rcpts           | 4,072.6         |                 |                 |                 |                 |                 |                 | 0.0                  | 0.0%          |
|      | * BRU Total                          | 4,072.6         | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | 0.0%          |
|      | <b>** Total Agency Expenditure</b>   | <b>57,536.7</b> | <b>61,239.5</b> | <b>70,384.4</b> | <b>67,221.1</b> | <b>49,452.8</b> | <b>32,845.4</b> | <b>32,766.8</b> | <b>-37,888.6</b>     | <b>-53.4%</b> |
|      | <b>Federal Funds</b>                 | <b>3,006.7</b>  | <b>3,650.0</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>3,650.1</b>  | <b>0.0</b>           | <b>0.0%</b>   |
|      | <b>General Funds</b>                 | <b>28,739.5</b> | <b>22,048.0</b> | <b>26,413.7</b> | <b>26,627.3</b> | <b>20,380.2</b> | <b>3,772.8</b>  | <b>3,683.2</b>  | <b>-22,730.5</b>     | <b>-86.1%</b> |
|      | <b>Other Funds</b>                   | <b>25,790.5</b> | <b>25,541.5</b> | <b>40,290.6</b> | <b>26,943.7</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>25,422.5</b> | <b>-14,888.1</b>     | <b>-36.9%</b> |

# Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page | Budget Component                          | FY98 Act | FY99 CC  | FY99Auth | Gov Amd  | House    | Senate   | ConfComm | FY99Auth to ConfComm |         |
|------|-------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------------------|---------|
|      | <b>Administration and Support</b>         |          |          |          |          |          |          |          |                      |         |
| 1    | Office of the Commissioner                | 688.5    | 529.4    | 530.8    | 530.8    | 530.8    | 530.8    | 530.8    | 0.0                  | 0.0%    |
| 2    | Administrative Services                   | 1,667.4  | 1,758.8  | 1,767.7  | 1,925.4  | 1,925.4  | 1,925.4  | 1,925.4  | 157.7                | 8.9%    |
| 3    | Data and Word Processing                  | 633.0    | 736.2    | 736.2    | 796.2    | 796.2    | 796.2    | 796.2    | 60.0                 | 8.1%    |
| 4    | One Stop                                  | 1,526.7  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 3,000.0  | 0.0                  | 0.0%    |
| 5    | Unallocated Reduction                     |          |          |          |          | -111.4   | -43.2    | -111.4   | -111.4               | 0.0%    |
|      | * BRU Total                               | 4,535.6  | 6,024.4  | 6,036.7  | 6,254.4  | 6,143.0  | 6,211.2  | 6,143.0  | 106.3                | 1.6%    |
|      | <b>State Facilities Maintenance</b>       |          |          |          |          |          |          |          |                      |         |
| 6    | State Facilities Maintenance              |          |          |          | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
|      | * BRU Total                               | 0.0      | 0.0      | 0.0      | 6.7      | 6.7      | 6.7      | 6.7      | 6.7                  | %       |
|      | <b>Renters' Equivalency Rebate</b>        |          |          |          |          |          |          |          |                      |         |
| 7    | Renters' Equivalency Rebate               | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
|      | * BRU Total                               | 300.0    | 300.0    | 300.0    | 300.0    | 0.0      | 0.0      | 0.0      | -300.0               | -100.0% |
|      | <b>National Forest Receipts</b>           |          |          |          |          |          |          |          |                      |         |
| 8    | National Forest Receipts                  | 1,069.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
|      | * BRU Total                               | 1,069.2  | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 0.0                  | 0.0%    |
|      | <b>Municipal Revenue Sharing</b>          |          |          |          |          |          |          |          |                      |         |
| 9    | State Revenue Sharing                     | 22,717.2 | 21,563.8 | 21,563.8 | 21,563.8 | 0.0      | 14,369.2 | 14,369.2 | -7,194.6             | -33.3%  |
| 10   | Municipal Assistance                      | 27,636.2 | 26,256.3 | 26,256.3 | 26,256.3 | 0.0      | 17,504.2 | 17,504.2 | -8,752.1             | -33.3%  |
|      | * BRU Total                               | 50,355.4 | 47,840.1 | 47,840.1 | 47,840.1 | 0.0      | 31,893.4 | 31,893.4 | -18,946.7            | -33.3%  |
|      | <b>Local Government Assistance</b>        |          |          |          |          |          |          |          |                      |         |
| 11   | Local Government Management               | 3,002.9  | 2,666.1  | 9,272.6  | 2,963.8  | 2,563.8  | 2,963.8  | 2,763.8  | -6,466.8             | -70.0%  |
| 12   | State Assessor                            | 148.8    | 149.3    | 150.2    | 150.2    | 150.2    | 150.2    | 150.2    | 0.0                  | 0.0%    |
| 13   | Local Boundary Commission                 | 246.1    | 247.1    | 248.3    | 248.3    | 248.3    | 248.3    | 248.3    | 0.0                  | 0.0%    |
| 14   | Statewide Assistance                      | 5,167.4  | 6,748.9  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 6,750.8  | 0.0                  | 0.0%    |
| 15   | National Petroleum Reserve Pgm            |          | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 0.0                  | 0.0%    |
|      | * BRU Total                               | 8,564.2  | 9,661.4  | 16,471.9 | 10,163.1 | 9,763.1  | 10,163.1 | 9,963.1  | -6,466.8             | -39.4%  |
|      | <b>Community and Economic Development</b> |          |          |          |          |          |          |          |                      |         |
| 16   | Community & Econ Develop                  | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |
|      | * BRU Total                               | 1,422.7  | 1,575.0  | 1,577.3  | 1,497.3  | 1,497.3  | 1,497.3  | 1,497.3  | -80.0                | -5.1%   |



## Component Summary - FY00 Operating Budget

Agency: Department of Community & Regional Affairs

| Page | Budget Component                               | FY98 Act         | FY99 CC          | FY99Auth         | Gov Amd          | House            | Senate           | ConfComm         | FY99Auth to ConfComm |               |
|------|------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|---------------|
|      | <b>Child Assistance</b>                        |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 17   | Child Care                                     | 3,865.2          | 3,552.3          | 3,555.1          | 4,623.5          | 4,143.5          | 2,768.4          | 3,668.4          | 113.3                | 3.2%          |
| 18   | Day Care Assistance Programs                   | 15,844.5         | 18,966.1         | 18,966.1         | 21,635.1         | 19,833.2         | 20,685.1         | 20,185.1         | 1,219.0              | 6.4%          |
| 19   | Head Start Grants                              | 5,912.0          | 5,928.4          | 5,929.2          | 6,651.8          | 6,651.8          | 6,029.2          | 6,029.2          | 100.0                | 1.7%          |
|      | * BRU Total                                    | 25,621.7         | 28,446.8         | 28,450.4         | 32,910.4         | 30,628.5         | 29,482.7         | 29,882.7         | 1,432.3              | 5.0%          |
|      | <b>Employment Training/Rural Development</b>   |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 20   | Job Training Partnership Act                   | 7,229.3          | 15,872.7         | 15,875.4         | 14,361.4         | 14,361.4         | 14,361.4         | 14,361.4         | -1,514.0             | -9.6%         |
| 21   | State Training and Employment                  | 1,768.8          | 1,732.3          | 1,732.3          | 1,512.3          | 1,512.3          | 1,512.3          | 1,512.3          | -220.0               | -12.7%        |
| 22   | Statewide Service Delivery                     | 8,843.3          | 10,690.7         | 10,697.5         | 12,417.5         | 12,417.5         | 12,417.5         | 12,417.5         | 1,720.0              | 16.1%         |
| 23   | Community Development<br>Assist.               | 1,785.9          | 2,988.3          | 2,989.5          | 3,003.5          | 3,003.5          | 3,003.5          | 3,003.5          | 14.0                 | 0.5%          |
|      | * BRU Total                                    | 17,647.3         | 31,284.0         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | 31,294.7         | -0.0                 | -0.0%         |
|      | <b>Rural Energy Program--Energy Operations</b> |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 24   | Energy Operations                              | 2,033.6          | 2,305.4          | 2,310.8          | 2,444.0          | 2,444.0          | 2,184.5          | 2,184.5          | -126.3               | -5.5%         |
| 25   | Power Cost Equalization                        | 18,664.2         | 17,000.0         | 17,000.0         | 17,000.0         | 17,000.0         | 4,180.0          | 12,100.0         | -4,900.0             | -28.8%        |
|      | * BRU Total                                    | 20,697.8         | 19,305.4         | 19,310.8         | 19,444.0         | 19,444.0         | 6,364.5          | 14,284.5         | -5,026.3             | -26.0%        |
|      | <b>Circuit Rider Program</b>                   |                  |                  |                  |                  |                  |                  |                  |                      |               |
| 26   | Circuit Rider                                  | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|      | * BRU Total                                    | 42.4             | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 300.0            | 0.0                  | 0.0%          |
|      | <b>*** Total Agency Expenditure</b>            | <b>130,276.3</b> | <b>164,937.1</b> | <b>161,681.9</b> | <b>160,030.7</b> | <b>109,097.3</b> | <b>127,233.6</b> | <b>135,285.4</b> | <b>-26,296.5</b>     | <b>-16.3%</b> |
|      | <b>Federal Funds</b>                           | <b>20,378.6</b>  | <b>45,308.9</b>  | <b>51,913.8</b>  | <b>44,075.0</b>  | <b>44,075.0</b>  | <b>44,040.5</b>  | <b>44,040.5</b>  | <b>-7,873.3</b>      | <b>-15.2%</b> |
|      | <b>General Funds</b>                           | <b>76,795.8</b>  | <b>69,963.3</b>  | <b>69,997.6</b>  | <b>66,167.0</b>  | <b>11,022.5</b>  | <b>42,024.2</b>  | <b>38,356.0</b>  | <b>-31,641.6</b>     | <b>-45.2%</b> |
|      | <b>Other Funds</b>                             | <b>33,101.9</b>  | <b>39,664.9</b>  | <b>39,670.5</b>  | <b>49,788.7</b>  | <b>53,999.8</b>  | <b>41,168.9</b>  | <b>52,888.9</b>  | <b>13,218.4</b>      | <b>33.3%</b>  |

# MEMORANDUM

State of Alaska

TO: Privatization Subcommittee on the  
Department of Community and  
Economic Development

DATE: August 27, 1999

FILE NO:

TELEPHONE NO:

FROM:  Tom Lawson, Director  
Division of Administrative Services  
Department of Community and  
Economic Development

SUBJECT: Requested Materials

Per your request, attached is the following information:

1. Component Detail -- DCED FY2000 Management Plan. This information provides budget detail, funding sources, and position counts for each component.
2. Personal Services Expenditure Detail -- DCED FY2000 Personal Services. This information provides Position Control Numbers (PCN), staff titles, and total costs for each component with staff.
3. Organizational charts for the Department of Community and Economic Development. These have been updated.
4. List of DCED director (and contact information) responsible for each BRU.

Please note that items 1-3 are drafts. It is very likely that some of this information will be corrected/revised in the next few weeks. Neither the Commissioner's Office nor the Office of Management and Budget has approved this information as "official." Collectively, the information represents the first stage of merging the budgets and organizational structure of departments of Commerce & Economic Development and Community & Regional Affairs. The administration and the legislature recognized that full implementation of the merger would occur throughout this current fiscal year and carry forward into future fiscal years as well.



**Component Detail**

**DRAFT**

**Department of Community & Economic Development**

**Component: Insurance Operations (354)**

**BRU: Insurance**

**DRAFT**

**DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 2,993.9        |
| 72000 Travel            | 187.5          |
| 73000 Contractual       | 1,110.4        |
| 74000 Supplies          | 59.2           |
| 75000 Equipment         | 13.5           |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>4,364.5</b> |

**Funding Sources :**

|              |         |
|--------------|---------|
| 1005 GF/Prgm | 4,364.5 |
|--------------|---------|

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 53 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Banking, Securities and Corporations (1233)****BRU: Banking, Securities and Corporations****DRAFT****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 1,504.7        |
| 72000 Travel            | 78.3           |
| 73000 Contractual       | 120.8          |
| 74000 Supplies          | 18.9           |
| 75000 Equipment         | 2.1            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>1,722.8</b> |

**Funding Sources :**

|                |         |
|----------------|---------|
| 1005 GF/Prgm   | 1,721.1 |
| 1007 I/A Rcpts | 1.7     |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 26 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Occupational Licensing (2380)****BRU: Occupational Licensing****DRAFT****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 3,452.9        |
| 72000 Travel            | 291.4          |
| 73000 Contractual       | 1,625.9        |
| 74000 Supplies          | 73.5           |
| 75000 Equipment         | 75.6           |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>5,519.3</b> |

**Funding Sources :**

|                 |         |
|-----------------|---------|
| 1005 GF/Prgm    | 5,052.9 |
| 1007 I/A Rcpts  | 195.8   |
| 1040 Surety Fnd | 270.6   |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 65 |
| Permanent Part Time | 3  |
| Non Permanent       | 0  |

Component Detail

DRAFT

Department of Community & Economic Development

Component: APUC Operations (364)

BRU: Alaska Public Utilities Commission

DRAFT

DCED FY2000 Mgt  
Plan

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 3,287.0        |
| 72000 Travel            | 35.0           |
| 73000 Contractual       | 1,300.9        |
| 74000 Supplies          | 62.5           |
| 75000 Equipment         | 13.8           |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>4,699.2</b> |

Funding Sources :

|                 |         |
|-----------------|---------|
| 1110 APUC Rcpts | 4,699.2 |
|-----------------|---------|

Positions :

|                     |    |
|---------------------|----|
| Permanent Full Time | 55 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Commissioner's Office (1027)****BRU: Executive Administration and Development****DRAFT****DCED FY2000 Mgt  
Plan**

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|                         |              |
|-------------------------|--------------|
| 71000 Personal Services | 419.6        |
| 72000 Travel            | 32.0         |
| 73000 Contractual       | 119.5        |
| 74000 Supplies          | 7.2          |
| 75000 Equipment         | 0.0          |
| 76000 Land/Buildings    | 0.0          |
| 77000 Grants, Claims    | 125.0        |
| 78000 Miscellaneous     | 0.0          |
| <b>Totals</b>           | <b>703.6</b> |

**Funding Sources :**

|                |       |
|----------------|-------|
| 1004 Gen Fund  | 329.4 |
| 1007 I/A Rcpts | 374.2 |

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 7 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Trade and Development (2277)****BRU: Executive Administration and Development****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 1,163.7        |
| 72000 Travel            | 200.2          |
| 73000 Contractual       | 1,279.8        |
| 74000 Supplies          | 33.5           |
| 75000 Equipment         | 0.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 295.4          |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>2,972.6</b> |

**Funding Sources :**

|                 |         |
|-----------------|---------|
| 1002 Fed Rcpts  | 150.1   |
| 1004 Gen Fund   | 1,532.2 |
| 1005 GF/Prgm    | 222.9   |
| 1007 I/A Rcpts  | 173.3   |
| 1081 CIP Rcpts  | 135.1   |
| 1115 InT/BuEnln | 759.0   |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 20 |
| Permanent Part Time | 1  |
| Non Permanent       | 0  |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Administrative Services (1028)****BRU: Executive Administration and Development****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 2,085.5        |
| 72000 Travel            | 19.5           |
| 73000 Contractual       | 428.3          |
| 74000 Supplies          | 30.1           |
| 75000 Equipment         | 1.7            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>2,565.1</b> |

**Funding Sources :**

|                |         |
|----------------|---------|
| 1004 Gen Fund  | 1,465.9 |
| 1007 I/A Rcpts | 967.2   |
| 1061 CIP Rcpts | 132.0   |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 40 |
| Permanent Part Time | 1  |
| Non Permanent       | 0  |

**DRAFT**

**Component Detail**

**DRAFT**

**Department of Community & Economic Development**

**Component: Unallocated Reduction (1702)**

**BRU: Executive Administration and Development**

**DCED FY2000 Mgt  
Plan**

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|                          |            |
|--------------------------|------------|
| 71000 Personal Services  | 0.0        |
| 72000 Travel             | 0.0        |
| 73000 Contractual        | 0.0        |
| 74000 Supplies           | 0.0        |
| 75000 Equipment          | 0.0        |
| 76000 Land/Buildings     | 0.0        |
| 77000 Grants, Claims     | 0.0        |
| 78000 Miscellaneous      | 0.0        |
| <b>Totals</b>            | <b>0.0</b> |
| <b>Funding Sources :</b> |            |
| 1004 Gen Fund            | 0.0        |
| <b>Positions :</b>       |            |
| Permanent Full Time      | 0          |
| Permanent Part Time      | 0          |
| Non Permanent            | 0          |

**DRAFT**



Component Detail

DRAFT

Department of Community & Economic Development

Component: State Facilities Maintenance (2366)

BRU: State Facilities Maintenance

DCED FY2000 Mgt  
Plan

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|                          |            |
|--------------------------|------------|
| 71000 Personal Services  | 0.0        |
| 72000 Travel             | 0.0        |
| 73000 Contractual        | 6.7        |
| 74000 Supplies           | 0.0        |
| 75000 Equipment          | 0.0        |
| 76000 Land/Buildings     | 0.0        |
| 77000 Grants, Claims     | 0.0        |
| 78000 Miscellaneous      | 0.0        |
| <b>Totals</b>            | <b>6.7</b> |
| <b>Funding Sources :</b> |            |
| 1007 I/A Rcpts           | 6.7        |
| <b>Positions :</b>       |            |
| Permanent Full Time      | 0          |
| Permanent Part Time      | 0          |
| Non Permanent            | 0          |

DRAFT

**Component Detail****DRAFT****Department of Community & Economic Development****Component: National Forest Receipts (1984)****BRU: National Forest Receipts****DCED FY2000 Mgt  
Plan**

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|                          |                 |
|--------------------------|-----------------|
| 71000 Personal Services  | 0.0             |
| 72000 Travel             | 0.0             |
| 73000 Contractual        | 0.0             |
| 74000 Supplies           | 0.0             |
| 75000 Equipment          | 0.0             |
| 76000 Land/Buildings     | 0.0             |
| 77000 Grants, Claims     | 10,000.0        |
| 78000 Miscellaneous      | 0.0             |
| <b>Totals</b>            | <b>10,000.0</b> |
| <b>Funding Sources :</b> |                 |
| 1002 Fed Rcpts           | 10,000.0        |
| <b>Positions :</b>       |                 |
| Permanent Full Time      | 0               |
| Permanent Part Time      | 0               |
| Non Permanent            | 0               |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: State Revenue Sharing (689)****BRU: Municipal Revenue Sharing****DCED FY2000 Mgt  
Plan**

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|                          |                 |
|--------------------------|-----------------|
| 71000 Personal Services  | 0.0             |
| 72000 Travel             | 0.0             |
| 73000 Contractual        | 0.0             |
| 74000 Supplies           | 0.0             |
| 75000 Equipment          | 0.0             |
| 76000 Land/Buildings     | 0.0             |
| 77000 Grants, Claims     | 14,389.2        |
| 78000 Miscellaneous      | 0.0             |
| <b>Totals</b>            | <b>14,389.2</b> |
| <b>Funding Sources :</b> |                 |
| 1004 Gen Fund            | 12,855.2        |
| 1054 Empl Trng           | 1,534.0         |
| <b>Positions :</b>       |                 |
| Permanent Full Time      | 0               |
| Permanent Part Time      | 0               |
| Non Permanent            | 0               |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Municipal Assistance (690)****BRU: Municipal Revenue Sharing****DCED FY2000 Mgt  
Plan**

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|                         |          |
|-------------------------|----------|
| 71000 Personal Services | 0.0      |
| 72000 Travel            | 0.0      |
| 73000 Contractual       | 0.0      |
| 74000 Supplies          | 0.0      |
| 75000 Equipment         | 0.0      |
| 76000 Land/Buildings    | 0.0      |
| 77000 Grants, Claims    | 17,504.2 |
| 78000 Miscellaneous     | 0.0      |

|               |                 |
|---------------|-----------------|
| <b>Totals</b> | <b>17,504.2</b> |
|---------------|-----------------|

**Funding Sources :**

|                |          |
|----------------|----------|
| 1004 Gen Fund  | 15,638.2 |
| 1054 Empl Trng | 1,866.0  |

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Local Government Management (672)****BRU: Local Government Assistance****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 2,667.8        |
| 72000 Travel            | 241.0          |
| 73000 Contractual       | 491.0          |
| 74000 Supplies          | 42.3           |
| 75000 Equipment         | 5.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 6,504.6        |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>9,951.7</b> |

**Funding Sources :**

|                |         |
|----------------|---------|
| 1002 Fed Rcpts | 4,998.9 |
| 1003 G/F Match | 604.9   |
| 1004 Gen Fund  | 1,756.9 |
| 1005 GF/Prgm   | 5.5     |
| 1007 I/A Rcpts | 2,535.5 |
| 1063 NPR Fund  | 50.0    |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 40 |
| Permanent Part Time | 1  |
| Non Permanent       | 1  |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development**

**Component: State Assessor (673)**  
**BRU: Local Government Assistance**

**DCED FY2000 Mgt  
Plan**

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|                         |            |
|-------------------------|------------|
| 71000 Personal Services | 0.0        |
| 72000 Travel            | 0.0        |
| 73000 Contractual       | 0.0        |
| 74000 Supplies          | 0.0        |
| 75000 Equipment         | 0.0        |
| 76000 Land/Buildings    | 0.0        |
| 77000 Grants, Claims    | 0.0        |
| 78000 Miscellaneous     | 0.0        |
| <b>Totals</b>           | <b>0.0</b> |

**Funding Sources :**

|               |     |
|---------------|-----|
| 1004 Gen Fund | 0.0 |
|---------------|-----|

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**



**Component Detail**

**DRAFT**

**Department of Community & Economic Development**

**Component: Local Boundary Commission (674)**

**BRU: Local Government Assistance**

**DCED FY2000 Mgt  
Plan**

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|                         |            |
|-------------------------|------------|
| 71000 Personal Services | 0.0        |
| 72000 Travel            | 0.0        |
| 73000 Contractual       | 0.0        |
| 74000 Supplies          | 0.0        |
| 75000 Equipment         | 0.0        |
| 76000 Land/Buildings    | 0.0        |
| 77000 Grants, Claims    | 0.0        |
| 78000 Miscellaneous     | 0.0        |
| <b>Totals</b>           | <b>0.0</b> |

**Funding Sources :**

|               |     |
|---------------|-----|
| 1004 Gen Fund | 0.0 |
|---------------|-----|

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**

**Component Detail**

**DRAFT**

**Department of Community & Economic Development**

**Component: Statewide Assistance (676)**  
**BRU: Local Government Assistance**

**DCED FY2000 Mgt  
Plan**

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|                         |            |
|-------------------------|------------|
| 71000 Personal Services | 0.0        |
| 72000 Travel            | 0.0        |
| 73000 Contractual       | 0.0        |
| 74000 Supplies          | 0.0        |
| 75000 Equipment         | 0.0        |
| 76000 Land/Buildings    | 0.0        |
| 77000 Grants, Claims    | 0.0        |
| 78000 Miscellaneous     | 0.0        |
| <b>Totals</b>           | <b>0.0</b> |

**Funding Sources :**

|                |     |
|----------------|-----|
| 1002 Fed Rcpts | 0.0 |
| 1004 Gen Fund  | 0.0 |
| 1007 I/A Rcpts | 0.0 |

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development**

**Component: National Petroleum Reserve Program (1214)**  
**BRU: Local Government Assistance**

**DCED FY2000 Mgt  
Plan**

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|                          |            |
|--------------------------|------------|
| 71000 Personal Services  | 0.0        |
| 72000 Travel             | 0.0        |
| 73000 Contractual        | 0.0        |
| 74000 Supplies           | 0.0        |
| 75000 Equipment          | 0.0        |
| 76000 Land/Buildings     | 0.0        |
| 77000 Grants, Claims     | 0.0        |
| 78000 Miscellaneous      | 0.0        |
| <b>Totals</b>            | <b>0.0</b> |
| <b>Funding Sources :</b> |            |
| 1063 NPR Fund            | 0.0        |
| <b>Positions :</b>       |            |
| Permanent Full Time      | 0          |
| Permanent Part Time      | 0          |
| Non Permanent            | 0          |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Community and Economic Development (2243)****BRU: Community and Economic Development****DCED FY2000 Mgt  
Plan**

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|                         |       |
|-------------------------|-------|
| 71000 Personal Services | 797.9 |
| 72000 Travel            | 65.0  |
| 73000 Contractual       | 235.8 |
| 74000 Supplies          | 10.8  |
| 75000 Equipment         | 5.5   |
| 76000 Land/Buildings    | 0.0   |
| 77000 Grants, Claims    | 720.0 |
| 78000 Miscellaneous     | 0.0   |

|               |                |
|---------------|----------------|
| <b>Totals</b> | <b>1,835.0</b> |
|---------------|----------------|

**Funding Sources :**

|                 |       |
|-----------------|-------|
| 1004 Gen Fund   | 693.8 |
| 1007 I/A Rcpts  | 650.3 |
| 1051 Rural Dev  | 98.0  |
| 1061 CIP Rcpts  | 292.9 |
| 1111 FishFndInc | 100.0 |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 13 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Tourism Development (2278)****BRU: Tourism Development****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 673.8          |
| 72000 Travel            | 71.1           |
| 73000 Contractual       | 1,246.8        |
| 74000 Supplies          | 12.0           |
| 75000 Equipment         | 0.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 60.0           |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>2,063.5</b> |

**Funding Sources :**

|                |         |
|----------------|---------|
| 1004 Gen Fund  | 1,814.4 |
| 1005 GF/Prgm   | 154.2   |
| 1007 I/A Rcpts | 94.9    |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 11 |
| Permanent Part Time | 3  |
| Non Permanent       | 0  |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Alaska Science and Technology Foundation (2012)****BRU: Alaska Science and Technology Foundation****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 587.9          |
| 72000 Travel            | 84.0           |
| 73000 Contractual       | 582.0          |
| 74000 Supplies          | 16.5           |
| 75000 Equipment         | 0.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 7,714.2        |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>8,984.6</b> |

**Funding Sources :**

|               |         |
|---------------|---------|
| 1025 Sci/Tech | 8,984.6 |
|---------------|---------|

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 6 |
| Permanent Part Time | 1 |
| Non Permanent       | 0 |

**DRAFT**



**Component Detail**

**DRAFT**

**Department of Community & Economic Development**

**Component: Alaska Tourism Marketing Council (1026)**  
**BRU: AK Tourism Marketing Council**

**DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 194.6          |
| 72000 Travel            | 51.4           |
| 73000 Contractual       | 4,361.1        |
| 74000 Supplies          | 4.0            |
| 75000 Equipment         | 0.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>4,611.1</b> |

**Funding Sources :**

|                 |         |
|-----------------|---------|
| 1004 Gen Fund   | 3,311.0 |
| 1005 GF/Prgm    | 0.2     |
| 1108 Stat Desig | 1,299.9 |

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 3 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**

**Component Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Component: Investments (383)**  
**BRU: Investments**

**DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 2,366.0        |
| 72000 Travel            | 31.2           |
| 73000 Contractual       | 635.6          |
| 74000 Supplies          | 37.9           |
| 75000 Equipment         | 4.8            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 220.0          |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>3,295.5</b> |

**Funding Sources :**

|                 |         |
|-----------------|---------|
| 1007 I/A Rcpts  | 48.0    |
| 1035 Vet Loan   | 147.8   |
| 1036 Cm Fish Ln | 2,608.9 |
| 1057 Small Bus  | 3.3     |
| 1067 Mining RLF | 5.0     |
| 1068 Child Care | 5.8     |
| 1069 Hist Dist  | 2.5     |
| 1070 Fish En Ln | 325.5   |
| 1071 Alt Energy | 148.7   |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 44 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Alaska Industrial Development and Export Authority (1234)****BRU: Alaska Industrial Development and Export Authority****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 2,319.6        |
| 72000 Travel            | 68.2           |
| 73000 Contractual       | 1,510.0        |
| 74000 Supplies          | 38.9           |
| 75000 Equipment         | 15.5           |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>3,952.2</b> |

**Funding Sources :**

|                 |         |
|-----------------|---------|
| 1007 I/A Rcpts  | 319.3   |
| 1102 AIDEA Rcpt | 3,632.9 |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 32 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

**DRAFT**

# Component Detail

DRAFT

## Department of Community & Economic Development

Component: Alaska Industrial Development Corporation Facilities Maintenance (2361)

BRU: Alaska Industrial Development and Export Authority

DCED FY2000 Mgt  
Plan

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|                          |             |
|--------------------------|-------------|
| 71000 Personal Services  | 0.0         |
| 72000 Travel             | 0.0         |
| 73000 Contractual        | 73.0        |
| 74000 Supplies           | 0.0         |
| 75000 Equipment          | 0.0         |
| 76000 Land/Buildings     | 0.0         |
| 77000 Grants, Claims     | 0.0         |
| 78000 Miscellaneous      | 0.0         |
| <b>Totals</b>            | <b>73.0</b> |
| <b>Funding Sources :</b> |             |
| 1102 AIDEA Rcpt          | 73.0        |
| <b>Positions :</b>       |             |
| Permanent Full Time      | 0           |
| Permanent Part Time      | 0           |
| Non Permanent            | 0           |

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**Component Detail****DRAFT****Department of Community & Economic Development****Component: Alaska Energy Authority Operations and Maintenance (1948)****BRU: Alaska Industrial Development and Export Authority****DCED FY2000 Mgt  
Plan**

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|                         |         |
|-------------------------|---------|
| 71000 Personal Services | 0.0     |
| 72000 Travel            | 30.0    |
| 73000 Contractual       | 1,006.5 |
| 74000 Supplies          | 8.0     |
| 75000 Equipment         | 5.0     |
| 76000 Land/Buildings    | 0.0     |
| 77000 Grants, Claims    | 0.0     |
| 78000 Miscellaneous     | 0.0     |

|               |                |
|---------------|----------------|
| <b>Totals</b> | <b>1,049.5</b> |
|---------------|----------------|

**Funding Sources :**

|                |         |
|----------------|---------|
| 1107 AEA Rcpts | 1,049.5 |
|----------------|---------|

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Alaska Seafood Marketing Institute (393)****BRU: Alaska Seafood Marketing Institute****DCED FY2000 Mgt  
Plan**

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|                         |         |
|-------------------------|---------|
| 71000 Personal Services | 1,178.7 |
| 72000 Travel            | 418.0   |
| 73000 Contractual       | 8,732.1 |
| 74000 Supplies          | 180.0   |
| 75000 Equipment         | 8.5     |
| 76000 Land/Buildings    | 0.0     |
| 77000 Grants, Claims    | 0.0     |
| 78000 Miscellaneous     | 0.0     |

**Totals 10,517.3****Funding Sources :**

|                |         |
|----------------|---------|
| 1002 Fed Rcpts | 3,500.0 |
| 1005 GF/Prgm   | 7,017.3 |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 18 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

**DRAFT**



**Component Detail****DRAFT****Department of Community & Economic Development****Component: Alaska Aerospace Development Corporation (1424)****BRU: Alaska Aerospace Development Corporation****DCED FY2000 Mgt  
Plan**

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|                         |       |
|-------------------------|-------|
| 71000 Personal Services | 437.2 |
| 72000 Travel            | 50.0  |
| 73000 Contractual       | 312.2 |
| 74000 Supplies          | 4.0   |
| 75000 Equipment         | 20.0  |
| 76000 Land/Buildings    | 0.0   |
| 77000 Grants, Claims    | 0.0   |
| 78000 Miscellaneous     | 0.0   |

|               |              |
|---------------|--------------|
| <b>Totals</b> | <b>823.4</b> |
|---------------|--------------|

**Funding Sources :**

|                 |       |
|-----------------|-------|
| 1025 Sci/Tech   | 555.2 |
| 1061 CIP Rcpts  | 225.0 |
| 1101 AERO Rcpts | 43.2  |

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 6 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Energy Operations (1935)****BRU: Rural Energy Program--Energy Operations****DCED FY2000 Mgt  
Plan**

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|                         |                |
|-------------------------|----------------|
| 71000 Personal Services | 1,585.9        |
| 72000 Travel            | 125.6          |
| 73000 Contractual       | 416.8          |
| 74000 Supplies          | 18.0           |
| 75000 Equipment         | 5.0            |
| 76000 Land/Buildings    | 0.0            |
| 77000 Grants, Claims    | 0.0            |
| 78000 Miscellaneous     | 0.0            |
| <b>Totals</b>           | <b>2,151.3</b> |

**Funding Sources :**

|                 |       |
|-----------------|-------|
| 1002 Fed Rcpts  | 265.6 |
| 1004 Gen Fund   | 87.9  |
| 1007 I/A Rcpts  | 236.0 |
| 1061 CIP Rcpts  | 710.3 |
| 1062 Power Proj | 802.5 |
| 1074 Bulk Fuel  | 49.0  |

**Positions :**

|                     |    |
|---------------------|----|
| Permanent Full Time | 27 |
| Permanent Part Time | 0  |
| Non Permanent       | 0  |

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**Component Detail****DRAFT****Department of Community & Economic Development****Component: Power Cost Equalization (1985)****BRU: Rural Energy Program--Energy Operations****DCED FY2000 Mgt  
Plan**

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|                         |                 |
|-------------------------|-----------------|
| 71000 Personal Services | 0.0             |
| 72000 Travel            | 0.0             |
| 73000 Contractual       | 0.0             |
| 74000 Supplies          | 0.0             |
| 75000 Equipment         | 0.0             |
| 76000 Land/Buildings    | 0.0             |
| 77000 Grants, Claims    | 12,100.0        |
| 78000 Miscellaneous     | 0.0             |
| <b>Totals</b>           | <b>12,100.0</b> |

**Funding Sources :**

|                 |          |
|-----------------|----------|
| 1089 Power Cost | 12,100.0 |
|-----------------|----------|

**Positions :**

|                     |   |
|---------------------|---|
| Permanent Full Time | 0 |
| Permanent Part Time | 0 |
| Non Permanent       | 0 |

**DRAFT**

**Component Detail****DRAFT****Department of Community & Economic Development****Component: Circuit Rider (2157)**  
**BRU: Circuit Rider Program****DCED FY2000 Mgt  
Plan**

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|                          |              |
|--------------------------|--------------|
| 71000 Personal Services  | 0.0          |
| 72000 Travel             | 0.0          |
| 73000 Contractual        | 300.0        |
| 74000 Supplies           | 0.0          |
| 75000 Equipment          | 0.0          |
| 76000 Land/Buildings     | 0.0          |
| 77000 Grants, Claims     | 0.0          |
| 78000 Miscellaneous      | 0.0          |
| <b>Totals</b>            | <b>300.0</b> |
| <b>Funding Sources :</b> |              |
| 1004 Gen Fund            | 300.0        |
| <b>Positions :</b>       |              |
| Permanent Full Time      | 0            |
| Permanent Part Time      | 0            |
| Non Permanent            | 0            |

**DRAFT**



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
 Component: Insurance Operations (354)  
 BRU Name: Insurance

| PCN     | Job Class Title            | Time Status | Retire Code | Parg Unit | Locat Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|----------------------------|-------------|-------------|-----------|----------------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0001 | Investigator II            | FT          | A           | GG        | Juneau         | 1A           | 16 A          | 12.0        |               | 38,076          | 0    | 0           | 7,768           | 45,844      | 45,844    |
| 08-4001 | Division Director          | FT          | A           | XE        | Juneau         | AA           | 26 E          | 12.0        |               | 80,724          | 0    | 0           | 21,688          | 102,412     | 102,412   |
| 08-4002 | Administrative Clerk I     | FT          | A           | GG        | Juneau         | 2A           | 7 B / C       | 12.0        |               | 22,591          | 0    | 0           | 10,585          | 33,176      | 33,176    |
| 08-4003 | Dep Dir Insurance          | FT          | A           | XE        | Anchorage      | AA           | 22 K          | 12.0        |               | 70,488          | 0    | 0           | 20,098          | 90,586      | 90,586    |
| 08-4004 | Insurance Analyst IV       | FT          | A           | GG        | Juneau         | 2A           | 20 C / D      | 12.0        |               | 53,630          | 0    | 0           | 16,917          | 70,547      | 70,547    |
| 08-4005 | Ins Analyst III, Markt     | FT          | A           | GG        | Anchorage      | 2A           | 18 J          | 12.0        |               | 53,220          | 0    | 0           | 16,833          | 70,053      | 70,053    |
| 08-4007 | Business Reg Examiner      | FT          | A           | GG        | Juneau         | 2A           | 12 J          | 12.0        |               | 35,148          | 0    | 0           | 13,147          | 48,295      | 48,295    |
| 08-4008 | Records & Licensing Spvr   | FT          | A           | SS        | Juneau         | 2A           | 16 K          | 12.0        |               | 49,056          | 0    | 0           | 15,546          | 64,602      | 64,602    |
| 08-4009 | Administrative Clerk III   | FT          | A           | GG        | Juneau         | 2A           | 10 K          | 12.0        |               | 31,752          | 0    | 0           | 12,454          | 44,206      | 44,206    |
| 08-4021 | Administrative Clerk II    | FT          | A           | GG        | Anchorage      | 2A           | 8 F           | 12.0        |               | 26,424          | 0    | 0           | 11,367          | 37,791      | 37,791    |
| 08-4022 | Business Reg Examiner      | FT          | A           | GG        | Juneau         | 2A           | 12 D / E      | 12.0        |               | 32,074          | 0    | 0           | 12,520          | 44,594      | 44,594    |
| 08-4023 | Administrative Manager III | FT          | A           | SS        | Juneau         | 2A           | 19 B / C      | 12.0        |               | 50,400          | 0    | 0           | 15,820          | 66,220      | 66,220    |
| 08-4024 | Secretary                  | FT          | A           | GG        | Juneau         | 2A           | 11 B / C      | 12.0        |               | 28,308          | 0    | 0           | 11,751          | 40,059      | 40,059    |
| 08-4025 | Ins Financial Exam II      | FT          | A           | GG        | Anchorage      | 2A           | 21 F          | 12.0        |               | 63,012          | 0    | 0           | 18,831          | 81,843      | 81,843    |
| 08-4026 | Investigator III           | FT          | A           | GG        | Anchorage      | 2A           | 18 J          | 12.0        |               | 53,220          | 0    | 0           | 16,833          | 70,053      | 70,053    |
| 08-4027 | Consmr Complt Spec/Ins     | FT          | A           | GG        | Anchorage      | 2A           | 14 C / D      | 12.0        |               | 36,272          | 0    | 0           | 13,376          | 49,648      | 49,648    |
| 08-4028 | Ins Analyst II, Market     | FT          | A           | GG        | Anchorage      | 2A           | 16 D / E      | 12.0        |               | 41,993          | 0    | 0           | 14,543          | 56,536      | 56,536    |
| 08-4029 | Business Reg Examiner      | FT          | A           | GG        | Juneau         | 2A           | 12 B / C      | 12.0        |               | 30,502          | 0    | 0           | 12,199          | 42,701      | 42,701    |
| 08-4030 | Consmr Complt Spec/Ins     | FT          | A           | GG        | Anchorage      | 2A           | 14 D / E      | 12.0        |               | 37,032          | 0    | 0           | 13,531          | 50,563      | 50,563    |
| 08-4031 | Ins Analyst II, Market     | FT          | A           | GG        | Juneau         | 2A           | 16 K          | 12.0        |               | 48,180          | 0    | 0           | 15,805          | 63,985      | 63,985    |
| 08-4032 | Administrative Clerk II    | FT          | A           | GG        | Juneau         | 2A           | 8 B           | 12.0        |               | 23,436          | 0    | 0           | 10,757          | 34,193      | 34,193    |
| 08-4033 | Ins Analyst III, Markt     | FT          | A           | GG        | Juneau         | 2A           | 18 B / C      | 12.0        |               | 45,671          | 0    | 0           | 15,293          | 60,964      | 60,964    |
| 08-4034 | Ins Analyst III, Markt     | FT          | A           | GG        | Anchorage      | 2A           | 18 F / J      | 12.0        |               | 52,356          | 0    | 0           | 16,657          | 69,013      | 69,013    |
| 08-4035 | Ins Financial Exam III     | FT          | A           | GG        | Anchorage      | 2A           | 23 F          | 12.0        |               | 72,372          | 0    | 0           | 20,740          | 93,112      | 93,112    |
| 08-4036 | Business Reg Examiner      | FT          | A           | GG        | Juneau         | 2A           | 12 D / E      | 12.0        |               | 31,890          | 0    | 0           | 12,482          | 44,372      | 44,372    |
| 08-4037 | Administrative Clerk III   | FT          | A           | GG        | Anchorage      | 2A           | 10 F          | 12.0        |               | 29,796          | 0    | 0           | 12,055          | 41,851      | 41,851    |
| 08-4038 | Administrative Clerk II    | FT          | A           | GG        | Anchorage      | 2A           | 8 B / C       | 12.0        |               | 23,833          | 0    | 0           | 10,838          | 34,671      | 34,671    |
| 08-4039 | Ins Financial Exam I       | FT          | A           | GG        | Anchorage      | 2A           | 19 E / F      | 12.0        |               | 53,958          | 0    | 0           | 16,984          | 70,942      | 70,942    |
| 08-4040 | Paralegal Asst II          | FT          | A           | GG        | Anchorage      | 2A           | 16 J          | 12.0        |               | 46,560          | 0    | 0           | 15,475          | 62,035      | 62,035    |
| 08-4041 | Revenue Auditor III        | FT          | A           | GG        | Juneau         | 2A           | 18 F          | 12.0        |               | 51,624          | 0    | 0           | 16,508          | 68,132      | 68,132    |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Insurance Operations (354)  
**BRU Name:** Insurance

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-4042 | Ins Financial Exam I     | FT          | A           | GG        | Juneau    | 2A           | 19 A / B      | 12.0        |               | 47,843          | 0    | 0           | 15,736          | 63,579      | 63,579    |
| 08-4044 | Actuary                  | FT          | A           | XE        | Juneau    | AA           | 25 B / C      | 12.0        |               | 70,695          | 0    | 0           | 20,140          | 90,835      | 90,835    |
| 08-4045 | Ins Analyst III, Rates   | FT          | A           | GG        | Juneau    | 2A           | 18 C / D      | 12.0        |               | 47,708          | 0    | 0           | 15,709          | 63,417      | 63,417    |
| 08-4046 | Ins Analyst II, Rates    | FT          | A           | GG        | Juneau    | 2A           | 16 C / D      | 12.0        |               | 41,616          | 0    | 0           | 14,466          | 56,082      | 56,082    |
| 08-4047 | Ins Analyst II, Market   | FT          | A           | GG        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 39,739          | 0    | 0           | 14,083          | 53,822      | 53,822    |
| 08-4048 | Ins Analyst I, Rates     | FT          | A           | GG        | Juneau    | 2A           | 13 B / C      | 12.0        |               | 32,258          | 0    | 0           | 12,557          | 44,815      | 44,815    |
| 08-4049 | Analyst/Programmer IV    | FT          | A           | GG        | Juneau    | 2A           | 20 E          | 12.0        |               | 56,868          | 0    | 0           | 17,578          | 74,446      | 74,446    |
| 08-4050 | Administrative Clerk III | FT          | A           | GG        | Juneau    | 2A           | 10 E / F      | 12.0        |               | 29,030          | 0    | 0           | 11,899          | 40,929      | 40,929    |
| 08-4051 | Insurance Analyst IV     | FT          | A           | SS        | Anchorage | 2A           | 20 E / F      | 12.0        |               | 59,685          | 0    | 0           | 17,714          | 77,399      | 77,399    |
| 08-4052 | Actuary                  | FT          | A           | XE        | Juneau    | AA           | 25 F          | 12.0        |               | 80,724          | 0    | 0           | 21,688          | 102,412     | 102,412   |
| 08-4053 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,650          | 0    | 0           | 10,801          | 34,451      | 34,451    |
| 08-4054 | Administrative Clerk I   | FT          | A           | GG        | Juneau    | 2A           | 7 D / E       | 12.0        |               | 23,711          | 0    | 0           | 10,814          | 34,525      | 34,525    |
| 08-4055 | Administrative Clerk I   | FT          | A           | GG        | Juneau    | 2A           | 7 B / C       | 12.0        |               | 22,220          | 0    | 0           | 10,509          | 32,729      | 32,729    |
| 08-4056 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 D / E      | 12.0        |               | 48,576          | 0    | 0           | 15,886          | 64,462      | 64,462    |
| 08-4057 | Ins Financial Exam II    | FT          | A           | GG        | Anchorage | 2A           | 21 K          | 12.0        |               | 67,524          | 0    | 0           | 19,751          | 87,275      | 87,275    |
| 08-4058 | Ins Financial Exam II    | FT          | A           | GG        | Anchorage | 2A           | 21 A / B      | 12.0        |               | 53,794          | 0    | 0           | 16,950          | 70,744      | 70,744    |
| 08-4059 | Accounting Clerk II      | FT          | A           | GG        | Juneau    | 2A           | 10 B / C      | 12.0        |               | 27,045          | 0    | 0           | 11,494          | 38,539      | 38,539    |
| 08-4060 | Consmr Complt Spec/Ins   | FT          | A           | GG        | Anchorage | 2A           | 14 C / D      | 12.0        |               | 35,737          | 0    | 0           | 13,267          | 49,004      | 49,004    |
| 08-4061 | Analyst/Programmer II    | FT          | A           | GG        | Juneau    | 2A           | 16 A / B      | 12.0        |               | 38,861          | 0    | 0           | 13,904          | 52,765      | 52,765    |
| 08-4062 | Ins Analyst III, Markt   | FT          | A           | GG        | Juneau    | 2A           | 18 D / E      | 12.0        |               | 49,038          | 0    | 0           | 15,980          | 65,018      | 65,018    |
| 08-4063 | Investigator II          | FT          | A           | GG        | Anchorage | 2A           | 16 F / J      | 12.0        |               | 45,353          | 0    | 0           | 15,228          | 60,581      | 60,581    |
| 08-4065 | Analyst/Programmer II    | FT          | A           | GG        | Juneau    | 2A           | 16 A / B      | 12.0        |               | 38,448          | 0    | 0           | 13,820          | 52,268      | 52,268    |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
Department of Community & Economic Development

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Scenario: DCED FY2000 Personal Services  
Component: Insurance Operations (354)  
BRU Name: Insurance

| PCN                     | Job Class Title       | Time Status | Retire Code | Barg Unit | Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay                        | Annual Benefits | Total Costs | GF Amount |
|-------------------------|-----------------------|-------------|-------------|-----------|----------|--------------|---------------|-------------|---------------|-----------------|------|------------------------------------|-----------------|-------------|-----------|
| 08-4066                 | Analyst/Programmer IV | FT          | A           | GG        | Juneau   | 2A           | 20 A / B      | 12.0        |               | 50,694          | 0    | 0                                  | 16,318          | 67,012      | 67,012    |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total Salary Costs:                | 2,344,415       |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total COLA:                        | 0               |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total Premium Pay:                 | 0               |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total Benefits:                    | 785,693         |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total Pre-Vacancy:                 | 3,130,108       |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Minus Vacancy Adjustment of 2.93%: | (91,709)        |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Total Post-Vacancy:                | 3,038,399       |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Plus Lump Sum Premium Pay:         | 0               |             |           |
|                         |                       |             |             |           |          |              |               |             |               |                 |      | Personal Services Line 100:        | 3,038,399       |             |           |
| Total Component Months: |                       | 636.0       |             |           |          |              |               |             |               |                 |      |                                    |                 |             |           |

| PCN Funding Sources: |                               | Pre-Vacancy | Post-Vacancy | Percent |
|----------------------|-------------------------------|-------------|--------------|---------|
| 1004                 | General Fund Receipts         | 45,841      | 44,501       | 1.46%   |
| 1005                 | General Fund/Program Receipts | 3,084,284   | 2,993,898    | 98.54%  |
| Total PCN Funding:   |                               | 3,130,108   | 3,038,399    | 100.00% |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: Banking, Securities and Corporations (1233)  
BRU Name: Banking, Securities and Corporations

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-3001 | Division Director         | FT          | A           | XE        | Juneau    | AA           | 26 B / C      | 12.0        |               | 73,293          | 0    | 0           | 20,628          | 93,921      | 93,921    |
| 08-3002 | Administrative Manager I  | FT          | A           | SS        | Juneau    | 2A           | 15 D / E      | 12.0        |               | 40,192          | 0    | 0           | 13,738          | 53,930      | 53,930    |
| 08-3003 | Financial Instit Exam IV  | FT          | A           | SS        | Juneau    | 2A           | 22 K          | 12.0        |               | 73,404          | 0    | 0           | 20,464          | 93,868      | 93,868    |
| 08-3004 | Securities Examiner I     | FT          | A           | GG        | Juneau    | 2A           | 21 L          | 12.0        |               | 69,756          | 0    | 1,073       | 20,426          | 91,255      | 91,255    |
| 08-3008 | Records & Licensing Spvr  | FT          | A           | SS        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 39,977          | 0    | 0           | 13,694          | 53,671      | 53,671    |
| 08-3009 | Business Reg Examiner     | FT          | A           | GG        | Juneau    | 2A           | 12 K / L      | 12.0        |               | 37,577          | 0    | 530         | 13,756          | 51,893      | 51,893    |
| 08-3010 | Micro/Network Tech I      | FT          | A           | GG        | Juneau    | 2A           | 14 C / D      | 12.0        |               | 35,523          | 0    | 3,244       | 13,885          | 52,652      | 52,652    |
| 08-3013 | Administrative Clerk II   | FT          | A           | GG        | Juneau    | 2A           | 8 A / B       | 12.0        |               | 22,913          | 0    | 0           | 10,651          | 33,564      | 33,564    |
| 08-3014 | Securities Examiner I     | FT          | A           | GG        | Juneau    | 2A           | 21 L          | 12.0        |               | 69,756          | 0    | 1,073       | 20,426          | 91,255      | 91,255    |
| 08-3015 | Administrative Clerk I    | FT          | A           | GG        | Juneau    | 2A           | 7 C / D       | 12.0        |               | 22,859          | 0    | 0           | 10,640          | 33,499      | 33,499    |
| 08-3016 | Business Reg Examiner     | FT          | A           | GG        | Juneau    | 2A           | 12 B / C      | 12.0        |               | 29,920          | 0    | 1,895       | 12,467          | 44,282      | 44,282    |
| 08-3017 | Business Reg Examiner     | FT          | A           | GG        | Juneau    | 2A           | 12 M          | 12.0        |               | 39,156          | 0    | 6,024       | 15,193          | 60,373      | 60,373    |
| 08-3020 | Financial Instit Exam III | FT          | A           | GG        | Anchorage | 2A           | 21 C / D      | 12.0        |               | 58,869          | 0    | 3,499       | 18,700          | 81,068      | 81,068    |
| 08-3021 | Securities Examiner II    | FT          | A           | GG        | Juneau    | 2A           | 22 C          | 12.0        |               | 60,816          | 0    | 0           | 18,383          | 79,199      | 79,199    |
| 08-3022 | Administrative Clerk III  | FT          | A           | GG        | Juneau    | 2A           | 10 A / B      | 12.0        |               | 25,797          | 0    | 0           | 11,239          | 37,036      | 37,036    |
| 08-3024 | Administrative Clerk II   | FT          | A           | GG        | Juneau    | 2A           | 8 A / B       | 12.0        |               | 22,913          | 0    | 1,442       | 10,945          | 35,300      | 35,300    |
| 08-3027 | Financial Instit Exam III | FT          | A           | GG        | Anchorage | 2A           | 21 L          | 12.0        |               | 69,756          | 0    | 1,341       | 20,480          | 91,577      | 91,577    |
| 08-3028 | Administrative Clerk II   | FT          | A           | GG        | Juneau    | 2A           | 8 L           | 12.0        |               | 28,920          | 0    | 4,449       | 12,784          | 46,153      | 46,153    |
| 08-3030 | Financial Instit Exam II  | FT          | A           | GG        | Anchorage | 2A           | 19 B / C      | 12.0        |               | 48,510          | 0    | 2,772       | 16,438          | 67,720      | 67,720    |
| 08-3087 | Administrative Clerk III  | FT          | A           | GG        | Anchorage | 2A           | 10 A / B      | 12.0        |               | 25,797          | 0    | 0           | 11,239          | 37,036      | 37,036    |
| 08-3088 | Financial Instit Exam II  | FT          | A           | GG        | Juneau    | 2A           | 19 A / B      | 12.0        |               | 46,897          | 0    | 2,676       | 16,089          | 65,662      | 65,662    |
| 08-3089 | Secretary                 | FT          | A           | GG        | Juneau    | 2A           | 11 B / C      | 12.0        |               | 28,092          | 0    | 1,577       | 12,029          | 41,698      | 41,698    |
| 08-3090 | Administrative Clerk I    | FT          | A           | GG        | Juneau    | 2A           | 7 C / D       | 12.0        |               | 22,859          | 0    | 0           | 10,640          | 33,499      | 33,499    |
| 08-3091 | Financial Instit Exam III | FT          | A           | GG        | Anchorage | 2A           | 21 C / D      | 12.0        |               | 58,869          | 0    | 3,499       | 18,700          | 81,068      | 81,068    |
| 08-3093 | Administrative Clerk II   | FT          | A           | GG        | Juneau    | 2A           | 8 B / C       | 12.0        |               | 23,833          | 0    | 361         | 10,912          | 35,106      | 35,106    |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

Scenario: DCED FY2000 Personal Services  
Component: Banking, Securities and Corporations (1233)  
BRU Name: Banking, Securities and Corporations

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| PCN     | Job Class Title        | Time Status | Retire Code | Barg Unit | Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|------------------------|-------------|-------------|-----------|----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-3094 | Analyst/Programmer III | FT          | A           | GG        | Juneau   | 2A           | 18 A          | 12.0        |               | 43,476          | 0    | 0           | 14,846          | 58,322      | 58,322    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 26              | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 26              | 0   | 0       |

Total Component Months: 312.0

|                                    |           |
|------------------------------------|-----------|
| Total Salary Costs:                | 1,119,730 |
| Total COLA:                        | 0         |
| Total Premium Pay:                 | 35,485    |
| Total Benefits:                    | 389,392   |
| Total Pre-Vacancy:                 | 1,544,607 |
| Minus Vacancy Adjustment of 2.58%: | (39,907)  |
| Total Post-Vacancy:                | 1,504,700 |
| Plus Lump Sum Premium Pay:         | 0         |
| Personal Services Line 100:        | 1,504,700 |

| PCN Funding Sources:               | Pre-Vacancy | Post-Vacancy | Percent |
|------------------------------------|-------------|--------------|---------|
| 1004 General Fund Receipts         | 58,322      | 56,815       | 3.78%   |
| 1005 General Fund/Program Receipts | 1,486,285   | 1,447,885    | 96.22%  |
| Total PCN Funding:                 | 1,544,607   | 1,504,700    | 100.00% |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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Scenario: DCED FY2000 Personal Services  
 Component: Occupational Licensing (2360)  
 BRU Name: Occupational Licensing

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-7033 | Investigator III          | FT          | A           | GG        | Anchorage | 2A           | 18 B / C      | 12.0        |               | 45,798          | 0    | 0           | 15,319          | 61,117      | 61,117    |
| 08-1038 | Legal Secretary I         | FT          | A           | GG        | Anchorage | 2A           | 10 E / F      | 12.0        |               | 29,613          | 0    | 0           | 12,018          | 41,631      | 32,056    |
| 08-1040 | Hearing Examiner          | FT          | A           | XE        | Anchorage | AA           | 24 F          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      | 73,852    |
| 08-2001 | Division Director         | FT          | A           | XE        | Juneau    | AA           | 26 D / E      | 12.0        |               | 78,659          | 0    | 0           | 21,393          | 100,052     | 100,052   |
| 08-2002 | Exec Sec Bd Of Nursing    | FT          | A           | XE        | Anchorage | AA           | 18 J / K      | 12.0        |               | 53,835          | 0    | 0           | 16,701          | 70,536      | 70,536    |
| 08-2003 | Prog Coordinator          | FT          | A           | SS        | Juneau    | 2A           | 20 E / F      | 12.0        |               | 58,261          | 0    | 0           | 17,424          | 75,685      | 75,685    |
| 08-2004 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 F / J      | 12.0        |               | 34,707          | 0    | 0           | 13,057          | 47,764      | 47,764    |
| 08-2005 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 F / J      | 12.0        |               | 34,903          | 0    | 0           | 13,097          | 48,000      | 48,000    |
| 08-2006 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 M          | 12.0        |               | 39,156          | 0    | 0           | 13,964          | 53,120      | 53,120    |
| 08-2007 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 F / J      | 12.0        |               | 34,315          | 0    | 0           | 12,977          | 47,292      | 47,292    |
| 08-2008 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 B / C      | 12.0        |               | 30,502          | 0    | 0           | 12,199          | 42,701      | 42,701    |
| 08-2009 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 L          | 12.0        |               | 37,740          | 0    | 0           | 13,675          | 51,415      | 51,415    |
| 08-2010 | Secretary                 | FT          | A           | GG        | Juneau    | 2A           | 11 L          | 12.0        |               | 35,148          | 0    | 0           | 13,147          | 48,295      | 48,295    |
| 08-2011 | Investigator IV           | FT          | A           | SS        | Anchorage | 2A           | 20 F / J      | 12.0        |               | 61,100          | 0    | 0           | 18,003          | 79,103      | 79,103    |
| 08-2012 | Investigator III          | FT          | A           | GG        | Anchorage | 2A           | 18 J / K      | 12.0        |               | 55,106          | 0    | 0           | 17,218          | 72,324      | 72,324    |
| 08-2014 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 B / C      | 12.0        |               | 30,169          | 0    | 0           | 12,131          | 42,300      | 42,300    |
| 08-2015 | Administrative Clerk II   | FT          | A           | GG        | Juneau    | 2A           | 8 C / D       | 12.0        |               | 24,641          | 0    | 0           | 11,003          | 35,644      | 35,644    |
| 08-2018 | Regulations Spec II       | FT          | A           | GG        | Juneau    | 2A           | 16 J / K      | 12.0        |               | 48,113          | 0    | 0           | 15,792          | 63,905      | 63,905    |
| 08-2021 | Administrative Manager II | FT          | A           | SS        | Juneau    | 2A           | 17 K / L      | 12.0        |               | 53,802          | 0    | 0           | 16,514          | 70,316      | 70,316    |
| 08-2022 | Investigator III          | FT          | A           | GG        | Anchorage | 2A           | 18 B / C      | 12.0        |               | 45,100          | 0    | 0           | 15,177          | 60,277      | 60,277    |
| 08-2024 | Analyst/Programmer IV     | FT          | A           | GG        | Juneau    | 2A           | 20 K          | 12.0        |               | 63,012          | 0    | 0           | 18,831          | 81,843      | 81,843    |
| 08-2025 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 D / E       | 12.0        |               | 25,367          | 0    | 0           | 11,151          | 36,518      | 36,518    |
| 08-2026 | Investigator III          | FT          | A           | GG        | Anchorage | 2A           | 18 J          | 12.0        |               | 53,220          | 0    | 0           | 16,833          | 70,053      | 70,053    |
| 08-2028 | Administrative Clerk III  | FT          | A           | GG        | Juneau    | 2A           | 10 J / K      | 12.0        |               | 30,992          | 0    | 0           | 12,299          | 43,291      | 43,291    |
| 08-2030 | Administrative Clerk I    | FT          | A           | GG        | Juneau    | 2A           | 7 C / D       | 12.0        |               | 23,189          | 0    | 0           | 10,707          | 33,896      | 33,896    |
| 08-2033 | Investigator III          | FT          | A           | GG        | Anchorage | 2A           | 18 J / K      | 12.0        |               | 53,958          | 0    | 0           | 16,984          | 70,942      | 70,942    |
| 08-2035 | Administrative Clerk III  | FT          | A           | GG        | Juneau    | 2A           | 10 K          | 12.0        |               | 31,752          | 0    | 0           | 12,454          | 44,206      | 44,206    |
| 08-2038 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 D / E      | 12.0        |               | 32,442          | 0    | 0           | 12,595          | 45,037      | 45,037    |
| 08-2039 | Records & Licensing Spvr  | FT          | A           | SS        | Juneau    | 2A           | 16 F / J      | 12.0        |               | 47,229          | 0    | 0           | 15,173          | 62,402      | 62,402    |
| 08-2040 | Occ Lic Exam I            | FT          | A           | GG        | Juneau    | 2A           | 12 D / E      | 12.0        |               | 32,166          | 0    | 0           | 12,538          | 44,704      | 44,704    |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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Scenario: DCED FY2000 Personal Services  
 Component: Occupational Licensing (2360)  
 BRU Name: Occupational Licensing

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-2041 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 F / J      | 12.0        |               | 52,755          | 0    | 0           | 16,739          | 69,494      | 69,494    |
| 08-2042 | Exec Sec State Med Bd    | FT          | A           | XE        | Anchorage | AA           | 18 E / F      | 12.0        |               | 49,404          | 0    | 0           | 15,797          | 65,201      | 65,201    |
| 08-2043 | Administrative Assistant | FT          | A           | SS        | Anchorage | 2A           | 13 J / K      | 12.0        |               | 38,775          | 0    | 0           | 13,449          | 52,224      | 52,224    |
| 08-2045 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 E / F       | 12.0        |               | 26,259          | 0    | 0           | 11,333          | 37,592      | 37,592    |
| 08-2049 | Publications Spec II     | FT          | A           | GG        | Anchorage | 2A           | 16 B / C      | 12.0        |               | 39,792          | 0    | 0           | 14,094          | 53,886      |           |
| 08-2050 | Exec Secretary Rec       | FT          | A           | XE        | Anchorage | AA           | 18 J / K      | 12.0        |               | 53,673          | 0    | 0           | 16,668          | 70,341      | 63,307    |
| 08-2051 | Administrative Clerk III | FT          | A           | GG        | Anchorage | 2A           | 10 F / J      | 12.0        |               | 30,688          | 0    | 0           | 12,233          | 42,901      | 42,901    |
| 08-2052 | Administrative Clerk III | FT          | A           | GG        | Juneau    | 2A           | 10 M          | 12.0        |               | 33,972          | 0    | 0           | 12,907          | 46,879      | 46,879    |
| 08-2053 | Administrative Clerk III | FT          | A           | GG        | Juneau    | 2A           | 10 B / C      | 12.0        |               | 27,045          | 0    | 0           | 11,494          | 38,539      | 38,539    |
| 08-2054 | Administrative Clerk II  | FT          | A           | GG        | Juneau    | 2A           | 8 B / C       | 12.0        |               | 23,863          | 0    | 0           | 10,845          | 34,708      | 34,708    |
| 08-2055 | Accounting Clerk I       | FT          | A           | GG        | Juneau    | 2A           | 9 K           | 12.0        |               | 29,796          | 0    | 0           | 12,055          | 41,851      | 41,851    |
| 08-2056 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 J / K       | 12.0        |               | 27,458          | 0    | 0           | 11,578          | 39,036      | 39,036    |
| 08-2058 | Nurse III                | FT          | A           | GG        | Anchorage | 2A           | 16 D / E      | 12.0        |               | 43,024          | 0    | 0           | 14,753          | 57,777      |           |
| 08-2063 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 F / J      | 12.0        |               | 52,755          | 0    | 0           | 16,739          | 69,494      | 69,494    |
| 08-2066 | Administrative Clerk I   | FT          | A           | GG        | Juneau    | 2A           | 7 B / C       | 12.0        |               | 22,538          | 0    | 0           | 10,574          | 33,112      | 33,112    |
| 08-2067 | Administrative Clerk II  | FT          | A           | GG        | Fairbanks | 2B           | 8 F / J       | 12.0        |               | 27,518          | 0    | 0           | 11,590          | 39,108      | 39,108    |
| 08-2068 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,802          | 0    | 0           | 10,832          | 34,634      | 34,634    |
| 08-2069 | Occ Lic Exam I           | FT          | A           | GG        | Juneau    | 2A           | 12 K          | 12.0        |               | 36,432          | 0    | 0           | 13,409          | 49,841      | 49,841    |
| 08-2070 | Occ Lic Exam I           | FT          | A           | GG        | Juneau    | 2A           | 12 D / E      | 12.0        |               | 32,442          | 0    | 0           | 12,595          | 45,037      | 45,037    |
| 08-2071 | Records & Licensing Spvr | FT          | A           | SS        | Juneau    | 2A           | 16 D / E      | 12.0        |               | 44,102          | 0    | 0           | 14,535          | 58,637      | 58,637    |
| 08-2073 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 B / C      | 12.0        |               | 45,481          | 0    | 0           | 15,255          | 60,736      | 60,736    |
| 08-2076 | Occ Lic Exam I           | FT          | A           | GG        | Juneau    | 2A           | 12 B / C      | 6.0         |               | 15,230          | 0    | 0           | 6,095           | 21,325      | 21,325    |
| 08-2079 | Marine Pilot Coord       | FT          | A           | XE        | Juneau    | AA           | 20 B / C      | 12.0        |               | 51,560          | 0    | 0           | 16,237          | 67,797      | 67,797    |
| 08-2080 | Occ Lic Exam I           | FT          | A           | GG        | Juneau    | 2A           | 12 D / E      | 12.0        |               | 32,166          | 0    | 0           | 12,538          | 44,704      | 44,704    |
| 08-2081 | Accounting Tech II       | FT          | A           | GG        | Juneau    | 2A           | 14 A / B      | 12.0        |               | 33,414          | 0    | 0           | 12,793          | 46,207      | 46,207    |
| 08-2082 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 F          | 12.0        |               | 51,624          | 0    | 0           | 16,508          | 68,132      | 68,132    |
| 08-2083 | Administrative Clerk II  | FT          | A           | GG        | Juneau    | 2A           | 8 E / F       | 12.0        |               | 26,127          | 0    | 0           | 11,306          | 37,433      | 37,433    |
| 08-2084 | Occ Lic Exam I           | FT          | A           | GG        | Juneau    | 2A           | 12 C / D      | 12.0        |               | 30,992          | 0    | 0           | 12,299          | 43,291      | 43,291    |
| 08-2085 | Investigator III         | FT          | A           | GG        | Anchorage | 2A           | 18 D / E      | 12.0        |               | 49,170          | 0    | 0           | 16,007          | 65,177      | 65,177    |
| 08-2086 | Paralegal Asst I         | FT          | A           | GG        | Juneau    | 2A           | 13 B / C      | 12.0        |               | 32,350          | 0    | 0           | 12,576          | 44,926      | 21,115    |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

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Scenario: DCED FY2000 Personal Services  
Component: Occupational Licensing (2360)  
BRU Name: Occupational Licensing

| PCN     | Job Class Title            | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|----------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-2087 | Occ Lic Exam I             | PT          | A           | GG        | Anchorage | 2A           | 12 B          | 9.6         |               | 23,837          | 0    | 0           | 7,253           | 31,090      | 31,090    |
| 08-2088 | Investigator III           | FT          | A           | GG        | Anchorage | 2A           | 18 B          | 12.0        |               | 45,036          | 0    | 0           | 15,164          | 60,200      | 60,200    |
| 08-2089 | Administrative Coordinator | FT          | A           | XE        | Juneau    | AA           | 18 A          | 12.0        |               | 42,180          | 0    | 0           | 14,323          | 56,503      | 56,503    |
| 08-2090 | Administrative Clerk II    | FT          | A           | GG        | Anchorage | 2A           | 8 C / D       | 12.0        |               | 24,200          | 0    | 0           | 10,913          | 35,113      | 35,113    |
| 08-2091 | Investigator III           | FT          | A           | GG        | Anchorage | 2A           | 18 A          | 12.0        |               | 43,476          | 0    | 0           | 14,846          | 58,322      | 58,322    |
| 08-2092 | Investigator III           | PT          | A           | GG        | Anchorage | 2A           | 18 A          | 6.0         |               | 21,738          | 0    | 0           | 5,929           | 27,667      | 27,667    |
| 08-2093 | Occ Lic Exam I             | FT          | A           | GG        | Juneau    | 2A           | 12 B / C      | 12.0        |               | 30,336          | 0    | 0           | 12,165          | 42,501      | 42,501    |
| 08-2094 | Analyst/Programmer II      | FT          | A           | GG        | Juneau    | 2A           | 16 A          | 12.0        |               | 37,740          | 0    | 0           | 13,675          | 51,415      | 51,415    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 65              | 0   | 0       |
| Part Time Positions:     | 3               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 68              | 0   | 0       |

Total Component Months: 801.6

|                                    |           |
|------------------------------------|-----------|
| Total Salary Costs:                | 2,651,761 |
| Total COLA:                        | 0         |
| Total Premium Pay:                 | 0         |
| Total Benefits:                    | 931,351   |
| Total Pre-Vacancy:                 | 3,583,112 |
| Minus Vacancy Adjustment of 3.63%: | (130,212) |
| Total Post-Vacancy:                | 3,452,900 |
| Plus Lump Sum Premium Pay:         | 0         |
| Personal Services Line 100:        | 3,452,900 |

| PCN Funding Sources:               | Pre-Vacancy | Post-Vacancy | Percent |
|------------------------------------|-------------|--------------|---------|
| 1005 General Fund/Program Receipts | 3,408,969   | 3,285,086    | 95.14%  |
| 1007 Inter-Agency Receipts         | 113,223     | 109,108      | 3.16%   |
| 1040 Real Estate Surety Fund       | 60,920      | 58,706       | 1.70%   |
| Total PCN Funding:                 | 3,583,112   | 3,452,900    | 100.00% |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: APUC Operations (364)  
BRU Name: Alaska Public Utilities Commission

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-7022 | Utility Fin Analyst III   | FT          | A           | GG        | Anchorage | 2A           | 21 A / B      | 12.0        |               | 54,204          | 0    | 0           | 17,034          | 71,238      |           |
| 08-7023 | Engineering Analyst III   | FT          | A           | GG        | Anchorage | 2A           | 19 A / B      | 12.0        |               | 47,370          | 0    | 0           | 15,640          | 63,010      |           |
| 08-7025 | Utility Tariff Analyst II | FT          | A           | GG        | Anchorage | 2A           | 17 A / B      | 12.0        |               | 41,178          | 0    | 0           | 14,377          | 55,555      |           |
| 08-7028 | Administrative Clerk III  | FT          | A           | GG        | Anchorage | 2A           | 10 A / B      | 12.0        |               | 26,160          | 0    | 0           | 11,313          | 37,473      |           |
| 08-7035 | Utility Eng Analyst IV    | FT          | A           | GG        | Anchorage | 2A           | 21 A / B      | 12.0        |               | 54,204          | 0    | 0           | 17,034          | 71,238      |           |
| 08-7037 | Administrative Assistant  | FT          | A           | GG        | Anchorage | 2A           | 13 B          | 12.0        |               | 31,752          | 0    | 0           | 12,454          | 44,206      |           |
| 08-8001 | Spec Asst To The Comm I   | FT          | A           | XE        | Anchorage | AA           | 21 A / B      | 12.0        |               | 52,590          | 0    | 0           | 16,447          | 69,037      |           |
| 08-8003 | Utility Eng Analyst IV    | FT          | A           | GG        | Anchorage | 2A           | 21 F / J      | 12.0        |               | 64,056          | 0    | 0           | 19,044          | 83,100      |           |
| 08-8004 | Utility Tariff Analyst II | FT          | A           | GG        | Anchorage | 2A           | 17 B / C      | 12.0        |               | 42,702          | 0    | 3,225       | 15,346          | 61,273      |           |
| 08-8005 | Utility Fin Analyst IV    | FT          | A           | SS        | Anchorage | 2A           | 23 B          | 12.0        |               | 64,032          | 0    | 0           | 18,601          | 82,633      |           |
| 08-8007 | Utility Fin Analyst I     | FT          | A           | GG        | Anchorage | 2A           | 17 B / C      | 12.0        |               | 42,186          | 0    | 3,225       | 15,240          | 60,651      |           |
| 08-8008 | Administrative Manager II | FT          | A           | GG        | Anchorage | 2A           | 17 C          | 12.0        |               | 43,476          | 0    | 2,903       | 15,438          | 61,817      |           |
| 08-8009 | Commissioner, RCA         | FT          | A           | XE        | Anchorage | AA           | 26 C          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      |           |
| 08-8010 | Secretary                 | FT          | A           | GG        | Anchorage | 2A           | 11 D          | 12.0        |               | 29,796          | 0    | 0           | 12,055          | 41,851      |           |
| 08-8011 | Administrative Clerk I    | FT          | A           | GG        | Anchorage | 2A           | 7 C           | 12.0        |               | 22,776          | 0    | 0           | 10,623          | 33,399      |           |
| 08-8012 | Commissioner, RCA         | FT          | A           | XE        | Anchorage | AA           | 26 C          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      |           |
| 08-8013 | Commissioner, RCA         | FT          | A           | XE        | Anchorage | AA           | 26 C          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      |           |
| 08-8014 | Commissioner, RCA         | FT          | A           | XE        | Anchorage | AA           | 27 C          | 12.0        |               | 77,808          | 0    | 0           | 21,272          | 99,080      |           |
| 08-8017 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 C / D       | 12.0        |               | 24,735          | 0    | 0           | 11,022          | 35,757      |           |
| 08-8019 | Paralegal Asst II         | FT          | A           | GG        | Anchorage | 2A           | 16 C / D      | 12.0        |               | 41,678          | 0    | 3,110       | 15,113          | 59,901      |           |
| 08-8020 | Administrative Supervisor | FT          | A           | SS        | Anchorage | 2A           | 12 F          | 12.0        |               | 34,668          | 0    | 2,667       | 13,155          | 50,490      |           |
| 08-8021 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,924          | 0    | 0           | 10,857          | 34,781      |           |
| 08-8022 | Chief Utility Engineer    | FT          | A           | SS        | Anchorage | 2A           | 23 E          | 12.0        |               | 70,776          | 0    | 0           | 19,977          | 90,753      |           |
| 08-8023 | Consumer Prot-Info Off II | FT          | A           | GG        | Anchorage | 2A           | 20 E / F      | 12.0        |               | 58,608          | 0    | 4,374       | 18,825          | 81,807      |           |
| 08-8024 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 C / D       | 12.0        |               | 24,546          | 0    | 0           | 10,984          | 35,530      |           |
| 08-8026 | Utility Fin Analyst III   | FT          | A           | GG        | Anchorage | 2A           | 21 A / B      | 12.0        |               | 54,696          | 0    | 0           | 17,134          | 71,830      |           |
| 08-8027 | Analyst/Programmer IV     | FT          | A           | GG        | Anchorage | 2A           | 20 A / B      | 12.0        |               | 51,314          | 0    | 0           | 16,445          | 67,759      |           |
| 08-8028 | Utility Eng Analyst IV    | FT          | A           | GG        | Anchorage | 2A           | 21 M          | 12.0        |               | 72,372          | 0    | 0           | 20,740          | 93,112      |           |
| 08-8029 | Administrative Clerk I    | FT          | A           | GG        | Anchorage | 2A           | 7 C           | 12.0        |               | 22,776          | 0    | 0           | 10,623          | 33,399      |           |
| 08-8030 | Utility Fin Analyst II    | FT          | A           | GG        | Anchorage | 2A           | 19 C / D      | 12.0        |               | 51,004          | 0    | 0           | 16,381          | 67,385      |           |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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Scenario: DCED FY2000 Personal Services  
 Component: APUC Operations (364)  
 BRU Name: Alaska Public Utilities Commission

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-6032 | Commissioner, RCA         | FT          | A           | XE        | Anchorage | AA           | 26 C          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      |           |
| 08-6034 | Administrative Clerk III  | FT          | A           | GG        | Anchorage | 2A           | 10 L          | 12.0        |               | 32,856          | 0    | 2,528       | 13,195          | 48,579      |           |
| 08-6035 | Communications Com Car Sp | FT          | A           | GG        | Anchorage | 2A           | 22 L          | 12.0        |               | 74,808          | 0    | 0           | 21,102          | 95,910      |           |
| 08-6037 | Utility Tariff Anlyst I   | FT          | A           | GG        | Anchorage | 2A           | 14 B / C      | 12.0        |               | 34,560          | 0    | 2,613       | 13,560          | 50,733      |           |
| 08-6040 | Consmr Prot-Info Off I    | FT          | A           | GG        | Anchorage | 2A           | 14 J          | 12.0        |               | 40,428          | 0    | 3,110       | 14,858          | 58,396      |           |
| 08-6041 | Utility Tariff Anlyst III | FT          | A           | SS        | Anchorage | 2A           | 20 B / C      | 12.0        |               | 52,774          | 0    | 0           | 16,304          | 69,078      |           |
| 08-6042 | Utility Fin Analyst III   | FT          | A           | GG        | Anchorage | 2A           | 21 C / D      | 12.0        |               | 58,260          | 0    | 0           | 17,862          | 76,122      |           |
| 08-6045 | Communications Com Car Sp | FT          | A           | GG        | Anchorage | 2A           | 22 D / E      | 12.0        |               | 63,795          | 0    | 0           | 18,991          | 82,786      |           |
| 08-6046 | Paralegal Asst II         | FT          | A           | GG        | Anchorage | 2A           | 16 A / B      | 12.0        |               | 38,448          | 0    | 3,483       | 14,530          | 56,461      |           |
| 08-6048 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,802          | 0    | 0           | 10,832          | 34,634      |           |
| 08-6049 | Secretary                 | FT          | A           | GG        | Anchorage | 2A           | 11 K          | 12.0        |               | 33,972          | 0    | 0           | 12,907          | 46,879      |           |
| 08-6050 | Utility Eng Analyst II    | FT          | A           | GG        | Anchorage | 2A           | 17 B / C      | 12.0        |               | 43,218          | 0    | 3,870       | 15,582          | 62,670      |           |
| 08-6052 | Consmr Prot-Info Off I    | FT          | A           | GG        | Anchorage | 2A           | 14 B / C      | 12.0        |               | 34,119          | 0    | 0           | 12,937          | 47,056      |           |
| 08-6055 | Accounting Tech I         | FT          | A           | GG        | Anchorage | 2A           | 12 J          | 12.0        |               | 35,148          | 0    | 2,703       | 13,698          | 51,549      |           |
| 08-6057 | Hearing Examiner          | FT          | A           | XE        | Anchorage | AA           | 24 F          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      |           |
| 08-6059 | Communications Com Car Sp | FT          | A           | GG        | Anchorage | 2A           | 22 J / K      | 12.0        |               | 71,936          | 0    | 0           | 20,851          | 92,587      |           |
| 08-6060 | Paralegal Asst II         | FT          | A           | GG        | Anchorage | 2A           | 16 A / B      | 12.0        |               | 38,153          | 0    | 2,528       | 14,275          | 54,956      |           |
| 08-6061 | Paralegal Asst I          | FT          | A           | GG        | Anchorage | 2A           | 13 B          | 12.0        |               | 31,752          | 0    | 2,442       | 12,952          | 47,146      |           |
| 08-6062 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,985          | 0    | 1,803       | 11,237          | 37,025      |           |
| 08-6063 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,863          | 0    | 0           | 10,845          | 34,708      |           |
| 08-6064 | Administrative Clerk II   | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,802          | 0    | 0           | 10,832          | 34,634      |           |
| 08-6065 | Economist II              | FT          | A           | GG        | Anchorage | 2A           | 20 A          | 12.0        |               | 49,764          | 0    | 0           | 16,128          | 65,892      |           |
| 08-6066 | Micro/Network Tech I      | FT          | A           | GG        | Anchorage | 2A           | 14 A          | 12.0        |               | 32,856          | 0    | 0           | 12,679          | 45,535      |           |
| 08-6067 | Prog Coordinator          | FT          | A           | GG        | Anchorage | 2A           | 20 A / B      | 12.0        |               | 50,694          | 0    | 1,335       | 16,590          | 68,619      |           |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
 Component: APUC Operations (364)  
 BRU Name: Alaska Public Utilities Commission

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| PCN                      | Job Class Title  | Time Status     | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs                        | GF Amount           |           |
|--------------------------|------------------|-----------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|------------------------------------|---------------------|-----------|
| 08-6068                  | Hearing Examiner | FT              | A           | XE        | Anchorage | AA           | 24 A          | 12.0        |               | 63,156          | 0    | 0           | 18,602          | 81,758                             |                     |           |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 |                                    |                     |           |
|                          |                  | Total Positions | New         | Deleted   |           |              |               |             |               |                 |      |             |                 |                                    | Total Salary Costs: | 2,576,716 |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 |                                    | Total COLA:         | 0         |
| Full Time Positions:     |                  | 55              | 0           | 0         |           |              |               |             |               |                 |      |             |                 |                                    | Total Premium Pay:  | 45,919    |
| Part Time Positions:     |                  | 0               | 0           | 0         |           |              |               |             |               |                 |      |             |                 |                                    | Total Benefits:     | 858,703   |
| Non Permanent Positions: |                  | 0               | 0           | 0         |           |              |               |             |               |                 |      |             |                 |                                    |                     |           |
| Positions in Component:  |                  | 55              | 0           | 0         |           |              |               |             |               |                 |      |             |                 |                                    | Total Pre-Vacancy:  | 3,481,338 |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 | Minus Vacancy Adjustment of 5.56%: | (194,338)           |           |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 | Total Post-Vacancy:                | 3,287,000           |           |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 | Plus Lump Sum Premium Pay:         | 0                   |           |
|                          |                  |                 |             |           |           |              |               |             |               |                 |      |             |                 | Personal Services Line 100:        | 3,287,000           |           |
| Total Component Months:  |                  | 660.0           |             |           |           |              |               |             |               |                 |      |             |                 |                                    |                     |           |

| PCN Funding Sources:                  | Pre-Vacancy | Post-Vacancy | Percent |
|---------------------------------------|-------------|--------------|---------|
| 1110 Alaska Public Utility Commission | 3,481,338   | 3,287,000    | 100.00% |
| Total PCN Funding:                    | 3,481,338   | 3,287,000    | 100.00% |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: Commissioner's Office (1027)  
BRU Name: Executive Administration and Development

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-02B2 | Project Assistant        | FT          | A           | XE        | Anchorage | AA           | 13 E / F      | 12.0        |               | 34,416          | 0    | 0           | 12,739          | 47,155      |           |
| 08-1001 | Commissioner             | FT          | A           | XE        | Juneau    | AA           | 28 E          | 12.0        |               | 86,808          | 0    | 0           | 22,556          | 109,364     | 109,364   |
| 08-1003 | Exec Secretary II        | FT          | A           | XE        | Juneau    | AA           | 14 D / E      | 12.0        |               | 36,537          | 0    | 0           | 13,172          | 49,709      |           |
| 08-1012 | Secretary II             | FT          | A           | GG        | Juneau    | 2A           | 11 A          | 12.0        |               | 27,300          | 0    | 0           | 11,546          | 38,846      |           |
| 08-1029 | Spec Asst To The Comm II | FT          | A           | XE        | Juneau    | AA           | 23 A          | 12.0        |               | 0               | 0    | 0           | 0               | 0           |           |
| 08-1031 | Dep Commissioner         | FT          | A           | XE        | Juneau    | AA           | 28 F / J      | 12.0        |               | 91,097          | 0    | 0           | 23,168          | 114,265     |           |
| 21-1003 | Dep Commissioner         | FT          | A           | XE        | Juneau    | AA           | 28 A          | 12.0        |               | 75,036          | 0    | 0           | 20,876          | 95,912      | 75,339    |
| 21-1009 | Administrative Clerk I   | FT          | A           | GG        | Juneau    | 2A           | 7 A / B       | 9.6         |               | 17,424          | 0    | 0           | 8,336           | 25,760      | 25,760    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 7               | 0   | 1       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 7               | 0   | 1       |

Total Component Months: 81.6

|                                    |          |
|------------------------------------|----------|
| Total Salary Costs:                | 368,618  |
| Total COLA:                        | 0        |
| Total Premium Pay:                 | 0        |
| Total Benefits:                    | 112,393  |
| Total Pre-Vacancy:                 | 481,011  |
| Inus Vacancy Adjustment of 12.70%: | (61,111) |
| Total Post-Vacancy:                | 419,900  |
| Plus Lump Sum Premium Pay:         | 0        |
| Personal Services Line 100:        | 419,900  |

| PCN Funding Sources:       | Pre-Vacancy | Post-Vacancy | Percent |
|----------------------------|-------------|--------------|---------|
| 1004 General Fund Receipts | 210,463     | 183,724      | 43.75%  |
| 1007 Inter-Agency Receipts | 270,548     | 236,176      | 56.25%  |
| Total PCN Funding:         | 481,011     | 419,900      | 100.00% |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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**Scenario:** DCED FY2000 Personal Services  
**Component:** Trade and Development (2277)  
**BRU Name:** Executive Administration and Development

| PCN     | Job Class Title                | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 01-301X | Division Director              | FT          | A           | XE        | Anchorage | AA           | 26 C / D      | 12.0        |               | 77,693          | 0    | 0           | 21,256          | 98,949      | 57,771    |
| 01-302X | Trade Specialist I/II          | FT          | A           | XE        | Anchorage | AA           | 18 A          | 12.0        |               | 42,180          | 0    | 0           | 14,323          | 56,503      |           |
| 01-303X | Administrative Assistant       | FT          | A           | GG        | Anchorage | 2A           | 13 D / E      | 12.0        |               | 34,707          | 0    | 0           | 13,057          | 47,764      | 47,764    |
| 01-304X | Trade Specialist II            | FT          | A           | XE        | Anchorage | AA           | 20 J          | 12.0        |               | 59,352          | 0    | 0           | 17,826          | 77,178      | 77,178    |
| 01-306X | Administrative Clerk I         | PT          | A           | GG        | Anchorage | 99           | 7 A           | 6.0         |               | 10,782          | 0    | 0           | 3,694           | 14,476      | 14,476    |
| 01-307X | Special Projects Coordinator   | FT          | A           | XE        | Anchorage | AA           | 20 C          | 12.0        |               | 51,624          | 0    | 0           | 16,250          | 67,874      | 67,874    |
| 01-308X | Trade Specialist II            | FT          | A           | XE        | Anchorage | AA           | 20 B / C      | 12.0        |               | 50,152          | 0    | 0           | 15,949          | 66,101      |           |
| 08-104X | Small Business Specialist I/II | FT          | A           | XE        | Anchorage | AA           | 20 C          | 12.0        |               | 51,624          | 0    | 0           | 16,250          | 67,874      | 67,874    |
| 08-105X | Sustainable Development Spec   | FT          | A           | XE        | Anchorage | AA           | 20 B / C      | 12.0        |               | 50,664          | 0    | 0           | 16,054          | 66,718      | 66,718    |
| 08-1205 | Dev Spec II, Option B          | FT          | A           | GG        | Juneau    | 2A           | 20 B / C      | 12.0        |               | 52,355          | 0    | 0           | 16,657          | 69,012      | 69,012    |
| 08-1207 | Dev Spec II, Option B          | FT          | A           | GG        | Juneau    | 2A           | 20 B / C      | 12.0        |               | 52,356          | 0    | 0           | 16,657          | 69,013      |           |
| 08-1245 | Dev Spec II, Option B          | FT          | A           | GG        | Fairbanks | 2B           | 20 K          | 12.0        |               | 65,532          | 0    | 0           | 19,345          | 84,877      | 84,877    |
| 08-124X | Lead Development Specialist    | FT          | A           | XE        | Juneau    | AA           | 21 E / F      | 12.0        |               | 60,698          | 0    | 0           | 18,101          | 78,799      | 70,919    |
| 08-1261 | Administrative Manager II      | FT          | A           | SS        | Juneau    | 2A           | 17 C / D      | 12.0        |               | 44,751          | 0    | 0           | 14,668          | 59,419      | 59,419    |
| 08-1265 | Administrative Clerk II        | FT          | A           | GG        | Anchorage | 2A           | 8 B           | 12.0        |               | 23,436          | 0    | 0           | 10,757          | 34,193      | 34,193    |
| 08-1269 | Dev Spec II, Option A          | FT          | A           | GG        | Juneau    | 2A           | 20 A          | 12.0        |               | 49,764          | 0    | 0           | 16,128          | 65,892      |           |
| 08-1272 | Administrative Clerk II        | FT          | A           | GG        | Juneau    | 2A           | 8 C           | 12.0        |               | 24,168          | 0    | 0           | 10,907          | 35,075      | 35,075    |
| 08-1273 | Economic Development Analyst   | FT          | A           | XE        | Juneau    | AA           | 20 B / C      | 12.0        |               | 0               | 0    | 0           | 0               | 0           |           |
| 08-1274 | Economist                      | FT          | A           | XE        | Anchorage | AA           | 20 B / C      | 12.0        |               | 51,176          | 0    | 0           | 16,158          | 67,334      |           |
| 08-1275 | Research Analyst II            | FT          | A           | GG        | Anchorage | 2A           | 16 B / C      | 12.0        |               | 39,633          | 0    | 0           | 14,062          | 53,695      |           |
| 08-127X | Work Star Coordinator          | FT          | A           | XE        | Anchorage | AA           | 19 A / B      | 12.0        |               | 45,765          | 0    | 0           | 15,055          | 60,820      |           |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

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**Scenario:** DCED FY2000 Personal Services  
**Component:** Trade and Development (2277)  
**BRU Name:** Executive Administration and Development

| PCN                      | Job Class Title          | Time Status     | Retire Barg Code | Unit    | Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount                          |           |
|--------------------------|--------------------------|-----------------|------------------|---------|----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|------------------------------------|-----------|
| 08-9046                  | Administrative Clerk III | FT              | A                | GG      | Juneau   | 2A           | 10 C          | 12.0        |               | 27,300          | 0    | 0           | 11,546          | 38,846      |                                    |           |
|                          |                          | Total Positions | New              | Deleted |          |              |               |             |               |                 |      |             |                 |             | Total Salary Costs:                | 965,712   |
|                          |                          |                 |                  |         |          |              |               |             |               |                 |      |             |                 |             | Total COLA:                        | 0         |
| Full Time Positions:     |                          | 20              | 0                | 1       |          |              |               |             |               |                 |      |             |                 |             | Total Premium Pay:                 | 0         |
| Part Time Positions:     |                          | 1               | 0                | 0       |          |              |               |             |               |                 |      |             |                 |             | Total Benefits:                    | 314,700   |
| Non Permanent Positions: |                          | 0               | 0                | 0       |          |              |               |             |               |                 |      |             |                 |             | Total Pre-Vacancy:                 | 1,280,412 |
| Positions in Component:  |                          | 21              | 0                | 1       |          |              |               |             |               |                 |      |             |                 |             | Minus Vacancy Adjustment of 8.68%: | (109,850) |
|                          |                          |                 |                  |         |          |              |               |             |               |                 |      |             |                 |             | Total Post-Vacancy:                | 1,170,562 |
|                          |                          |                 |                  |         |          |              |               |             |               |                 |      |             |                 |             | Plus Lump Sum Premium Pay:         | 0         |
| Total Component Months:  |                          | 246.0           |                  |         |          |              |               |             |               |                 |      |             |                 |             | Personal Services Line 100:        | 1,170,562 |

| PCN Funding Sources:                                   | Pre-Vacancy      | Post-Vacancy     | Percent        |
|--------------------------------------------------------|------------------|------------------|----------------|
| 1002 Federal Receipts                                  | 69,956           | 63,955           | 5.46%          |
| 1004 General Fund Receipts                             | 753,150          | 688,536          | 58.82%         |
| 1007 Inter-Agency Receipts                             | 176,559          | 161,411          | 13.79%         |
| 1061 Capital Improvement Project Receipts              | 62,037           | 56,714           | 4.85%          |
| 1115 International Trade and Business Endowment Income | 218,710          | 199,946          | 17.08%         |
| <b>Total PCN Funding:</b>                              | <b>1,280,412</b> | <b>1,170,562</b> | <b>100.00%</b> |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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Scenario: DCED FY2000 Personal Services  
 Component: Administrative Services (1028)  
 BRU Name: Executive Administration and Development

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-7021 | Data Processing Mgr I    | FT          | A           | SS        | Juneau    | 2A           | 22 A          | 12.0        |               | 57,816          | 0    | 0           | 17,333          | 75,149      | 44,864    |
| 08-0412 | Accounting Tech I        | FT          | A           | GG        | Anchorage | 2A           | 12 E / F      | 12.0        |               | 33,833          | 0    | 0           | 12,878          | 46,711      |           |
| 08-0424 | Data Communicatns Spec I | FT          | A           | GG        | Anchorage | 2A           | 19 C / D      | 12.0        |               | 50,927          | 0    | 0           | 16,366          | 67,293      | 40,174    |
| 08-0463 | Micro/Network Tech II    | FT          | A           | GG        | Anchorage | 2A           | 16 B / C      | 12.0        |               | 39,845          | 0    | 0           | 14,105          | 53,950      | 32,208    |
| 08-0467 | Accounting Tech I        | FT          | A           | GG        | Anchorage | 2A           | 12 B / C      | 12.0        |               | 30,294          | 0    | 0           | 12,156          | 42,450      | 25,343    |
| 08-0493 | Accountant III           | FT          | A           | SS        | Anchorage | 2A           | 18 K / L      | 12.0        |               | 57,181          | 0    | 0           | 17,203          | 74,384      |           |
| 08-1101 | Division Director        | FT          | A           | XE        | Juneau    | AA           | 26 E          | 12.0        |               | 80,724          | 0    | 0           | 21,688          | 102,412     | 61,140    |
| 08-1102 | Secretary                | FT          | A           | GG        | Juneau    | 2A           | 11 B / C      | 12.0        |               | 28,452          | 0    | 0           | 11,781          | 40,233      | 24,019    |
| 08-1103 | Accounting Clerk I       | FT          | A           | GG        | Juneau    | 2A           | 9 C / D       | 12.0        |               | 25,995          | 0    | 0           | 11,279          | 37,274      | 22,253    |
| 08-1104 | Human Resources Mgr II   | FT          | A           | KK        | Juneau    | AA           | 20 F          | 12.0        |               | 59,556          | 0    | 0           | 18,168          | 77,724      | 48,401    |
| 08-1105 | Mail Clerk Carrier II    | FT          | A           | GG        | Juneau    | 2A           | 9 B / C       | 12.0        |               | 25,013          | 0    | 0           | 11,079          | 36,092      | 21,547    |
| 08-1106 | Personnel Specialist I   | FT          | A           | KK        | Juneau    | AA           | 16 C / D      | 12.0        |               | 41,275          | 0    | 0           | 14,439          | 55,714      | 33,261    |
| 08-1107 | Accounting Tech I        | FT          | A           | GG        | Juneau    | 2A           | 12 C / D      | 12.0        |               | 31,072          | 0    | 0           | 12,315          | 43,387      | 25,902    |
| 08-1108 | Accounting Tech II       | FT          | A           | GG        | Juneau    | 2A           | 14 A / B      | 12.0        |               | 33,647          | 0    | 0           | 12,840          | 46,487      | 27,753    |
| 08-1109 | Analyst/Programmer V     | FT          | A           | SS        | Juneau    | 2A           | 22 F / J      | 12.0        |               | 69,731          | 0    | 0           | 19,764          | 89,495      | 53,429    |
| 08-1110 | Accountant V             | FT          | A           | SS        | Juneau    | 2A           | 22 E          | 12.0        |               | 66,108          | 0    | 0           | 19,025          | 85,133      | 50,824    |
| 08-1111 | Procurement Spec II      | FT          | A           | GG        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 39,527          | 0    | 0           | 14,040          | 53,567      | 31,979    |
| 08-1112 | Accounting Tech III      | FT          | A           | GG        | Juneau    | 2A           | 16 A          | 12.0        |               | 37,740          | 0    | 0           | 13,675          | 51,415      | 30,695    |
| 08-1113 | Program Budget Anal III  | FT          | A           | GG        | Juneau    | 2A           | 19 M          | 12.0        |               | 63,012          | 0    | 0           | 18,831          | 81,843      | 48,860    |
| 08-1115 | Procurement Spec II      | FT          | A           | GG        | Juneau    | 2A           | 16 K          | 12.0        |               | 48,180          | 0    | 0           | 15,805          | 63,985      | 38,199    |
| 08-1116 | Analyst/Programmer IV    | FT          | A           | GG        | Juneau    | 2A           | 20 K          | 12.0        |               | 63,012          | 0    | 0           | 18,831          | 81,843      | 48,860    |
| 08-1118 | Mail Clerk Carrier II    | FT          | A           | GG        | Juneau    | 2A           | 9 F / J       | 12.0        |               | 28,236          | 0    | 0           | 11,737          | 39,973      | 23,864    |
| 08-1119 | Micro/Network Tech II    | FT          | A           | GG        | Juneau    | 2A           | 16 A / B      | 12.0        |               | 38,153          | 0    | 0           | 13,760          | 51,913      | 30,992    |
| 08-1120 | Personnel Asst I         | FT          | A           | KK        | Juneau    | AA           | 12 B / C      | 12.0        |               | 31,062          | 0    | 0           | 12,355          | 43,417      | 25,920    |
| 08-2072 | Micro/Network Tech II    | FT          | A           | GG        | Anchorage | 2A           | 16 E / F      | 12.0        |               | 44,581          | 0    | 0           | 15,071          | 59,652      | 35,612    |
| 08-2235 | Accountant III           | FT          | A           | GG        | Juneau    | 2A           | 18 A          | 12.0        |               | 43,476          | 0    | 0           | 14,846          | 58,322      | 34,818    |
| 08-2237 | Publications Spec II     | FT          | A           | GG        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 40,057          | 0    | 0           | 14,148          | 54,205      | 2,710     |
| 21-7042 | Accounting Tech II       | PT          | A           | GG        | Anchorage | 2A           | 14 B          | 6.0         |               | 16,986          | 0    | 0           | 3,465           | 20,451      |           |
| 21-2003 | Personnel Specialist I   | FT          | A           | KK        | Juneau    | AA           | 16 A / B      | 12.0        |               | 38,754          | 0    | 0           | 13,924          | 52,678      | 31,449    |
| 21-2004 | Procurement Spec II      | FT          | A           | GG        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 39,209          | 0    | 0           | 13,975          | 53,184      | 31,751    |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: Administrative Services (1028)  
BRU Name: Executive Administration and Development

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 21-2005 | Accounting Tech II       | FT          | A           | GG        | Juneau    | 2A           | 14 A          | 12.0        |               | 32,856          | 0    | 0           | 12,679          | 45,535      | 27,184    |
| 21-2008 | Human Resources Mgr I    | PT          | A           | KK        | Juneau    | AA           | 19 E / F      | 8.6         |               | 0               | 0    | 0           | 0               | 0           |           |
| 21-2009 | Accounting Clerk II      | FT          | A           | GG        | Anchorage | 2A           | 10 D / E      | 12.0        |               | 28,308          | 0    | 0           | 11,751          | 40,059      | 23,915    |
| 21-2015 | Accounting Tech II       | FT          | A           | GG        | Juneau    | 2A           | 14 J / K      | 12.0        |               | 41,366          | 0    | 0           | 14,415          | 55,781      | 33,301    |
| 21-2021 | Accountant II            | FT          | A           | GG        | Juneau    | 2A           | 16 A          | 12.0        |               | 37,740          | 0    | 0           | 13,675          | 51,415      | 30,695    |
| 21-2029 | Accounting Tech I        | FT          | A           | GG        | Juneau    | 2A           | 12 K          | 12.0        |               | 36,432          | 0    | 0           | 13,409          | 49,841      | 29,755    |
| 21-2030 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 B / C       | 12.0        |               | 23,528          | 0    | 0           | 10,776          | 34,304      | 20,479    |
| 21-2035 | Personnel Asst I         | FT          | A           | KK        | Juneau    | AA           | 12 E / F      | 12.0        |               | 33,497          | 0    | 0           | 12,852          | 46,349      | 27,670    |
| 21-2036 | Accounting Clerk II      | FT          | A           | GG        | Juneau    | 2A           | 10 B / C      | 12.0        |               | 26,753          | 0    | 0           | 11,434          | 38,187      | 22,798    |
| 21-2047 | Accounting Clerk II      | FT          | A           | GG        | Anchorage | 2A           | 10 B / C      | 12.0        |               | 26,826          | 0    | 0           | 11,449          | 38,275      | 22,850    |
| 21-2049 | Micro/Network Tech II    | FT          | A           | GG        | Juneau    | 2A           | 16 B / C      | 12.0        |               | 39,845          | 0    | 0           | 14,105          | 53,950      | 32,208    |
| 21-3087 | Administrative Manager I | FT          | A           | GG        | Anchorage | 2A           | 15 A          | 12.0        |               | 35,148          | 0    | 0           | 13,147          | 48,295      | 28,832    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 40              | 0   | 0       |
| Part Time Positions:     | 1               | 0   | 1       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 41              | 0   | 1       |

Total Component Months: 486.0

Total Salary Costs: 1,665,753  
Total COLA: 0  
Total Premium Pay: 0  
Total Benefits: 576,574

Total Pre-Vacancy: 2,242,327  
Minus Vacancy Adjustment of 6.99%: (156,827)  
Total Post-Vacancy: 2,085,500  
Plus Lump Sum Premium Pay: 0  
Personal Services Line 100: 2,085,500

| PCN Funding Sources:       | Pre-Vacancy | Post-Vacancy | Percent |
|----------------------------|-------------|--------------|---------|
| 1004 General Fund Receipts | 1,224,516   | 1,138,874    | 54.61%  |
| 1007 Inter-Agency Receipts | 875,800     | 814,547      | 39.06%  |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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**Scenario:** DCED FY2000 Personal Services  
**Component:** Administrative Services (1028)  
**BRU Name:** Executive Administration and Development

| <b>PCN Funding Sources:</b>               | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|-------------------------------------------|--------------------|---------------------|----------------|
| 1061 Capital Improvement Project Receipts | 142,011            | 132,079             | 6.33%          |
| <b>Total PCN Funding:</b>                 | <b>2,242,327</b>   | <b>2,085,500</b>    | <b>100.00%</b> |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
 Component: Local Government Management (672)  
 BRU Name: Local Government Assistance

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-104C | Administrative Assistant | NP          | A           | XE        | Ketchikan | AA           | 16 B          | 12.0        |               | 37,980          | 0    | 0           | 10,379          | 48,359      |           |
| 21-6001 | Division Director        | FT          | A           | XE        | Anchorage | AA           | 26 F / F      | 12.0        |               | 83,628          | 0    | 0           | 21,785          | 105,413     | 105,413   |
| 21-6002 | Local Govt Spec IV       | FT          | A           | GG        | Anchorage | 2A           | 19 M          | 12.0        |               | 63,012          | 0    | 0           | 18,591          | 81,603      | 81,603    |
| 21-6011 | Local Govt Spec V        | FT          | A           | SS        | Anchorage | 2A           | 21 K / L      | 12.0        |               | 68,781          | 0    | 0           | 19,308          | 88,089      | 52,853    |
| 21-6012 | Local Govt Spec III      | FT          | A           | GG        | Fairbanks | 2B           | 17 B          | 12.0        |               | 43,608          | 0    | 0           | 14,707          | 58,315      | 57,149    |
| 21-6018 | State Assessor           | FT          | A           | SS        | Anchorage | 2A           | 22 F          | 12.0        |               | 68,496          | 0    | 0           | 19,251          | 87,747      | 87,747    |
| 21-6021 | Local Govt Spec IV       | FT          | A           | GG        | Juneau    | 2A           | 19 J          | 12.0        |               | 56,868          | 0    | 0           | 17,361          | 74,229      | 74,229    |
| 21-6022 | Administrative Clerk III | FT          | A           | GG        | Juneau    | 2A           | 10 D          | 12.0        |               | 28,056          | 0    | 0           | 11,593          | 39,649      | 39,649    |
| 21-6024 | Publications Tech I      | FT          | A           | GG        | Anchorage | 2A           | 11 J          | 12.0        |               | 32,856          | 0    | 0           | 12,554          | 45,410      | 45,410    |
| 21-6026 | Local Govt Spec III      | FT          | A           | GG        | Anchorage | 2A           | 17 C / D      | 12.0        |               | 44,321          | 0    | 0           | 14,850          | 59,171      | 59,171    |
| 21-6031 | Local Govt Spec I        | FT          | A           | GG        | Bethel    | 2K           | 13 B / C      | 12.0        |               | 44,765          | 0    | 0           | 14,938          | 59,703      | 59,703    |
| 21-6033 | Local Govt Spec III      | PT          | A           | GG        | Bethel    | 2K           | 17 J          | 9.0         |               | 51,507          | 0    | 0           | 14,990          | 66,497      | 66,497    |
| 21-6038 | Local Govt Spec III      | FT          | A           | GG        | Anchorage | 2A           | 17 F          | 12.0        |               | 48,180          | 0    | 0           | 15,622          | 63,802      | 63,802    |
| 21-6044 | Local Govt Spec III      | FT          | A           | GG        | Anchorage | 2A           | 17 F          | 12.0        |               | 48,180          | 0    | 0           | 15,622          | 63,802      | 63,802    |
| 21-6047 | Local Govt Spec IV       | FT          | A           | SS        | Anchorage | 2A           | 19 J          | 12.0        |               | 57,816          | 0    | 0           | 17,113          | 74,929      | 74,929    |
| 21-6048 | Publications Tech II     | FT          | A           | GG        | Anchorage | 2A           | 13 J          | 12.0        |               | 37,740          | 0    | 0           | 13,532          | 51,272      | 51,272    |
| 21-6052 | Cartographer II          | FT          | A           | GG        | Anchorage | 2A           | 15 C / D      | 12.0        |               | 38,743          | 0    | 0           | 13,733          | 52,476      | 52,476    |
| 21-6054 | Local Govt Spec V        | FT          | A           | SS        | Fairbanks | 2B           | 21 F          | 12.0        |               | 66,588          | 0    | 0           | 18,869          | 85,457      | 85,457    |
| 21-6055 | Local Govt Spec II       | FT          | A           | GG        | Juneau    | 2A           | 15 B / C      | 12.0        |               | 36,596          | 0    | 0           | 13,442          | 50,038      | 50,038    |
| 21-6056 | Administrative Manager I | FT          | A           | GG        | Anchorage | 2A           | 15 E / F      | 12.0        |               | 40,866          | 0    | 0           | 14,158          | 55,024      | 55,024    |
| 21-6057 | Local Govt Spec III      | FT          | A           | GG        | Kotzebue  | 2L           | 17 K          | 12.0        |               | 73,308          | 0    | 0           | 20,609          | 93,917      | 93,917    |
| 21-6058 | Administrative Clerk III | FT          | A           | GG        | Fairbanks | 2B           | 10 J          | 12.0        |               | 32,028          | 0    | 0           | 12,388          | 44,416      | 44,416    |
| 21-6060 | Local Govt Spec V        | FT          | A           | SS        | Anchorage | 2A           | 21 L          | 12.0        |               | 70,776          | 0    | 0           | 19,708          | 90,484      | 90,484    |
| 21-6064 | Secretary I              | FT          | A           | GG        | Anchorage | 2A           | 10 L          | 12.0        |               | 32,856          | 0    | 0           | 12,554          | 45,410      | 45,410    |
| 21-6065 | Planner IV               | FT          | A           | SS        | Anchorage | 2A           | 22 M          | 12.0        |               | 0               | 0    | 0           | 0               | 0           |           |
| 21-6066 | Planner III              | FT          | A           | GG        | Anchorage | 2A           | 19 M          | 12.0        |               | 63,012          | 0    | 0           | 18,591          | 81,603      | 20,401    |
| 21-6069 | Administrative Clerk II  | FT          | A           | GG        | Anchorage | 2A           | 8 E / F       | 12.0        |               | 25,731          | 0    | 0           | 11,128          | 36,859      | 20,272    |
| 21-6070 | Administrative Clerk III | FT          | A           | GG        | Anchorage | 2A           | 10 F / J      | 12.0        |               | 29,838          | 0    | 0           | 11,950          | 41,788      | 41,788    |
| 21-6071 | Local Govt Spec V        | FT          | A           | SS        | Juneau    | 2A           | 21 K          | 12.0        |               | 68,496          | 0    | 0           | 19,251          | 87,747      | 52,552    |
| 21-6076 | Natural Resource Mgr II  | FT          | A           | SS        | Anchorage | 2A           | 20 L          | 12.0        |               | 0               | 0    | 0           | 0               | 0           |           |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: Local Government Management (672)  
BRU Name: Local Government Assistance

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location   | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|------------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 21-6077 | Local Govt Spec III      | FT          | A           | GG        | Dillingham | 2H           | 17 F          | 12.0        |               | 61,188          | 0    | 0           | 18,226          | 79,414      | 66,065    |
| 21-6080 | Administrative Clerk III | FT          | A           | GG        | Anchorage  | 2A           | 10 E / F      | 12.0        |               | 0               | 0    | 0           | 0               | 0           |           |
| 21-6081 | Natural Resource Off II  | FT          | A           | GG        | Anchorage  | 2A           | 16 K          | 12.0        |               | 48,180          | 0    | 0           | 15,622          | 63,802      | 63,802    |
| 21-6084 | Research Analyst IV      | FT          | A           | SS        | Juneau     | 2A           | 21 K          | 12.0        |               | 68,496          | 0    | 0           | 19,251          | 87,747      | 87,747    |
| 21-6085 | Local Govt Spec V        | FT          | A           | SS        | Anchorage  | 2A           | 21 K          | 12.0        |               | 68,496          | 0    | 0           | 19,251          | 87,747      | 87,747    |
| 21-6089 | Local Govt Spec V        | FT          | A           | SS        | Anchorage  | 2A           | 21 L          | 12.0        |               | 70,776          | 0    | 0           | 19,708          | 90,484      | 9,048     |
| 21-6091 | Planner III              | FT          | A           | GG        | Anchorage  | 2A           | 19 L          | 12.0        |               | 60,816          | 0    | 0           | 18,152          | 78,968      | 23,690    |
| 21-6093 | Planner III              | FT          | A           | GG        | Juneau     | 2A           | 19 K          | 12.0        |               | 58,956          | 0    | 0           | 17,779          | 76,735      | 64,757    |
| 21-6101 | Research Analyst II      | FT          | A           | GG        | Juneau     | 2A           | 16 J          | 12.0        |               | 46,560          | 0    | 0           | 15,298          | 61,858      | 61,858    |
| 21-6104 | Local Govt Spec II       | FT          | A           | GG        | Fairbanks  | 2B           | 15 B / C      | 12.0        |               | 37,941          | 0    | 0           | 13,572          | 51,513      | 51,513    |
| 21-6109 | Local Govt Spec III      | FT          | A           | GG        | Anchorage  | 2A           | 17 E / F      | 12.0        |               | 47,438          | 0    | 0           | 15,474          | 62,912      | 62,912    |
| 21-6110 | Local Govt Spec III      | FT          | A           | GG        | Anchorage  | 2A           | 17 E / F      | 12.0        |               | 47,573          | 0    | 0           | 15,501          | 63,074      | 63,074    |
| 21-6111 | Local Govt Spec III      | FT          | A           | GG        | Anchorage  | 2A           | 17 A          | 10.0        |               | 33,690          | 0    | 0           | 11,725          | 45,415      |           |
| 21-6112 | Local Govt Spec III      | FT          | A           | GG        | Nome       | 2J           | 17 B / C      | 12.0        |               | 57,309          | 0    | 0           | 17,450          | 74,759      |           |
| 21-6113 | Local Govt Spec III      | FT          | A           | GG        | Bethel     | 2K           | 17 A          | 10.0        |               | 46,490          | 0    | 0           | 14,288          | 60,778      |           |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 40              | 0   | 3       |
| Part Time Positions:     | 1               | 0   | 0       |
| Non Permanent Positions: | 1               | 0   | 0       |
| Positions in Component:  | 42              | 0   | 3       |

Total Component Months: 497.0

|                                    |           |
|------------------------------------|-----------|
| Total Salary Costs:                | 2,148,541 |
| Total COLA:                        | 0         |
| Total Premium Pay:                 | 0         |
| Total Benefits:                    | 669,874   |
| Total Pre-Vacancy:                 | 2,818,415 |
| Minus Vacancy Adjustment of 5.34%: | (150,615) |
| Total Post-Vacancy:                | 2,667,800 |
| Plus Lump Sum Premium Pay:         | 0         |
| Personal Services Line 100:        | 2,667,800 |

| PCN Funding Sources:  | Pre-Vacancy | Post-Vacancy | Percent |
|-----------------------|-------------|--------------|---------|
| 1002 Federal Receipts | 356,851     | 337,781      | 12.66%  |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Local Government Management (672)  
**BRU Name:** Local Government Assistance

**DRAFT**

| <b>PCN Funding Sources:</b> | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|-----------------------------|--------------------|---------------------|----------------|
| 1003 General Fund Match     | 533,016            | 504,532             | 18.91%         |
| 1004 General Fund Receipts  | 1,744,661          | 1,651,427           | 61.90%         |
| 1007 Inter-Agency Receipts  | 183,887            | 174,060             | 6.52%          |
| <b>Total PCN Funding:</b>   | <b>2,818,415</b>   | <b>2,667,800</b>    | <b>100.00%</b> |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** State Assessor (673)  
**BRU Name:** Local Government Assistance

**DRAFT**

**Note:** If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Local Boundary Commission (674)  
**BRU Name:** Local Government Assistance

**DRAFT**

**Note:** If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Statewide Assistance (676)  
**BRU Name:** Local Government Assistance

**DRAFT**

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
Component: Community and Economic Development (2243)  
BRU Name: Community and Economic Development

| PCN     | Job Class Title         | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|-------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 02-1097 | Grants Administrator II | FT          | A           | GG        | Juneau    | 2A           | 17 F          | 12.0        |               | 48,180          | 0    | 0           | 15,805          | 63,985      | 63,985    |
| 21-2044 | Administrative Clerk II | FT          | A           | GG        | Juneau    | 2A           | 8 A / B       | 12.0        |               | 23,106          | 0    | 0           | 10,690          | 33,796      | 33,796    |
| 21-2045 | Grants Administrator II | FT          | A           | GG        | Juneau    | 2A           | 17 J / K      | 12.0        |               | 51,392          | 0    | 0           | 16,460          | 67,852      | 67,852    |
| 21-2053 | Grants Administrator I  | FT          | A           | GG        | Juneau    | 2A           | 13 A / B      | 12.0        |               | 31,712          | 0    | 0           | 12,446          | 44,158      | 44,158    |
| 21-3023 | Grants Administrator II | FT          | A           | GG        | Fairbanks | 2B           | 17 C / D      | 12.0        |               | 46,229          | 0    | 0           | 15,232          | 61,461      | 21,511    |
| 21-3034 | Prog Coordinator        | FT          | A           | GG        | Fairbanks | 2B           | 20 F / J      | 12.0        |               | 62,850          | 0    | 0           | 18,559          | 81,409      | 28,051    |
| 21-3038 | Grants Administrator II | FT          | A           | GG        | Juneau    | 2A           | 17 F          | 12.0        |               | 48,180          | 0    | 0           | 15,622          | 63,802      | 18,688    |
| 21-303X | Dev Spec I, Option A    | FT          | A           | GG        | Bethel    | 2K           | 18 C / D      | 12.0        |               | 66,212          | 0    | 0           | 19,232          | 85,444      | 33,212    |
| 21-3053 | Grants Administrator II | FT          | A           | GG        | Juneau    | 2A           | 17 C          | 12.0        |               | 43,476          | 0    | 0           | 14,680          | 58,156      | 58,156    |
| 21-305X | Dev Spec I, Option A    | FT          | A           | GG        | Nome      | 2J           | 18 D / E      | 12.0        |               | 65,711          | 0    | 0           | 19,132          | 84,843      |           |
| 21-312X | CDQ Manager             | FT          | A           | XE        | Juneau    | AA           | 20 B / C      | 12.0        |               | 50,664          | 0    | 0           | 15,861          | 66,525      | 66,525    |
| 21-313X | CDQ Specialist I        | FT          | A           | XE        | Juneau    | AA           | 17 A          | 10.0        |               | 32,670          | 0    | 0           | 11,306          | 43,976      | 43,976    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 12              | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 12              | 0   | 0       |

Total Component Months: 142.0

|                                    |          |
|------------------------------------|----------|
| Total Salary Costs:                | 570,382  |
| Total COLA:                        | 0        |
| Total Premium Pay:                 | 0        |
| Total Benefits:                    | 185,025  |
| Total Pre-Vacancy:                 | 755,407  |
| Minus Vacancy Adjustment of 2.01%: | (15,158) |
| Total Post-Vacancy:                | 740,249  |
| Plus Lump Sum Premium Pay:         | 0        |
| Personal Services Line 100:        | 740,249  |

| PCN Funding Sources:                   | Pre-Vacancy | Post-Vacancy | Percent |
|----------------------------------------|-------------|--------------|---------|
| 1004 General Fund Receipts             | 477,910     | 468,320      | 63.27%  |
| 1007 Inter-Agency Receipts             | 30,213      | 29,606       | 4.00%   |
| 1051 Rural Development Initiative Fund | 81,065      | 79,438       | 10.73%  |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Community and Economic Development (2243)  
**BRU Name:** Community and Economic Development

**DRAFT**

| <b>PCN Funding Sources:</b>               | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|-------------------------------------------|--------------------|---------------------|----------------|
| 1061 Capital Improvement Project Receipts | 166,220            | 162,884             | 22.00%         |
| <b>Total PCN Funding:</b>                 | <b>755,407</b>     | <b>740,249</b>      | <b>100.00%</b> |

**Note:** If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
 Component: Tourism Development (2278)  
 BRU Name: Tourism Development

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-1202 | Administrative Clerk II  | FT          | A           | GG        | Juneau   | 2A           | 8 A / B       | 12.0        |               | 23,243          | 0    | 0           | 10,718          | 33,961      | 33,961    |
| 08-1229 | Administrative Assistant | FT          | A           | GG        | Juneau   | 2A           | 13 B / C      | 12.0        |               | 31,890          | 0    | 0           | 12,482          | 44,372      | 44,372    |
| 08-2201 | Division Director        | FT          | A           | XE        | Juneau   | AA           | 26 A          | 12.0        |               | 70,200          | 0    | 0           | 20,039          | 90,239      | 90,239    |
| 08-2205 | Project Asst             | FT          | A           | GG        | Juneau   | 99           | 16 A / B      | 12.0        |               | 40,363          | 0    | 0           | 14,211          | 54,574      | 54,574    |
| 08-2212 | Secretary                | FT          | A           | GG        | Juneau   | 2A           | 11 A / B      | 12.0        |               | 27,961          | 0    | 0           | 11,681          | 39,642      | 39,642    |
| 08-2214 | Dev Spec II, Option A    | FT          | A           | GG        | Juneau   | 2A           | 20 D          | 12.0        |               | 55,188          | 0    | 0           | 17,235          | 72,423      | 72,423    |
| 08-2219 | Dev Spec I, Option A     | FT          | A           | GG        | Juneau   | 2A           | 18 A          | 12.0        |               | 43,476          | 0    | 0           | 14,846          | 58,322      | 58,322    |
| 08-2220 | Administrative Clerk II  | FT          | A           | GG        | Juneau   | 2A           | 8 J / K       | 12.0        |               | 27,836          | 0    | 0           | 11,655          | 39,491      | 39,491    |
| 08-2224 | Administrative Clerk I   | PT          | A           | GG        | Tok      | 99           | 7 C           | 4.5         |               | 9,630           | 0    | 0           | 4,206           | 13,836      | 13,836    |
| 08-2225 | Administrative Clerk I   | PT          | A           | GG        | Tok      | 99           | 7 C           | 4.5         |               | 9,382           | 0    | 0           | 4,155           | 13,537      | 13,537    |
| 08-2226 | Administrative Clerk I   | PT          | A           | GG        | Tok      | 99           | 7 J           | 4.5         |               | 10,840          | 0    | 0           | 4,453           | 15,293      | 15,293    |
| 08-2227 | Administrative Clerk III | FT          | A           | GG        | Tok      | 2F           | 10 K          | 12.0        |               | 36,828          | 0    | 0           | 13,489          | 50,317      | 50,317    |
| 08-2231 | Administrative Clerk III | FT          | A           | GG        | Juneau   | 2A           | 10 B / C      | 12.0        |               | 27,045          | 0    | 0           | 11,494          | 38,539      | 38,539    |
| 08-2238 | Dev Spec II, Option A    | FT          | A           | GG        | Juneau   | 2A           | 20 E / F      | 12.0        |               | 56,955          | 0    | 0           | 17,595          | 74,550      | 74,550    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 11              | 0   | 0       |
| Part Time Positions:     | 3               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions In Component:  | 14              | 0   | 0       |

Total Component Months: 145.5

|                                    |          |
|------------------------------------|----------|
| Total Salary Costs:                | 470,837  |
| Total COLA:                        | 0        |
| Total Premium Pay:                 | 0        |
| Total Benefits:                    | 168,259  |
| Total Pre-Vacancy:                 | 639,096  |
| Minus Vacancy Adjustment of 2.00%: | (12,782) |
| Total Post-Vacancy:                | 626,314  |
| Plus Lump Sum Premium Pay:         | 0        |
| Personal Services Line 100:        | 626,314  |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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**Scenario:** DCED FY2000 Personal Services  
**Component:** Tourism Development (2278)  
**BRU Name:** Tourism Development

| <b>PCN Funding Sources:</b> | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|-----------------------------|--------------------|---------------------|----------------|
| 1004 General Fund Receipts  | 639,096            | 626,314             | 100.00%        |
| <b>Total PCN Funding:</b>   | <b>639,096</b>     | <b>626,314</b>      | <b>100.00%</b> |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

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Scenario: DCED FY2000 Personal Services  
Component: Alaska Science and Technology Foundation (2012)  
BRU Name: Alaska Science and Technology Foundation

| PCN     | Job Class Title                | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 04-500X | Executive Director, ASTF       | FT          | A           | XE        | Anchorage | 99           | 28            | 12.0        |               | 102,000         | 0    | 4,800       | 25,409          | 132,209     |           |
| 04-501X | Outreach Administrator         | PT          | A           | XE        | Fairbanks | EE           | 20 E          | 9.6         |               | 50,525          | 0    | 0           | 12,594          | 63,119      |           |
| 04-502X | Office Manager                 | FT          | A           | XE        | Anchorage | AA           | 18 L          | 12.0        |               | 55,932          | 0    | 0           | 17,129          | 73,061      |           |
| 04-503X | Grants Administrator           | FT          | A           | XE        | Anchorage | AA           | 23 K          | 12.0        |               | 75,564          | 0    | 0           | 20,952          | 96,516      |           |
| 04-504X | Administrative Assistant       | FT          | A           | XE        | Anchorage | AA           | 13 F          | 12.0        |               | 35,352          | 0    | 0           | 12,930          | 48,282      |           |
| 04-505X | Group Project Administrator    | FT          | A           | XE        | Anchorage | AA           | 23 C          | 12.0        |               | 63,156          | 0    | 0           | 18,602          | 81,758      |           |
| 04-506X | Technology Administrator, ASTF | FT          | A           | XE        | Anchorage | 99           | 23            | 12.0        |               | 83,304          | 0    | 0           | 22,056          | 105,360     |           |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 6               | 0   | 0       |
| Part Time Positions:     | 1               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 7               | 0   | 0       |

Total Component Months: 81.6

|                                    |          |
|------------------------------------|----------|
| Total Salary Costs:                | 465,833  |
| Total COLA:                        | 0        |
| Total Premium Pay:                 | 4,800    |
| Total Benefits:                    | 129,672  |
| Total Pre-Vacancy:                 | 600,305  |
| Minus Vacancy Adjustment of 2.07%: | (12,405) |
| Total Post-Vacancy:                | 587,900  |
| Plus Lump Sum Premium Pay:         | 0        |
| Personal Services Line 100:        | 587,900  |

| PCN Funding Sources:                       | Pre-Vacancy | Post-Vacancy | Percent |
|--------------------------------------------|-------------|--------------|---------|
| 1025 Science & Technology Endowment Income | 600,305     | 587,900      | 100.00% |
| Total PCN Funding:                         | 600,305     | 587,900      | 100.00% |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

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Scenario: DCED FY2000 Personal Services  
 Component: Alaska Tourism Marketing Council (1026)  
 BRU Name: AK Tourism Marketing Council

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 06-0601 | Exec Dir Tourism Mark Cnt | FT          | A           | XE        | Anchorage | AA           | 26 A          | 12.0        |               | 70,200          | 0    | 0           | 20,039          | 90,239      | 90,239    |
| 06-0602 | Administrative Assistant  | FT          | A           | XE        | Anchorage | AA           | 14 B          | 12.0        |               | 32,940          | 0    | 0           | 12,438          | 45,378      | 45,378    |
| 06-0603 | Marketing Coordinator     | FT          | A           | XE        | Anchorage | AA           | 18 K          | 12.0        |               | 53,916          | 0    | 0           | 16,717          | 70,633      | 70,633    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 3               | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 3               | 0   | 0       |

Total Component Months: 36.0

|                                    |          |
|------------------------------------|----------|
| Total Salary Costs:                | 157,056  |
| Total COLA:                        | 0        |
| Total Premium Pay:                 | 0        |
| Total Benefits:                    | 49,194   |
| Total Pre-Vacancy:                 | 206,250  |
| Minus Vacancy Adjustment of 5.65%: | (11,650) |
| Total Post-Vacancy:                | 194,600  |
| Plus Lump Sum Premium Pay:         | 0        |
| Personal Services Line 100:        | 194,600  |

| PCN Funding Sources:               | Pre-Vacancy | Post-Vacancy | Percent |
|------------------------------------|-------------|--------------|---------|
| 1004 General Fund Receipts         | 154,688     | 145,950      | 75.00%  |
| 1005 General Fund/Program Receipts | 51,563      | 48,650       | 25.00%  |
| Total PCN Funding:                 | 206,250     | 194,600      | 100.00% |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
 Component: Investments (383)  
 BRU Name: Investments

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| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-9002 | Loan/Collection Off I    | FT          | A           | GG        | Juneau   | 2A           | 16 A / B      | 12.0        |               | 38,448          | 0    | 0           | 13,820          | 52,268      |           |
| 08-9003 | Division Director        | FT          | A           | XE        | Juneau   | AA           | 28 L / M      | 12.0        |               | 64,990          | 0    | 0           | 23,724          | 118,714     |           |
| 08-9005 | Administrative Clerk III | FT          | A           | GG        | Juneau   | 2A           | 10 B / C      | 12.0        |               | 26,534          | 0    | 0           | 11,389          | 37,923      |           |
| 08-9008 | Administrative Manager I | FT          | A           | GG        | Juneau   | 2A           | 15 B / C      | 12.0        |               | 36,705          | 0    | 0           | 13,484          | 50,189      |           |
| 08-9010 | Accounting Tech I        | FT          | A           | GG        | Juneau   | 2A           | 12 A / B      | 12.0        |               | 29,686          | 0    | 0           | 12,032          | 41,718      |           |
| 08-9012 | Loan Closer I            | FT          | A           | GG        | Juneau   | 2A           | 10 E / F      | 12.0        |               | 29,103          | 0    | 0           | 11,913          | 41,016      |           |
| 08-9015 | Accounting Tech II       | FT          | A           | GG        | Juneau   | 2A           | 14 F          | 12.0        |               | 39,156          | 0    | 0           | 13,984          | 53,120      |           |
| 08-9019 | Accounting Tech I        | FT          | A           | GG        | Juneau   | 2A           | 12 C / D      | 12.0        |               | 31,392          | 0    | 0           | 12,380          | 43,772      |           |
| 08-9021 | Loan Closer I            | FT          | A           | GG        | Juneau   | 2A           | 10 A / B      | 12.0        |               | 25,797          | 0    | 0           | 11,239          | 37,036      |           |
| 08-9025 | Loan/Collection Off I    | FT          | A           | GG        | Juneau   | 2A           | 16 A / B      | 12.0        |               | 38,153          | 0    | 0           | 13,760          | 51,913      |           |
| 08-9026 | Accounting Tech I        | FT          | A           | GG        | Juneau   | 2A           | 12 F / J      | 12.0        |               | 34,511          | 0    | 0           | 13,017          | 47,528      |           |
| 08-9028 | Accounting Tech I        | FT          | A           | GG        | Juneau   | 2A           | 12 K          | 12.0        |               | 36,432          | 0    | 0           | 13,409          | 49,841      |           |
| 08-9036 | Accounting Tech II       | FT          | A           | GG        | Juneau   | 2A           | 14 E / F      | 12.0        |               | 38,271          | 0    | 0           | 13,784          | 52,055      |           |
| 08-9038 | Loan/Collection Off II   | FT          | A           | GG        | Juneau   | 99           | 18            | 12.0        |               | 60,864          | 0    | 0           | 18,393          | 79,257      |           |
| 08-9039 | Accounting Tech III      | FT          | A           | GG        | Juneau   | 2A           | 16 K          | 12.0        |               | 48,180          | 0    | 0           | 15,805          | 63,985      |           |
| 08-9041 | Loan/Collection Manager  | FT          | A           | SS        | Juneau   | 2A           | 20 K          | 12.0        |               | 64,032          | 0    | 0           | 18,601          | 82,633      |           |
| 08-9044 | Analyst/Programmer II    | FT          | A           | GG        | Juneau   | 2A           | 16 B / C      | 12.0        |               | 39,527          | 0    | 0           | 14,040          | 53,567      |           |
| 08-9047 | Accounting Tech I        | FT          | A           | GG        | Juneau   | 2A           | 12 A / B      | 12.0        |               | 29,686          | 0    | 0           | 12,032          | 41,718      |           |
| 08-9048 | Accounting Spvr I        | FT          | A           | SS        | Juneau   | 2A           | 16 B / C      | 12.0        |               | 40,620          | 0    | 0           | 13,825          | 54,445      |           |
| 08-9049 | Accounting Tech II       | FT          | A           | SS        | Juneau   | 2A           | 14 F / J      | 12.0        |               | 40,299          | 0    | 0           | 13,759          | 54,058      |           |
| 08-9050 | Accountant III           | FT          | A           | SS        | Juneau   | 2A           | 18 B / C      | 12.0        |               | 46,839          | 0    | 0           | 15,094          | 61,933      |           |
| 08-9051 | Loan Closer I            | FT          | A           | GG        | Juneau   | 2A           | 10 A / B      | 12.0        |               | 26,028          | 0    | 0           | 11,286          | 37,314      |           |
| 08-9052 | Administrative Clerk II  | FT          | A           | GG        | Juneau   | 99           | 8             | 12.0        |               | 31,092          | 0    | 0           | 12,319          | 43,411      |           |
| 08-9055 | Loan Closer I            | FT          | A           | GG        | Juneau   | 2A           | 10 F / J      | 12.0        |               | 30,585          | 0    | 0           | 12,216          | 42,801      |           |
| 08-9057 | Administrative Clerk 1   | FT          | A           | GG        | Juneau   | 2A           | 7 J           | 12.0        |               | 25,632          | 0    | 0           | 11,205          | 36,837      |           |
| 08-9058 | Loan/Collection Off II   | FT          | A           | GG        | Juneau   | 2A           | 18 C          | 12.0        |               | 46,560          | 0    | 0           | 15,475          | 62,035      |           |
| 08-9059 | Loan/Collection Off I    | FT          | A           | GG        | Juneau   | 99           | 16            | 12.0        |               | 53,304          | 0    | 0           | 16,850          | 70,154      |           |
| 08-9060 | Loan Closer II           | FT          | A           | GG        | Juneau   | 2A           | 12 C / D      | 12.0        |               | 31,072          | 0    | 0           | 12,315          | 43,387      |           |
| 08-9061 | Loan/Collection Manager  | FT          | A           | SS        | Juneau   | 2A           | 20 M          | 12.0        |               | 68,496          | 0    | 0           | 19,512          | 88,008      |           |
| 08-9062 | Loan/Collection Off II   | FT          | A           | GG        | Juneau   | 2A           | 18 K          | 12.0        |               | 55,188          | 0    | 0           | 17,235          | 72,423      |           |

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**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

Scenario: DCED FY2000 Personal Services  
Component: Investments (383)  
BRU Name: Investments

**DRAFT**

| PCN     | Job Class Title          | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-9063 | Loan/Collection Off I    | FT          | A           | GG        | Juneau    | 2A           | 16 K          | 12.0        |               | 48,180          | 0    | 0           | 15,805          | 63,985      |           |
| 08-9065 | Secretary                | FT          | A           | GG        | Juneau    | 2A           | 11 K          | 12.0        |               | 33,972          | 0    | 0           | 12,907          | 46,879      |           |
| 08-9067 | Loan/Collection Off I    | FT          | A           | GG        | Anchorage | 2A           | 16 A / B      | 12.0        |               | 38,271          | 0    | 0           | 13,784          | 52,055      |           |
| 08-9068 | Administrative Clerk III | FT          | A           | GG        | Anchorage | 2A           | 10 A / B      | 12.0        |               | 25,865          | 0    | 0           | 11,212          | 36,877      |           |
| 08-9069 | Loan/Collection Off II   | FT          | A           | SS        | Anchorage | 2A           | 18 D / E      | 12.0        |               | 50,144          | 0    | 0           | 15,768          | 65,912      |           |
| 08-9071 | Loan Closer I            | FT          | A           | GG        | Anchorage | 2A           | 10 A / B      | 12.0        |               | 26,325          | 0    | 0           | 11,347          | 37,672      |           |
| 08-9072 | Analyst/Programmer III   | FT          | A           | GG        | Juneau    | 2A           | 18 J / K      | 12.0        |               | 54,286          | 0    | 0           | 17,051          | 71,337      |           |
| 08-9073 | Analyst/Programmer IV    | FT          | A           | GG        | Juneau    | 2A           | 20 K          | 12.0        |               | 63,012          | 0    | 0           | 18,831          | 81,843      |           |
| 08-9074 | Loan/Collection Off II   | FT          | A           | GG        | Juneau    | 2A           | 18 E / F      | 12.0        |               | 50,616          | 0    | 0           | 16,302          | 66,918      |           |
| 08-9075 | Administrative Clerk II  | FT          | A           | GG        | Juneau    | 2A           | 8 A / B       | 12.0        |               | 23,133          | 0    | 0           | 10,696          | 33,829      |           |
| 08-9076 | Accounting Tech III      | FT          | A           | GG        | Juneau    | 2A           | 16 J / K      | 12.0        |               | 47,978          | 0    | 0           | 15,764          | 63,742      |           |
| 08-9078 | Loan Closer I            | FT          | A           | GG        | Juneau    | 2A           | 10 A / B      | 12.0        |               | 26,292          | 0    | 0           | 11,340          | 37,632      |           |
| 08-9079 | Loan/Collection Off I    | FT          | A           | GG        | Juneau    | 2A           | 16 E / F      | 12.0        |               | 43,671          | 0    | 0           | 14,885          | 58,556      |           |
| 08-9080 | Micro/Network Tech I     | FT          | A           | GG        | Anchorage | 2A           | 14 B / C      | 12.0        |               | 34,707          | 0    | 0           | 13,057          | 47,764      |           |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 44              | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 44              | 0   | 0       |

Total Component Months: 528.0

|                                    |           |
|------------------------------------|-----------|
| Total Salary Costs:                | 1,803,434 |
| Total COLA:                        | 0         |
| Total Premium Pay:                 | 0         |
| Total Benefits:                    | 626,606   |
| Total Pre-Vacancy:                 | 2,430,040 |
| Minus Vacancy Adjustment of 2.64%: | (64,040)  |
| Total Post-Vacancy:                | 2,366,000 |
| Plus Lump Sum Premium Pay:         | 0         |
| Personal Services Line 100:        | 2,366,000 |

| PCN Funding Sources:              | Pre-Vacancy | Post-Vacancy | Percent |
|-----------------------------------|-------------|--------------|---------|
| 1007 Inter-Agency Receipts        | 57,724      | 56,203       | 2.38%   |
| 1035 Veterans Revolving Loan Fund | 183,905     | 179,058      | 7.57%   |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Investments (383)  
**BRU Name:** Investments

**DRAFT**

| <b>PCN Funding Sources:</b>                    | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|------------------------------------------------|--------------------|---------------------|----------------|
| 1036 Commercial Fishing Loan Fund              | 1,827,531          | 1,779,369           | 75.21%         |
| 1057 Small Business Loan Fund                  | 1,981              | 1,929               | 0.08%          |
| 1067 Mining Revolving Loan Fund                | 3,704              | 3,606               | 0.15%          |
| 1068 Child Care Revolving Loan Fund            | 7,367              | 7,173               | 0.30%          |
| 1069 Historical District Revolving Loan Fund   | 2,593              | 2,524               | 0.11%          |
| 1070 Fisheries Enhancement Revolving Loan Fund | 218,376            | 212,621             | 8.99%          |
| 1071 Alternative Energy Revolving Loan Fund    | 126,860            | 123,517             | 5.22%          |
| <b>Total PCN Funding:</b>                      | <b>2,430,040</b>   | <b>2,366,000</b>    | <b>100.00%</b> |

**Note:** If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
Component: Alaska Industrial Development and Export Authority (1234)  
BRU Name: Alaska Industrial Development and Export Authority

| PCN     | Job Class Title              | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|------------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0200 | Executive Director           | FT          | A           | XE        | Anchorage | 99           | 28 J          | 12.0        |               | 95,004          | 0    | 0           | 23,726          | 118,730     |           |
| 08-0201 | Deputy Director Development  | FT          | A           | XE        | Anchorage | AA           | 24 D          | 12.0        |               | 70,200          | 0    | 0           | 20,039          | 90,239      |           |
| 08-0202 | Deputy Director Credit       | FT          | A           | XE        | Anchorage | AA           | 24 J          | 12.0        |               | 77,844          | 0    | 0           | 21,277          | 99,121      |           |
| 08-0203 | Deputy Director Finance      | FT          | A           | XE        | Anchorage | AA           | 25 K          | 12.0        |               | 86,892          | 0    | 0           | 22,568          | 109,460     |           |
| 08-0204 | Loan Officer                 | FT          | A           | XE        | Anchorage | AA           | 22 D / E      | 12.0        |               | 61,392          | 0    | 0           | 18,242          | 79,634      |           |
| 08-0205 | Loan Officer                 | FT          | A           | XE        | Anchorage | AA           | 22 K          | 12.0        |               | 70,488          | 0    | 0           | 20,098          | 90,586      |           |
| 08-0206 | Development And Finance Mgr  | FT          | A           | XE        | Anchorage | AA           | 23 M          | 12.0        |               | 81,336          | 0    | 0           | 21,776          | 103,112     |           |
| 08-0207 | Loan Servicing Officer       | FT          | A           | XE        | Anchorage | AA           | 20 L          | 12.0        |               | 63,876          | 0    | 0           | 18,749          | 82,625      |           |
| 08-0208 | Dep Dir-Rural Outreach & Dev | FT          | A           | XE        | Anchorage | AA           | 24 L          | 12.0        |               | 83,784          | 0    | 0           | 22,125          | 105,909     |           |
| 08-0209 | Accountant                   | FT          | A           | XE        | Anchorage | AA           | 20 E          | 12.0        |               | 55,188          | 0    | 0           | 16,977          | 72,165      |           |
| 08-0210 | Loan Servicing Technician II | FT          | A           | XE        | Anchorage | AA           | 12 L          | 12.0        |               | 36,792          | 0    | 0           | 13,224          | 50,016      |           |
| 08-0211 | Accounting Technician        | FT          | A           | XE        | Anchorage | AA           | 14 K          | 12.0        |               | 40,884          | 0    | 0           | 14,059          | 54,943      |           |
| 08-0212 | Technical Engineer II        | FT          | A           | XE        | Healy     | JJ           | 22 B / C      | 12.0        |               | 79,266          | 0    | 0           | 21,480          | 100,746     |           |
| 08-0213 | Administrative Assistant     | FT          | A           | XE        | Anchorage | AA           | 14 K          | 12.0        |               | 40,884          | 0    | 0           | 14,059          | 54,943      |           |
| 08-0214 | Finance Assistant            | FT          | A           | XE        | Anchorage | AA           | 10 E / D      | 12.0        |               | 27,815          | 0    | 0           | 11,393          | 39,208      |           |
| 08-0215 | Correspondence Secretary III | FT          | A           | XE        | Anchorage | AA           | 12 F / J      | 12.0        |               | 33,816          | 0    | 0           | 12,617          | 46,433      |           |
| 08-0216 | Receptionist                 | FT          | A           | XE        | Anchorage | AA           | 8 B / C       | 12.0        |               | 23,094          | 0    | 0           | 10,430          | 33,524      |           |
| 08-0217 | Loan Servicing Technician II | FT          | A           | XE        | Anchorage | AA           | 12 E          | 12.0        |               | 31,872          | 0    | 0           | 12,220          | 44,092      |           |
| 08-0219 | Secretary III                | FT          | A           | XE        | Anchorage | AA           | 12 J / K      | 12.0        |               | 35,193          | 0    | 0           | 12,898          | 48,091      |           |
| 08-0220 | Procurement Manager          | FT          | A           | XE        | Anchorage | AA           | 22 D / E      | 12.0        |               | 62,736          | 0    | 0           | 18,517          | 81,253      |           |
| 08-0221 | Accounting Technician        | FT          | A           | XE        | Anchorage | AA           | 14 B          | 12.0        |               | 32,940          | 0    | 0           | 12,438          | 45,378      |           |
| 08-0222 | Project Manager              | FT          | A           | XE        | Anchorage | AA           | 22 K          | 12.0        |               | 70,488          | 0    | 0           | 20,098          | 90,586      |           |
| 08-0223 | Dev Spec II, Option A        | FT          | A           | XE        | Anchorage | AA           | 20 D / E      | 12.0        |               | 54,712          | 0    | 0           | 16,880          | 71,592      |           |
| 08-0224 | Technical Engineer II        | FT          | A           | XE        | Anchorage | AA           | 22 F / J      | 12.0        |               | 66,817          | 0    | 0           | 19,349          | 86,166      |           |
| 08-0227 | Analyst Programmer IV        | FT          | A           | XE        | Anchorage | AA           | 19 C / D      | 12.0        |               | 49,708          | 0    | 1,708       | 16,207          | 67,623      |           |
| 08-0402 | Project Manager              | FT          | A           | XE        | Anchorage | AA           | 22 F / J      | 12.0        |               | 67,637          | 0    | 0           | 19,516          | 87,153      |           |
| 08-0405 | Deputy Director-Energy       | FT          | A           | XE        | Anchorage | AA           | 25 J          | 12.0        |               | 83,748          | 0    | 0           | 22,120          | 105,868     |           |
| 08-0423 | Accountant                   | FT          | A           | XE        | Anchorage | AA           | 16 K          | 12.0        |               | 47,028          | 0    | 0           | 15,312          | 62,340      |           |
| 08-0425 | Operations Manager           | FT          | A           | XE        | Anchorage | 99           | 22            | 12.0        |               | 83,928          | 0    | 0           | 22,145          | 106,073     |           |
| 08-0434 | Admin Assistant              | FT          | A           | XE        | Anchorage | AA           | 12 D / E      | 12.0        |               | 31,212          | 0    | 0           | 12,086          | 43,298      |           |

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**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Alaska Industrial Development and Export Authority (1234)  
**BRU Name:** Alaska Industrial Development and Export Authority

| PCN     | Job Class Title             | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|-----------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0453 | Accountant                  | FT          | A           | XE        | Anchorage | AA           | 22 F          | 12.0        |               | 65,484          | 0    | 0           | 19,077          | 84,561      |           |
| 08-0490 | Project Development Manager | FT          | A           | XE        | Anchorage | AA           | 24 F / J      | 12.0        |               | 77,142          | 0    | 0           | 21,177          | 98,319      |           |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 32              | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 32              | 0   | 0       |

**Total Component Months:** 384.0

|                                           |           |
|-------------------------------------------|-----------|
| <b>Total Salary Costs:</b>                | 1,889,200 |
| <b>Total COLA:</b>                        | 0         |
| <b>Total Premium Pay:</b>                 | 1,708     |
| <b>Total Benefits:</b>                    | 562,879   |
| <b>Total Pre-Vacancy:</b>                 | 2,453,787 |
| <b>Minus Vacancy Adjustment of 5.47%:</b> | (134,187) |
| <b>Total Post-Vacancy:</b>                | 2,319,600 |
| <b>Plus Lump Sum Premium Pay:</b>         | 0         |
| <b>Personal Services Line 100:</b>        | 2,319,600 |

| PCN Funding Sources:                                           | Pre-Vacancy      | Post-Vacancy     | Percent        |
|----------------------------------------------------------------|------------------|------------------|----------------|
| 1007 Inter-Agency Receipts                                     | 331,206          | 313,094          | 13.50%         |
| 1102 Alaska Industrial Development & Export Authority Receipts | 2,122,581        | 2,006,506        | 86.50%         |
| <b>Total PCN Funding:</b>                                      | <b>2,453,787</b> | <b>2,319,600</b> | <b>100.00%</b> |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
Department of Community & Economic Development

**DRAFT**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
Component: Alaska Seafood Marketing Institute (393)  
BRU Name: Alaska Seafood Marketing Institute

| PCN     | Job Class Title                | Time Status | Retire Code | Barg Unit | Location   | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------------|-------------|-------------|-----------|------------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0301 | Executive Director             | FT          | A           | XE        | Juneau     | AA           | 26 F / J      | 12.0        |               | 85,847          | 0    | 0           | 22,419          | 108,266     | 108,266   |
| 08-0302 | Administrative Officer         | FT          | A           | XE        | Juneau     | AA           | 21 D / E      | 12.0        |               | 58,790          | 0    | 0           | 17,712          | 76,502      | 76,502    |
| 08-0303 | Project Assistant              | FT          | A           | XE        | Juneau     | AA           | 15 A / B      | 12.0        |               | 34,988          | 0    | 0           | 12,856          | 47,844      | 47,844    |
| 08-0304 | Admin Support Technician       | FT          | A           | XE        | Juneau     | AA           | 10 A / B      | 12.0        |               | 25,281          | 0    | 0           | 10,876          | 36,157      | 36,157    |
| 08-0305 | Marketing Assistant            | FT          | A           | XE        | Seattle Wa | 99           | 16 J / K      | 12.0        |               | 37,994          | 0    | 0           | 13,469          | 51,463      | 51,463    |
| 08-0306 | Seafood Technical Prgm Directo | FT          | A           | XE        | Juneau     | AA           | 23 D / E      | 12.0        |               | 66,121          | 0    | 0           | 19,207          | 85,328      | 85,328    |
| 08-0307 | Accounting Tech I              | FT          | A           | XE        | Juneau     | AA           | 12 C / D      | 12.0        |               | 30,778          | 0    | 0           | 11,997          | 42,775      | 42,775    |
| 08-0308 | Communications Coordinator     | FT          | A           | XE        | Juneau     | AA           | 20 C          | 12.0        |               | 51,624          | 0    | 0           | 16,250          | 67,874      | 67,874    |
| 08-0309 | Marketing Specialist           | FT          | A           | XE        | Seattle Wa | 99           | 18 M / M      | 12.0        |               | 47,160          | 0    | 0           | 15,339          | 62,499      | 62,499    |
| 08-0310 | Foodservice Director           | FT          | A           | XE        | Seattle Wa | 99           | 25 M / M      | 12.0        |               | 75,876          | 0    | 0           | 20,996          | 96,872      | 96,872    |
| 08-0311 | Foodservice Director           | FT          | A           | XE        | Seattle Wa | 99           | 25 M / M      | 12.0        |               | 75,876          | 0    | 0           | 20,996          | 96,872      | 96,872    |
| 08-0312 | Accounting Technician          | FT          | A           | XE        | Juneau     | AA           | 14 A / B      | 12.0        |               | 32,718          | 0    | 0           | 12,393          | 45,111      | 45,111    |
| 08-0313 | Accounting Technician          | FT          | A           | XE        | Juneau     | AA           | 16 F / F      | 12.0        |               | 43,680          | 0    | 0           | 14,629          | 58,309      | 58,309    |
| 08-0314 | Marketing Specialist           | FT          | A           | XE        | Seattle Wa | 99           | 16 E / F      | 12.0        |               | 35,300          | 0    | 0           | 12,920          | 48,220      | 48,220    |
| 08-0315 | Marketing Specialist           | FT          | A           | XE        | Seattle Wa | 99           | 18 M / M      | 12.0        |               | 47,160          | 0    | 0           | 15,339          | 62,499      | 62,499    |
| 08-0316 | Marketing Specialist           | FT          | A           | XE        | Seattle Wa | 99           | 18 M / M      | 12.0        |               | 47,160          | 0    | 0           | 15,339          | 62,499      | 62,499    |
| 08-0317 | Admin Support Technician       | FT          | A           | XE        | Seattle Wa | 99           | 12 E / F      | 12.0        |               | 26,629          | 0    | 0           | 11,151          | 37,780      | 37,780    |
| 08-0318 | Foodservice Director           | FT          | A           | XE        | Seattle Wa | 99           | 25 M / M      | 12.0        |               | 75,876          | 0    | 0           | 20,996          | 96,872      | 96,872    |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 18              | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 18              | 0   | 0       |
| Total Component Months:  | 216.0           |     |         |

|                                    |           |
|------------------------------------|-----------|
| Total Salary Costs:                | 898,858   |
| Total COLA:                        | 0         |
| Total Premium Pay:                 | 0         |
| Total Benefits:                    | 284,884   |
| Total Pre-Vacancy:                 | 1,183,742 |
| Minus Vacancy Adjustment of 0.43%: | (5,042)   |
| Total Post-Vacancy:                | 1,178,700 |
| Plus Lump Sum Premium Pay:         | 0         |
| Personal Services Line 100:        | 1,178,700 |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Alaska Seafood Marketing Institute (393)  
**BRU Name:** Alaska Seafood Marketing Institute

**DRAFT**

| <b>PCN Funding Sources:</b>        | <b>Pre-Vacancy</b> | <b>Post-Vacancy</b> | <b>Percent</b> |
|------------------------------------|--------------------|---------------------|----------------|
| 1005 General Fund/Program Receipts | 1,183,742          | 1,178,700           | 100.00%        |
| <b>Total PCN Funding:</b>          | <b>1,183,742</b>   | <b>1,178,700</b>    | <b>100.00%</b> |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
 Component: Alaska Aerospace Development Corporation (1424)  
 BRU Name: Alaska Aerospace Development Corporation

| PCN     | Job Class Title           | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|---------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0500 | Executive Director        | FT          | A           | XE        | Anchorage | 99           | 28            | 12.0        |               | 103,000         | 0    | 0           | 24,867          | 127,867     |           |
| 08-0501 | Dir of Business Operation | FT          | A           | XE        | Anchorage | AA           | 21 F          | 12.0        |               | 61,140          | 0    | 0           | 18,191          | 79,331      |           |
| 08-0502 | KLC Site Manager          | FT          | A           | XE        | Anchorage | AA           | 25 A          | 12.0        |               | 67,668          | 0    | 0           | 19,523          | 87,191      |           |
| 08-0503 | Office Manager            | FT          | A           | XE        | Anchorage | AA           | 15 E / F      | 12.0        |               | 39,642          | 0    | 0           | 13,805          | 53,447      |           |
| 08-0505 | Executive Secretary II    | FT          | A           | XE        | Anchorage | AA           | 14 A          | 12.0        |               | 31,872          | 0    | 0           | 12,220          | 44,092      |           |
| 08-0506 | Budget Manager            | FT          | A           | XE        | Anchorage | AA           | 17 A          | 12.0        |               | 39,204          | 0    | 0           | 13,716          | 52,920      |           |

|                          | Total Positions | New | Deleted |
|--------------------------|-----------------|-----|---------|
| Full Time Positions:     | 6               | 0   | 0       |
| Part Time Positions:     | 0               | 0   | 0       |
| Non Permanent Positions: | 0               | 0   | 0       |
| Positions in Component:  | 6               | 0   | 0       |

Total Component Months: 72.0

|                                    |         |
|------------------------------------|---------|
| Total Salary Costs:                | 342,526 |
| Total COLA:                        | 0       |
| Total Premium Pay:                 | 0       |
| Total Benefits:                    | 102,322 |
| Total Pre-Vacancy:                 | 444,848 |
| Minus Vacancy Adjustment of 1.72%: | (7,648) |
| Total Post-Vacancy:                | 437,200 |
| Plus Lump Sum Premium Pay:         | 0       |
| Personal Services Line 100:        | 437,200 |

| PCN Funding Sources:                       | Pre-Vacancy | Post-Vacancy | Percent |
|--------------------------------------------|-------------|--------------|---------|
| 1025 Science & Technology Endowment Income | 347,836     | 341,856      | 78.19%  |
| 1061 Capital Improvement Project Receipts  | 97,012      | 95,344       | 21.81%  |
| Total PCN Funding:                         | 444,848     | 437,200      | 100.00% |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

Scenario: DCED FY2000 Personal Services  
 Component: Energy Operations (1935)  
 BRU Name: Rural Energy Program--Energy Operations

**DRAFT**

| PCN     | Job Class Title                | Time Status | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount |
|---------|--------------------------------|-------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|-----------|
| 08-0401 | Division Director              | FT          | A           | XE        | Anchorage | AA           | 26 E / F      | 12.0        |               | 81,813          | 0    | 0           | 21,533          | 103,346     | 103,346   |
| 08-0403 | Dev Spec I, Option A           | FT          | A           | GG        | Anchorage | 2A           | 18 F          | 12.0        |               | 51,624          | 0    | 0           | 16,312          | 67,936      |           |
| 08-0407 | Planner IV                     | FT          | A           | SS        | Anchorage | 2A           | 22 L          | 12.0        |               | 75,864          | 0    | 0           | 20,528          | 96,390      | 26,218    |
| 08-0410 | Accounting Tech I              | FT          | A           | GG        | Anchorage | 2A           | 12 E / F      | 12.0        |               | 33,275          | 0    | 3,488       | 13,336          | 50,099      |           |
| 00-0411 | Grants Administrator I         | FT          | A           | GG        | Anchorage | 2A           | 13 E / F      | 12.0        |               | 35,523          | 0    | 2,838       | 13,656          | 52,017      |           |
| 08-0438 | Administrative Assistant       | FT          | A           | GG        | Anchorage | 2A           | 13 A / B      | 12.0        |               | 31,272          | 0    | 0           | 12,237          | 43,509      | 40,637    |
| 08-0440 | Drafting Technician III        | FT          | A           | GG        | Anchorage | 2A           | 15 J / K      | 12.0        |               | 44,451          | 0    | 0           | 14,876          | 59,327      |           |
| 08-0443 | Engineer/Architect III         | FT          | A           | SS        | Anchorage | 2A           | 22 L / M      | 12.0        |               | 77,888          | 0    | 0           | 20,808          | 98,696      |           |
| 08-0455 | Administrative Clerk III       | FT          | A           | GG        | Anchorage | 2A           | 10 C / D      | 12.0        |               | 27,899          | 0    | 0           | 11,562          | 39,461      |           |
| 08-0457 | Administrative Manager II      | FT          | A           | GG        | Anchorage | 2A           | 17 A          | 12.0        |               | 40,428          | 0    | 0           | 14,070          | 54,498      | 54,498    |
| 08-0458 | Dev Spec II, Option B          | FT          | A           | GG        | Juneau    | 2A           | 20 C / D      | 12.0        |               | 54,614          | 0    | 0           | 16,910          | 71,524      | 49,809    |
| 08-0466 | Dev Spec II, Option B          | FT          | A           | GG        | Anchorage | 2A           | 20 F          | 12.0        |               | 58,956          | 0    | 0           | 17,779          | 76,735      | 25,284    |
| 08-0468 | Administrative Clerk III       | FT          | A           | GG        | Anchorage | 2A           | 10 E / F      | 12.0        |               | 29,468          | 0    | 0           | 11,876          | 41,344      |           |
| 08-0469 | Grants Administrator I         | FT          | A           | GG        | Anchorage | 2A           | 13 E / F      | 12.0        |               | 36,058          | 0    | 0           | 13,195          | 49,253      | 49,253    |
| 08-0473 | Administrative Clerk II        | FT          | A           | GG        | Anchorage | 2A           | 8 J           | 12.0        |               | 27,300          | 0    | 0           | 11,442          | 38,742      |           |
| 08-0479 | Rural Electrical Utility Wrk   | FT          | A           | LL        | Anchorage | 1A           | 52 C / D      | 12.0        |               | 48,146          | 0    | 0           | 16,257          | 64,403      |           |
| 08-0491 | Rural Electrical Utility Coord | FT          | A           | SS        | Anchorage | 2A           | 19 J          | 12.0        |               | 57,816          | 0    | 0           | 17,113          | 74,929      |           |
| 08-0495 | Grants Administrator II        | FT          | A           | GG        | Anchorage | 2A           | 17 B / C      | 12.0        |               | 42,509          | 0    | 0           | 14,487          | 56,996      | 56,996    |
| 08-0498 | Engineering Assistant III      | FT          | A           | GG        | Anchorage | 2A           | 18 A          | 12.0        |               | 43,476          | 0    | 0           | 14,680          | 58,156      |           |
| 21-7037 | Engineer/Architect II          | FT          | A           | GG        | Anchorage | 2A           | 20 A          | 12.0        |               | 49,764          | 0    | 0           | 15,939          | 65,703      |           |
| 21-7038 | Engineer/Architect II          | FT          | A           | GG        | Anchorage | 2A           | 20 A          | 12.0        |               | 49,764          | 0    | 0           | 15,939          | 65,703      |           |
| 21-7010 | Rural Electrical Utility Wrk   | FT          | A           | LL        | Anchorage | 1A           | 52 B          | 12.0        |               | 45,669          | 0    | 0           | 15,761          | 61,430      |           |
| 21-7011 | Project Asst                   | FT          | A           | GG        | Anchorage | 2A           | 16 F          | 12.0        |               | 45,036          | 0    | 0           | 14,993          | 60,029      |           |
| 21-7012 | Rural Electrical Utility Wrk   | FT          | A           | LL        | Anchorage | 1A           | 52 C / D      | 12.0        |               | 47,736          | 0    | 0           | 16,175          | 63,911      |           |
| 21-7013 | Dev Spec I, Option B           | FT          | A           | GG        | Anchorage | 2A           | 18 C / D      | 12.0        |               | 47,708          | 0    | 0           | 15,528          | 63,236      |           |
| 21-7014 | Dev Spec II, Option A          | FT          | A           | GG        | Anchorage | 2A           | 20 A / B      | 12.0        |               | 51,004          | 0    | 0           | 16,187          | 67,191      |           |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.



**Personal Services Expenditure Detail**  
**Department of Community & Economic Development**

**DRAFT**

**Scenario:** DCED FY2000 Personal Services  
**Component:** Energy Operations (1935)  
**BRU Name:** Rural Energy Program--Energy Operations

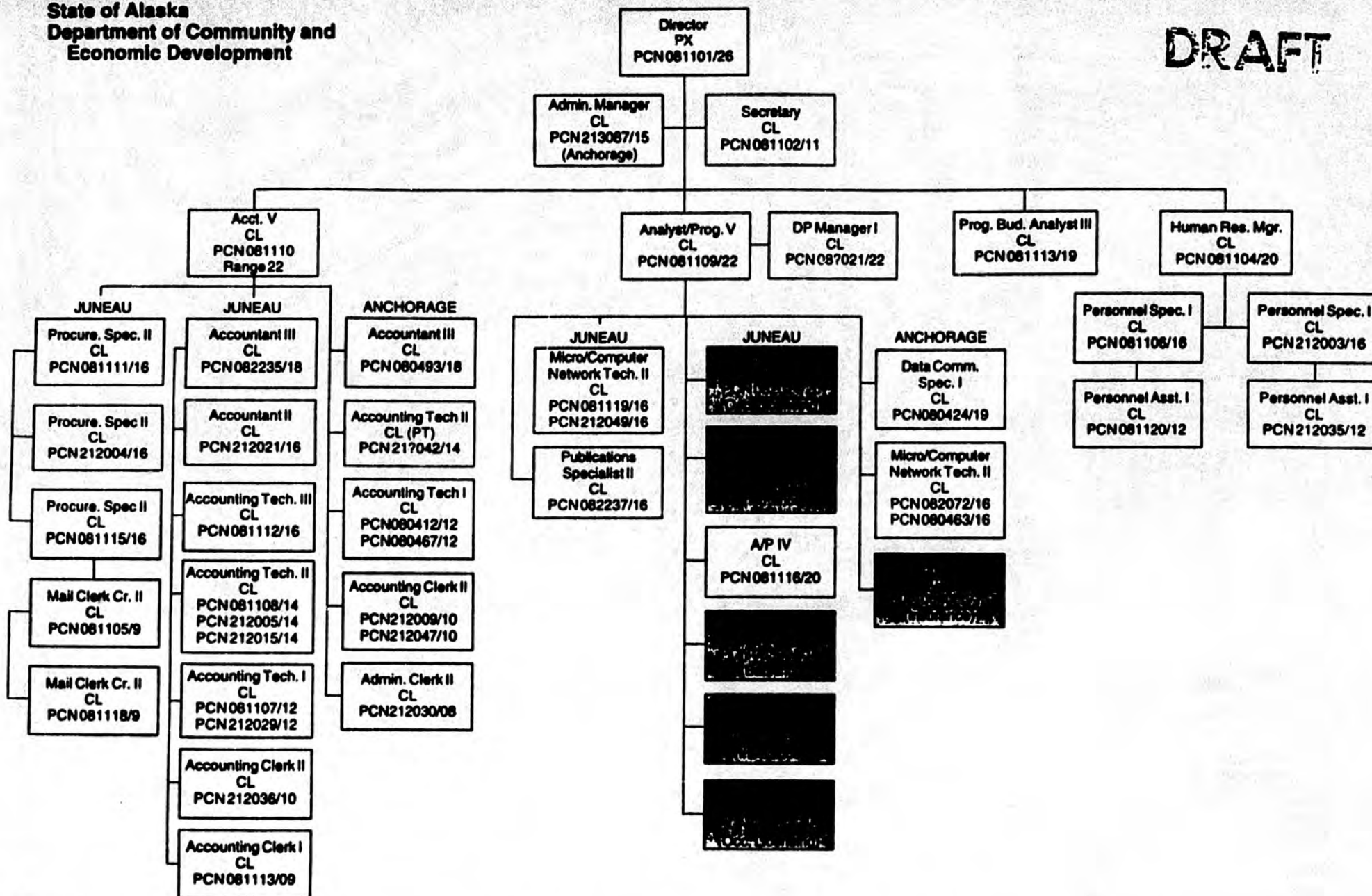
**DRAFT**

| PCN                      | Job Class Title | Time Status     | Retire Code | Barg Unit | Location  | Salary Sched | Range / Steps | Comp Months | Split / Count | Annual Salaries | COLA | Premium Pay | Annual Benefits | Total Costs | GF Amount                          |           |
|--------------------------|-----------------|-----------------|-------------|-----------|-----------|--------------|---------------|-------------|---------------|-----------------|------|-------------|-----------------|-------------|------------------------------------|-----------|
| 21-7015                  | Project Asst    | FT              | A           | GG        | Anchorage | 2A           | 16 C / D      | 12.0        |               | 41,491          | 0    | 0           | 14,283          | 55,774      |                                    |           |
|                          |                 |                 |             |           |           |              |               |             |               |                 |      |             |                 |             |                                    |           |
|                          |                 | Total Positions | New         | Deleted   |           |              |               |             |               |                 |      |             |                 |             | Total Salary Costs:                | 1,276,552 |
|                          |                 |                 |             |           |           |              |               |             |               |                 |      |             |                 |             | Total COLA:                        | 0         |
| Full Time Positions:     |                 | 27              | 0           | 0         |           |              |               |             |               |                 |      |             |                 |             | Total Premium Pay:                 | 6,326     |
| Part Time Positions:     |                 | 0               | 0           | 0         |           |              |               |             |               |                 |      |             |                 |             | Total Benefits:                    | 417,460   |
| Non Permanent Positions: |                 | 0               | 0           | 0         |           |              |               |             |               |                 |      |             |                 |             | Total Pre-Vacancy:                 | 1,700,338 |
| Positions in Component:  |                 | 27              | 0           | 0         |           |              |               |             |               |                 |      |             |                 |             | Minus Vacancy Adjustment of 6.73%: | (114,438) |
|                          |                 |                 |             |           |           |              |               |             |               |                 |      |             |                 |             | Total Post-Vacancy:                | 1,585,900 |
|                          |                 |                 |             |           |           |              |               |             |               |                 |      |             |                 |             | Plus Lump Sum Premium Pay:         | 0         |
| Total Component Months:  |                 | 324.0           |             |           |           |              |               |             |               |                 |      |             |                 |             | Personal Services Line 100:        | 1,585,900 |

| PCN Funding Sources:      |                                      | Pre-Vacancy      | Post-Vacancy     | Percent        |
|---------------------------|--------------------------------------|------------------|------------------|----------------|
| 1002                      | Federal Receipts                     | 51,451           | 47,988           | 3.03%          |
| 1004                      | General Fund Receipts                | 406,042          | 378,714          | 23.88%         |
| 1007                      | Inter-Agency Receipts                | 61,832           | 57,670           | 3.64%          |
| 1061                      | Capital Improvement Project Receipts | 667,914          | 641,615          | 40.46%         |
| 1062                      | Power Project Loan Fund              | 444,237          | 414,338          | 26.13%         |
| 1074                      | Bulk Fuel Revolving Loan Fund        | 48,862           | 45,574           | 2.87%          |
| <b>Total PCN Funding:</b> |                                      | <b>1,700,338</b> | <b>1,585,900</b> | <b>100.00%</b> |

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**DRAFT**



CL: Classified  
PX: Partially Exempt  
EX: Exempt

**(Rev. 8/99)**

**7 Budget in other divisions - supervised by Administrative Services**  
All positions are located in Juneau, unless otherwise indicated.

Approved: Deborah B. Sedwick, Commissioner

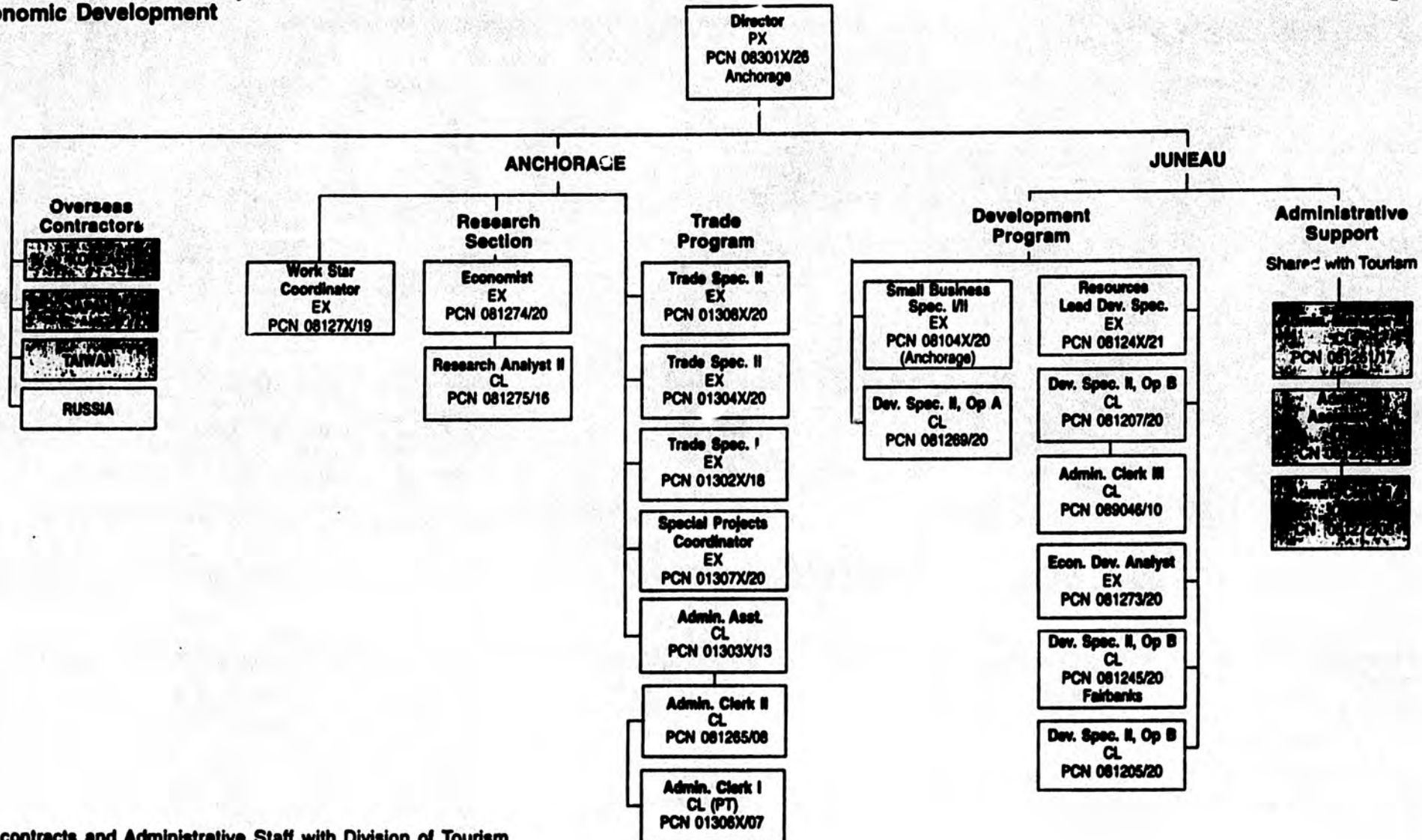
**Effective Date:** \_\_\_\_\_



# DIVISION OF TRADE AND DEVELOPMENT

Y 2000  
late of Alaska  
Department of Community and  
Economic Development

DRAFT



int contracts and Administrative Staff with Division of Tourism  
Reflected in Tourism Development Component

(Rev. 8/99)

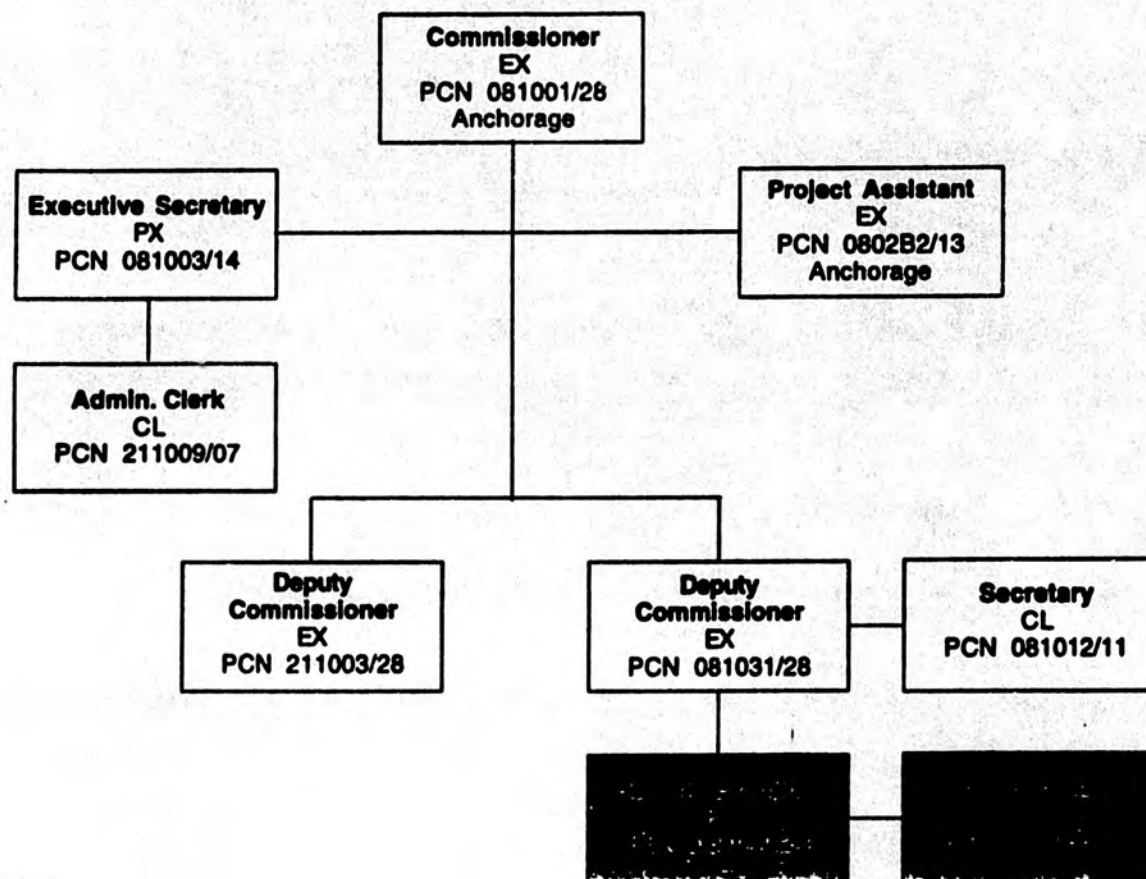
CL: Classified  
PX: Partially Exempt  
EX: Exempt

Approved: \_\_\_\_\_  
Commissioner of Department of Community and Economic Development

Effective Date: \_\_\_\_\_

**DRAFT**

**OFFICE OF THE COMMISSIONER**



Shaded = Budgeted in Occ. Licensing

CL: Classified  
PX: Partially Exempt  
EX: Exempt

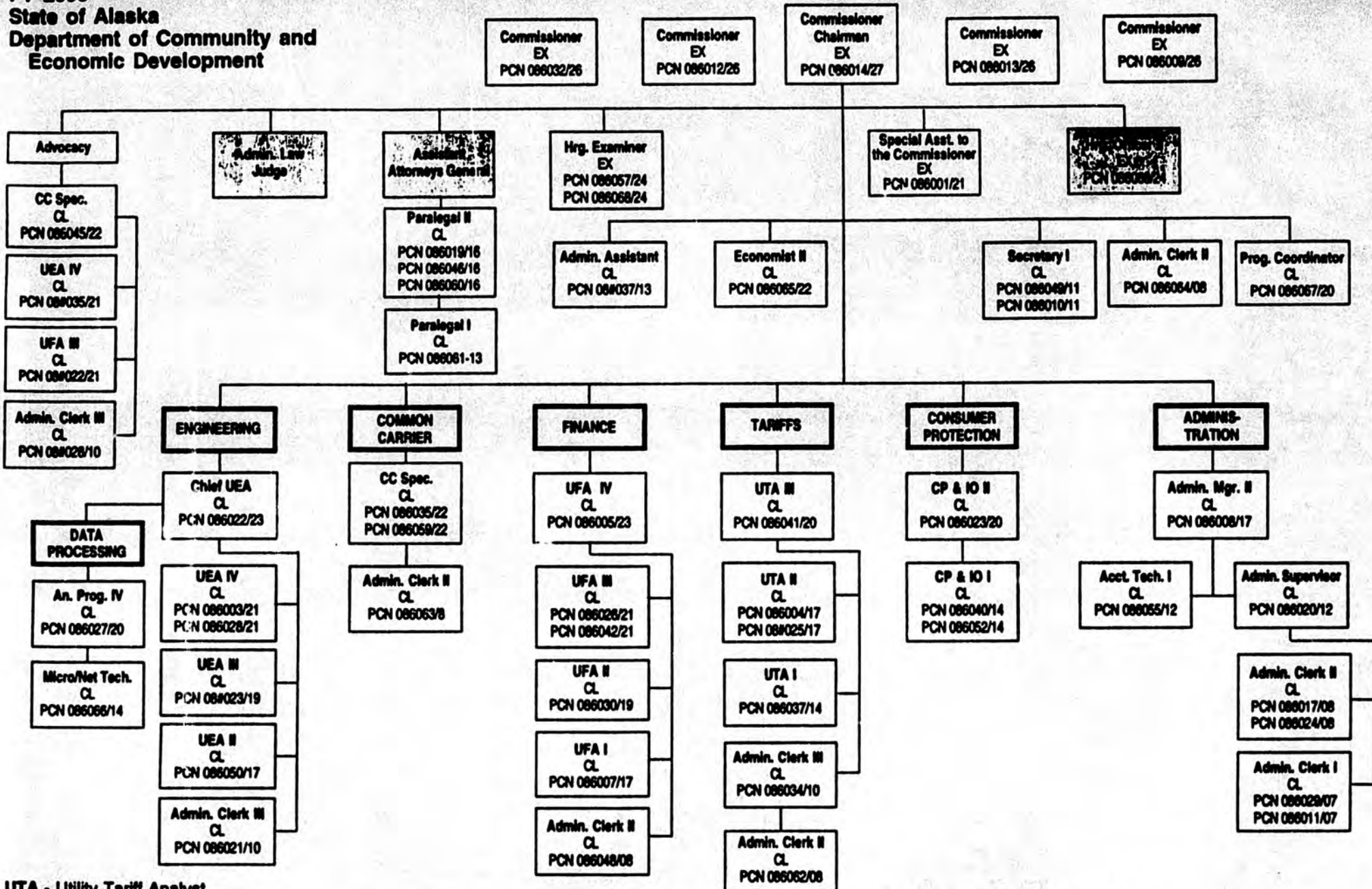
Approved: \_\_\_\_\_  
Deborah B. Sedwick, Commissioner



# REGULATORY COMMISSION OF ALASKA

DRAFT

FY 2000  
State of Alaska  
Department of Community and  
Economic Development



UTA - Utility Tariff Analyst  
UFA - Utility Financial Analyst  
UEA - Utility Engineering Analyst  
CP & IO - Consumer Protection and Information Officer  
CC - Common Carrier  
UE - Utility Engineer

CL: Classified  
PX: Partially Exempt  
EX: Exempt  
S: Seasonal

☐ Positions funded under contract

\* Employee of Department of Law, Attorney General's Office

Effective Date: \_\_\_\_\_

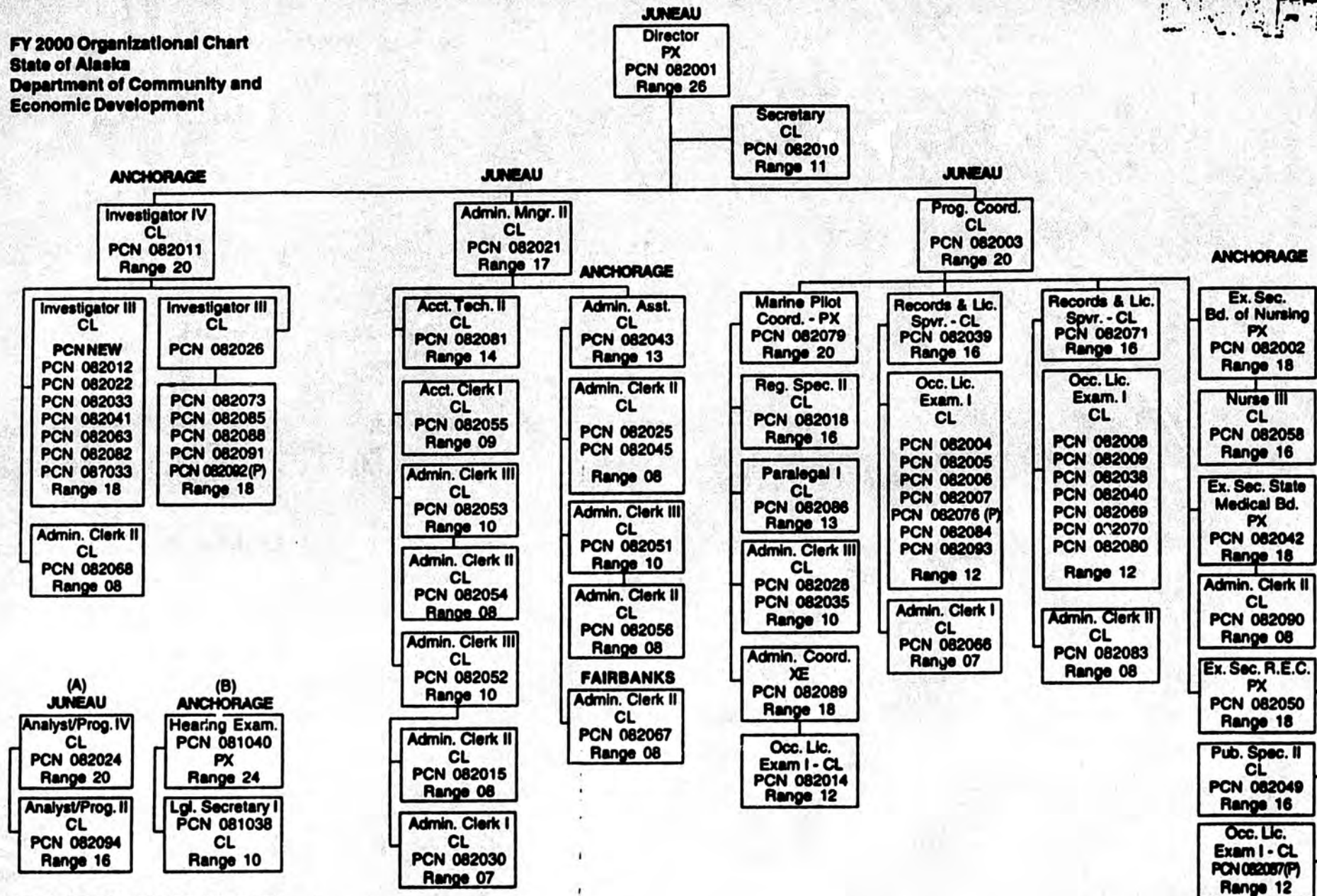
Approved: \_\_\_\_\_

Deborah B. Sedwick, Commissioner

# DIVISION OF OCCUPATIONAL LICENSING

DRAFT

FY 2000 Organizational Chart  
State of Alaska  
Department of Community and  
Economic Development



Budgeted in Occupational Licensing:  
A) Supervised by A/PV in Administrative Services  
B) Supervised by Commissioner's Office

(Rev. 8/99)

CL: Classified  
XE: Partially Exempt  
EX: Exempt

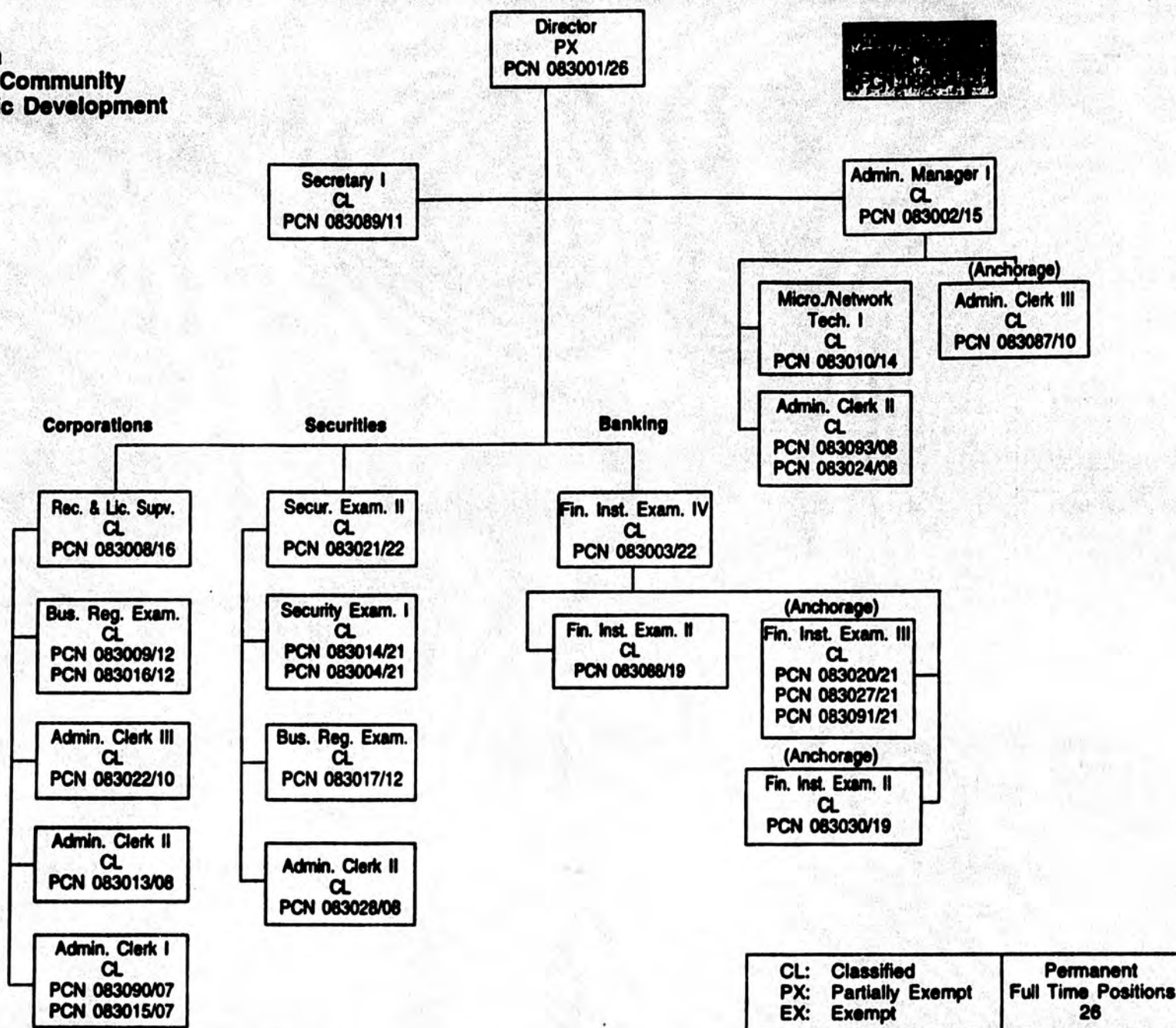
(All positions are located in Juneau  
unless otherwise specified)  
Total Budgeted Positions: 68

Approved: Deborah B. Sedwick, Commissioner



# DIVISION OF BANKING, SECURITIES AND CORPORATIONS

**FY 2000  
State of Alaska  
Department of Community  
and Economic Development**



Positions are located in Juneau if not otherwise specified.  
Shaded box: Supervised by Administrative Services

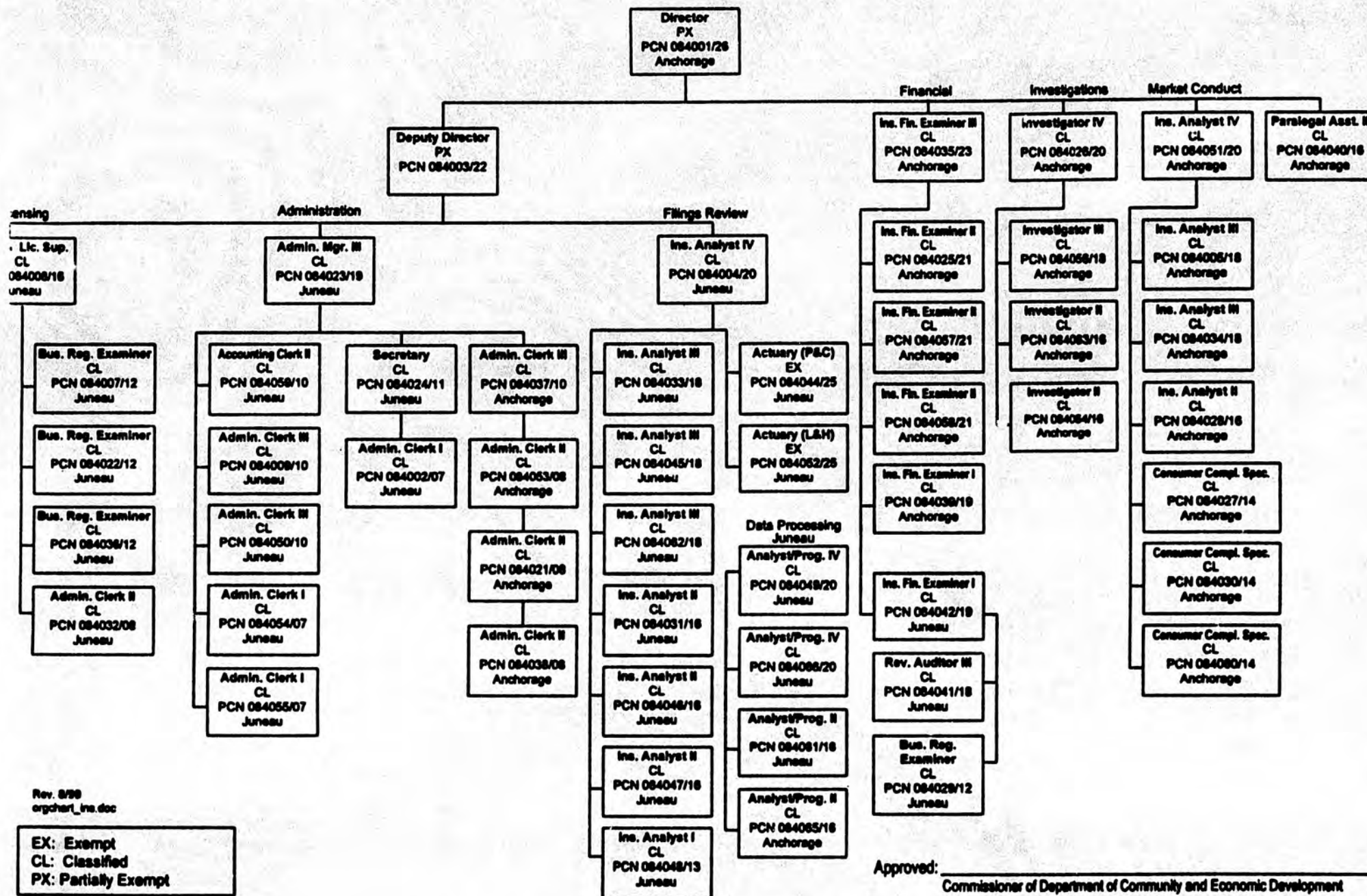
(Rev. 8/99)

Approved: \_\_\_\_\_  
Deborah B. Sedwick, Commissioner

# DIVISION OF INSURANCE

FY 2000  
State of Alaska  
Department of Community and Economic Development

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Rev. 8/99  
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EX: Exempt  
CL: Classified  
PX: Partially Exempt

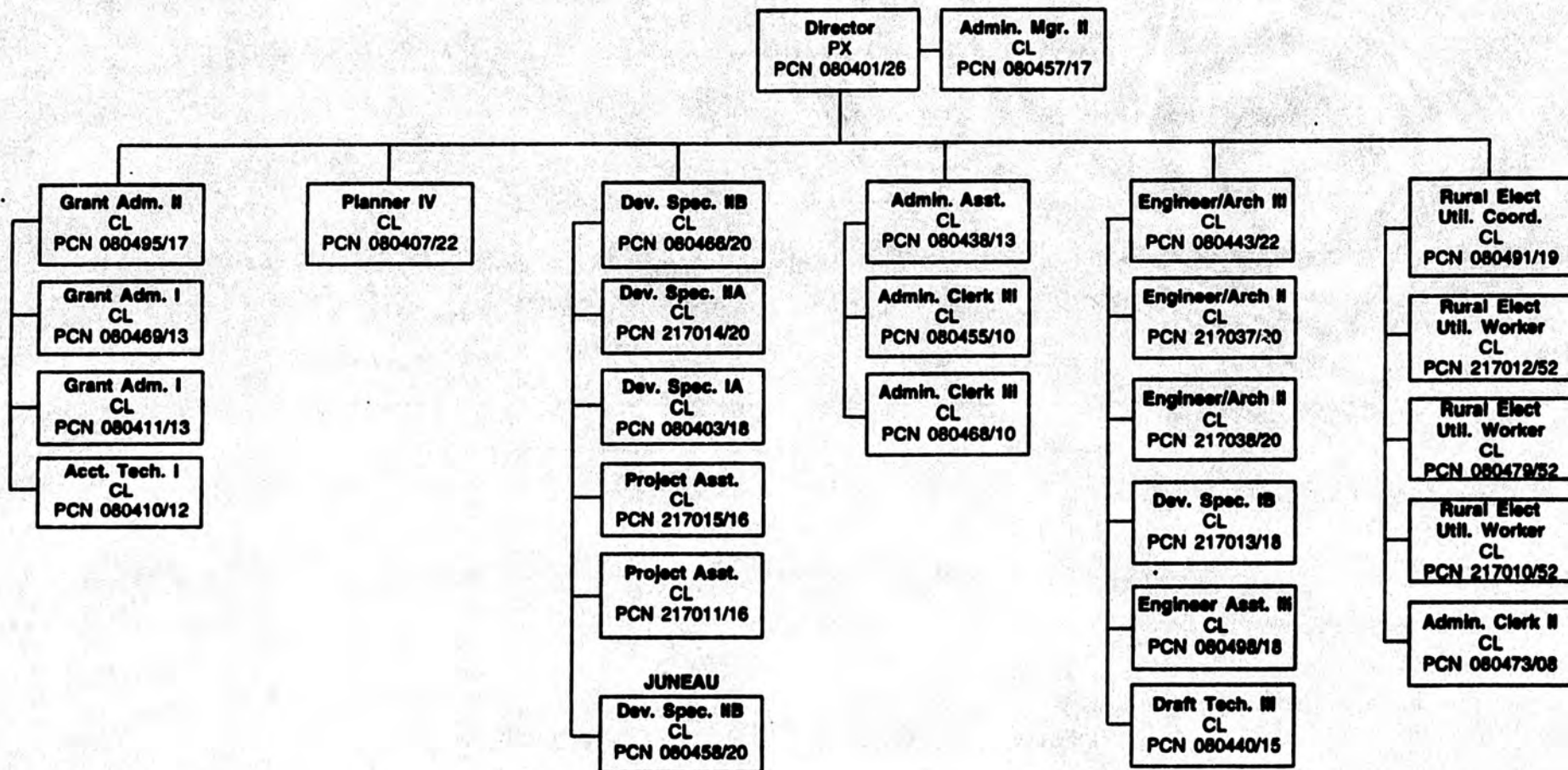
Approved: \_\_\_\_\_  
Commissioner of Department of Community and Economic Development

Effective Date: \_\_\_\_\_



Effective Date: \_\_\_\_\_

# DIVISION OF ENERGY



CL: Classified  
EX: Exempt  
PX: Partially Exempt

Rev. 8/99)

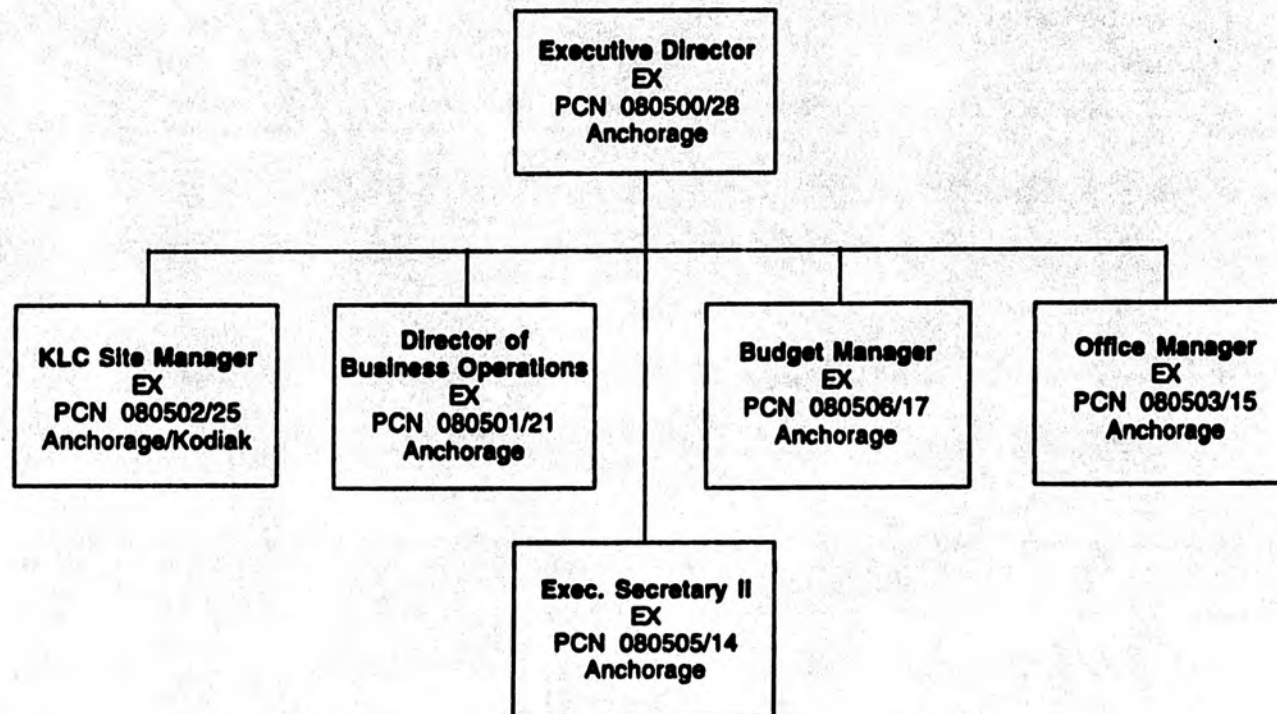
Approved: \_\_\_\_\_  
Commissioner of Department of Community and Economic Development

Effective Date: \_\_\_\_\_



**DRAFT**

**ALASKA AEROSPACE DEVELOPMENT CORPORATION**

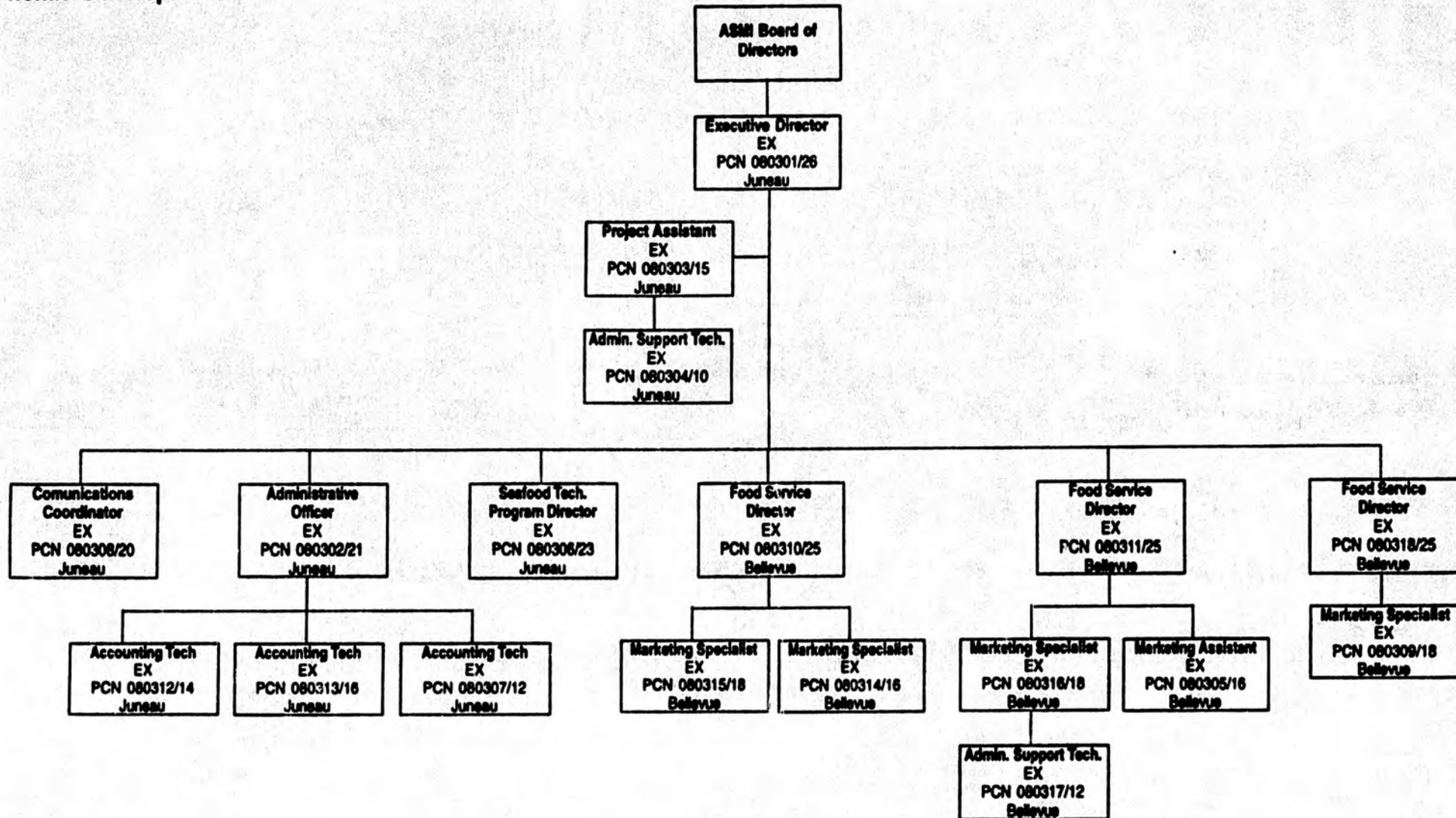


Approved: \_\_\_\_\_  
Deborah B. Sedwick, Commissioner

# ALASKA SEAFOOD MARKETING COUNCIL

Y 2000  
 State of Alaska  
 Department of Community and  
 Economic Development

# DRAFT



(rev. 8/99)

EX: Exempt

Approved: \_\_\_\_\_

Commissioner of Department of Commerce and Economic Development

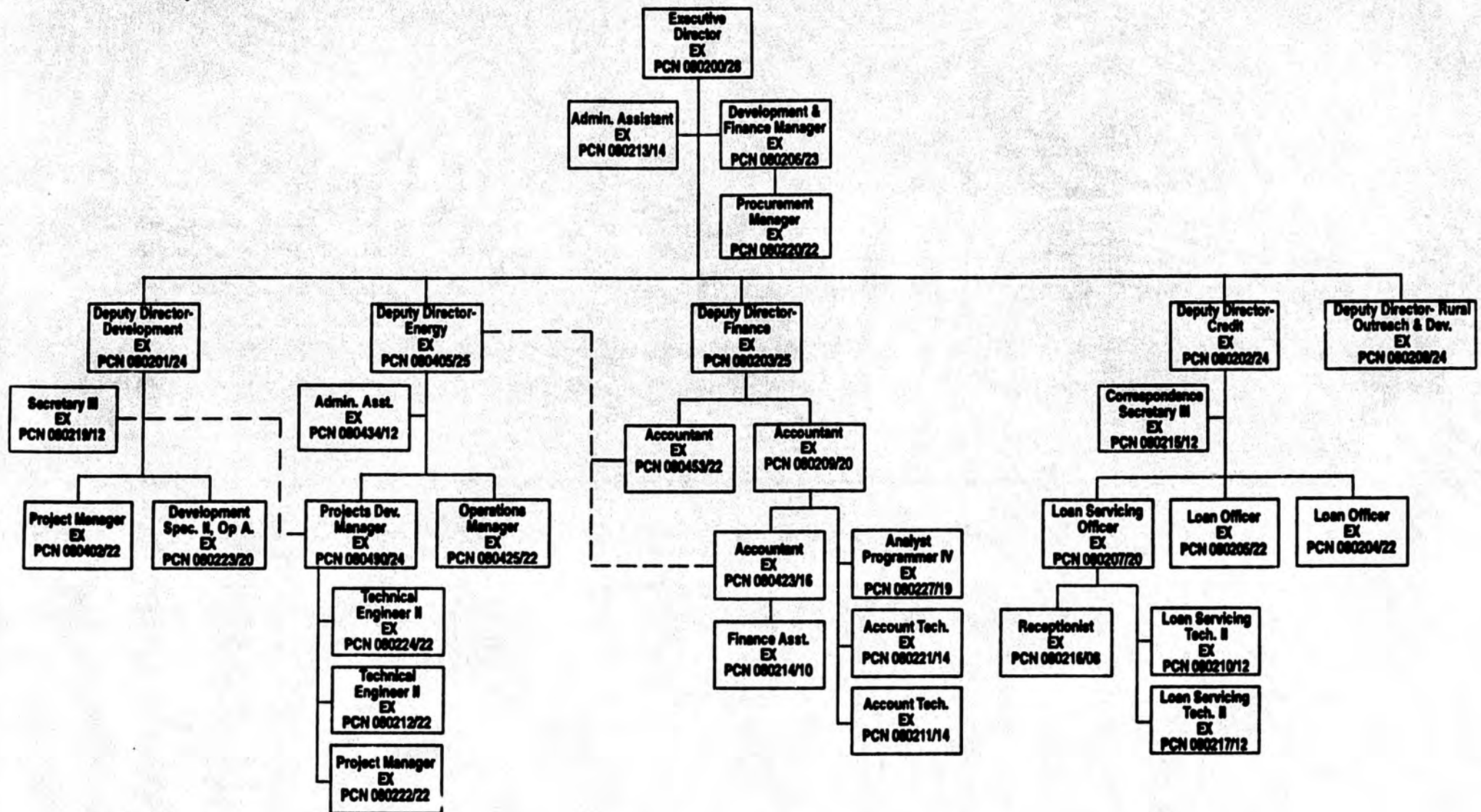
Effective Date: \_\_\_\_\_



# ALASKA INDUSTRIAL DEVELOPMENT EXPORT AUTHORITY

Y 2000  
State of Alaska  
Department of Community and  
Economic Development

# DRAFT



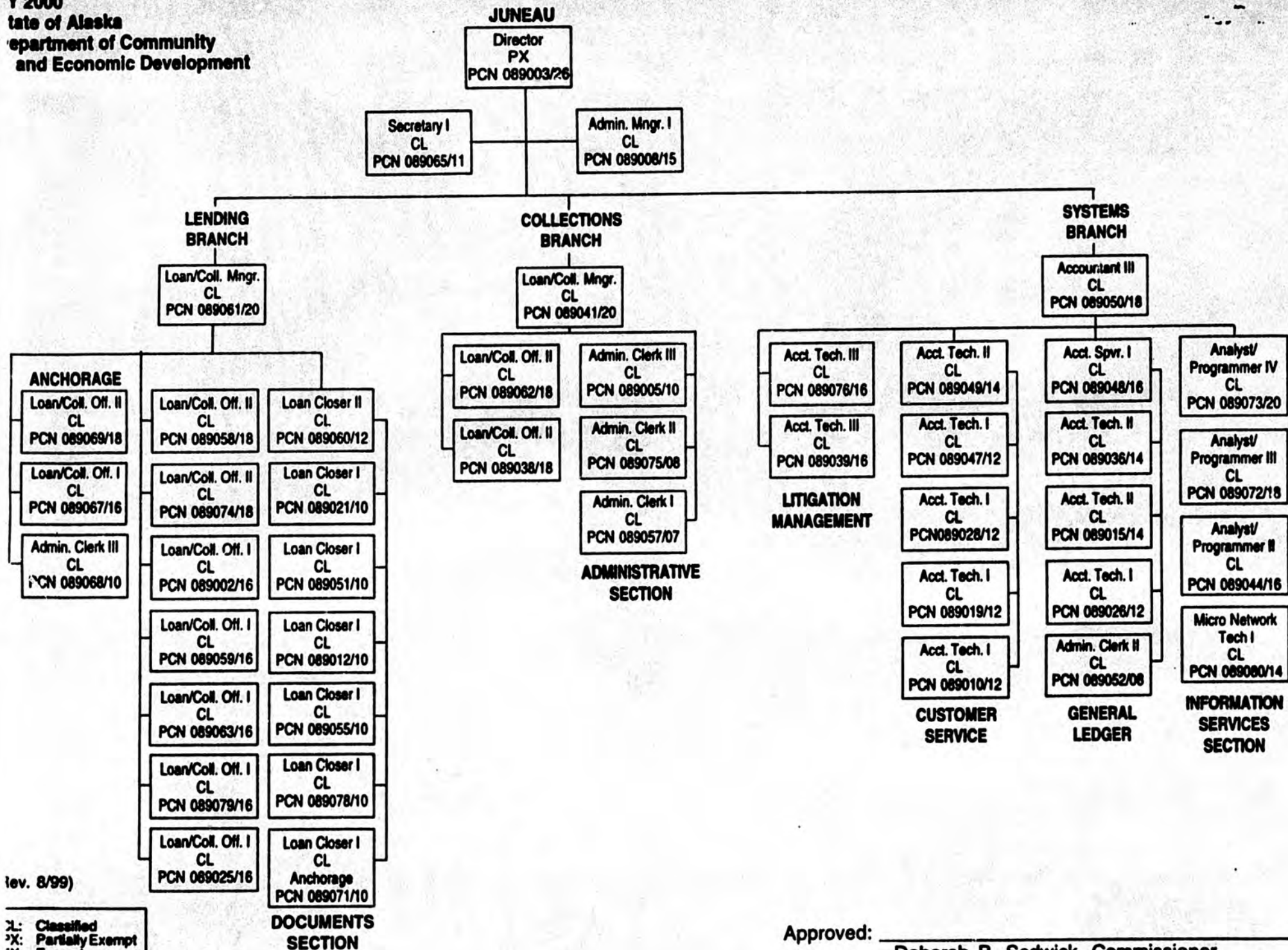
Rev. 8/99)

EX: Exempt

Approved: \_\_\_\_\_  
Commissioner of Department of Community and Economic Development

Effective Date: \_\_\_\_\_

# DIVISION OF INVESTMENTS



(rev. 8/99)

CL: Classified  
PX: Partially Exempt  
EX: Exempt

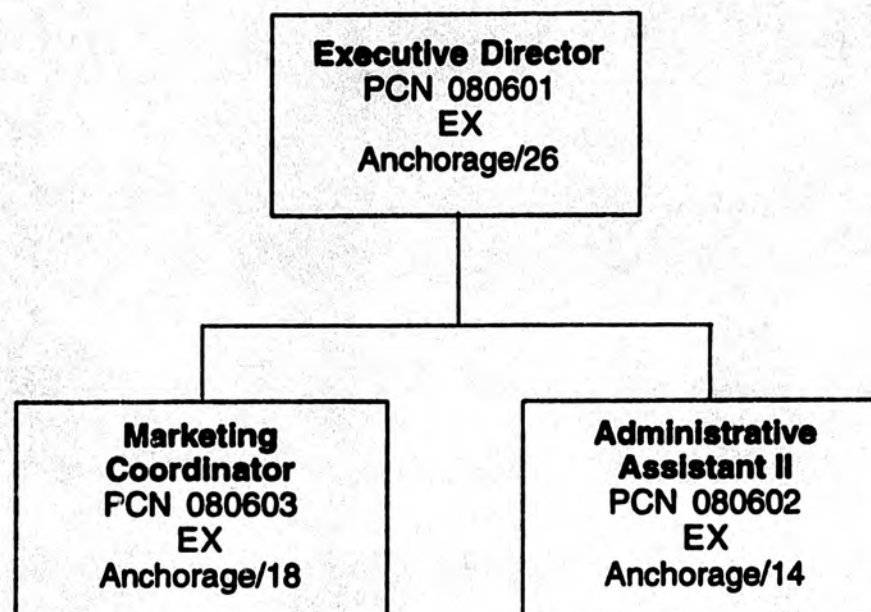
Approved: \_\_\_\_\_

Deborah B. Sedwick, Commissioner

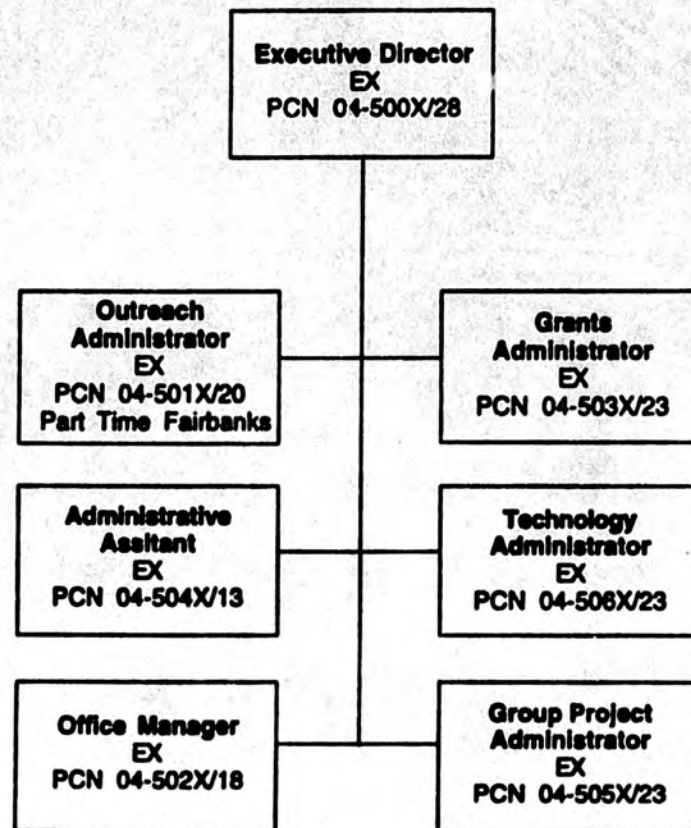


**DRAFT**

**ALASKA TOURISM MARKETING COUNCIL**



ALASKA SCIENCE AND TECHNOLOGY FOUNDATION



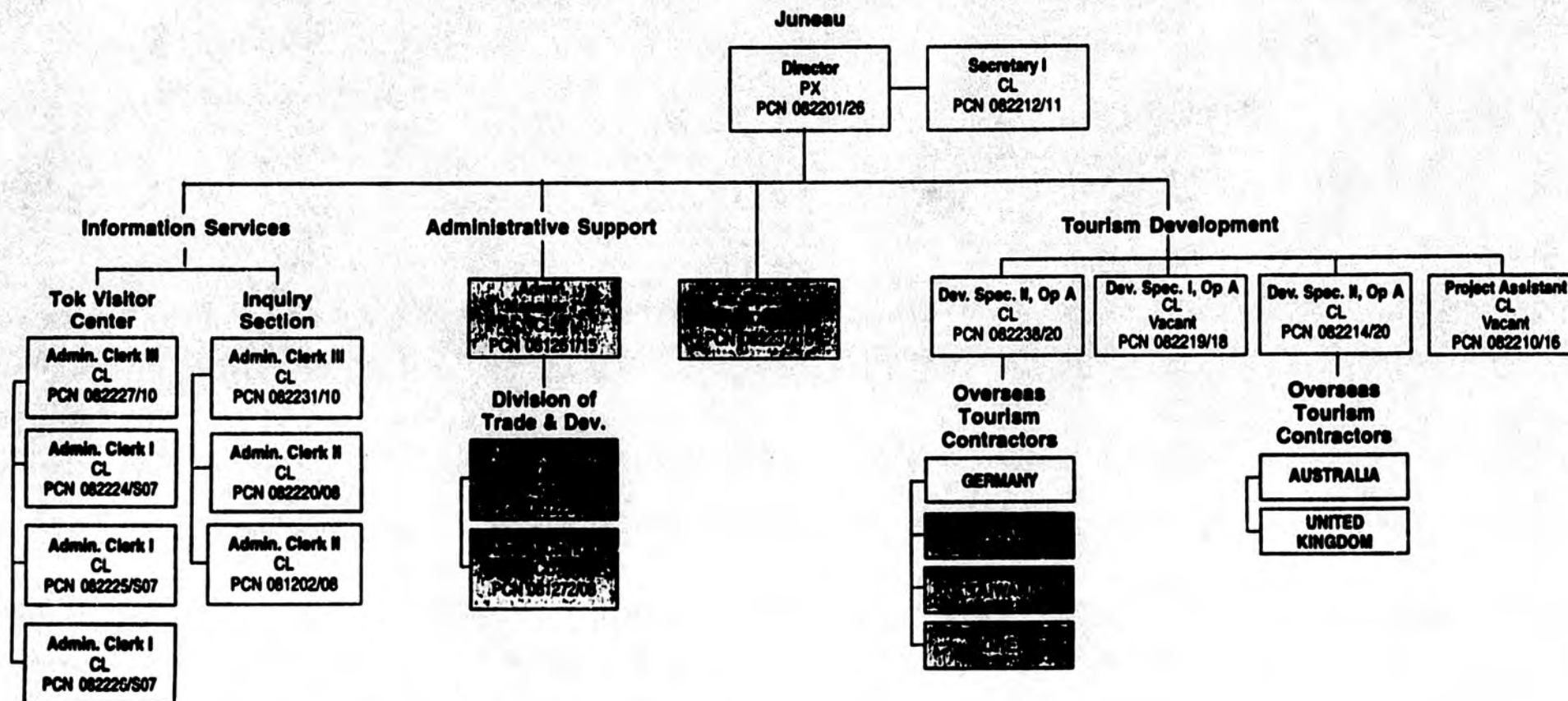
All positions are located in Anchorage  
(except parttime Fairbanks)

Approved: \_\_\_\_\_  
Deborah B. Sedwick, Commissioner



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# DIVISION OF TOURISM



(Rev. 8/99)

CL: Classified  
PX: Partially Exempt  
EX: Exempt  
S: Seasonal

☒ Joint Contracts and Administrative Staff with  
Division of Trade and Development

- \* Reflected in Trade and Development Component
- \*\* Reflected in Administrative Services Component

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Commissioner of Department of Community & Economic Development

## Department of Community and Economic Development

### FY2000 Budget Request Unit Contacts

| BRU/Component                                                         | Name              | Title                                                      | Phone                      | Fax                        | Email                              |
|-----------------------------------------------------------------------|-------------------|------------------------------------------------------------|----------------------------|----------------------------|------------------------------------|
| Insurance                                                             | Bob Lohr          | Director, Division of Insurance                            | 465-2518<br>(907) 269-7896 | 465-3422<br>(907) 269-7912 | Bob_Lohr@dced.state.ak.us          |
| Banking, Securities Corporations                                      | Terry Elder       | Director, Division of Banking,<br>Securities Corporations  | 465-5448                   | 465-2549                   | Terry_Elder@dced.state.ak.us       |
| Occupational Licensing                                                | Catherine Reardon | Director, Division of Occupational<br>Licensing            | 465-2536                   | 465-2974                   | Catherine_Reardon@dced.state.ak.us |
| Alaska Public Utilities Commission                                    | Nanette Thompson  | Chair, Regulatory Commission of<br>Alaska                  | (907) 263-<br>2112         | (907) 276-0160             | Nan_Thompson@rca.state.ak.us       |
| Executive Administration &<br>Development/<br>Commissioner's Office   | Jeff Bush         | Deputy Commissioner,<br>Commissioner's Office              | 465-5459                   | 465-5442                   | Jeff_Bush@dced.state.ak.us         |
| Executive Administration &<br>Development/<br>Trade & Development     | Greg Wolf         | Director, Division of Trade &<br>Development               | (907) 269-8100             | (907) 269-8125             | Greg_Wolf@dced.state.ak.us         |
| Executive Administration &<br>Development/<br>Administrative Services | Tom Lawson        | Director, Division of<br>Administrative Services           | 465-2506                   | 465-2563                   | Tom_Lawson@dced.state.ak.us        |
| State Maintenance Facilities                                          | Tom Lawson        | Director, Division of<br>Administrative Services           | 465-2506                   | 465-2563                   | Tom_Lawson@dced.state.ak.us        |
| National Forest Receipts                                              | Pat Poland        | Director, Division of Municipal<br>and Regional Assistance | (907) 269-4578             | (907) 269-4539             | Pat_Poland@dced.state.ak.us        |
| Municipal Revenue Sharing                                             | Pat Poland        | Director, Division of Municipal<br>and Regional Assistance | (907) 269-4578             | (907) 269-4539             | Pat_Poland@dced.state.ak.us        |



|                                                    |                 |                                                                        |                |                |                                  |
|----------------------------------------------------|-----------------|------------------------------------------------------------------------|----------------|----------------|----------------------------------|
| Local Government Assistance                        | Pat Poland      | Director, Division of Municipal and Regional Assistance                | (907) 269-4578 | (907) 269-4539 | Pat_Poland@dced.state.ak.us      |
| Community & Economic Development                   | Pat Poland      | Director, Division of Municipal and Regional Assistance                | (907) 269-4578 | (907) 269-4578 | Pat_Poland@dced.state.ak.us      |
| Tourism Development                                | Ginny Fay       | Director, Division of Tourism                                          | 465-5472       | 465-2287       | Ginny_Fay@dced.state.ak.us       |
| Alaska Science and Technology Foundation           | Jamie Kenworthy | Executive Director, Alaska Science and Technology Foundation           | (907) 272-4333 | (907) 274-6228 | Jkenworthy@astf.org              |
| Alaska Tourism Marketing Council                   | Kathy Dunn      | Executive Director, Alaska Tourism Marketing Council                   | (907) 269-8182 | (907) 269-8136 | Kathy_Dunn@dced.state.ak.us      |
| Investments                                        | Martin Richard  | Director, Division of Investments                                      | 465-2255       | 465-2690       | Martin_Richard@dced.state.ak.us  |
| Alaska Industrial Development and Export Authority | Randy Simmons   | Executive Director, Alaska Industrial Development and Export Authority | (907) 269-3050 | (907) 269-3044 | Rsimmmons@aidea.org              |
| Alaska Seafood Marketing Institute                 | Barbara Belknap | Executive Director, Alaska Seafood Marketing Institute                 | 465-5569       | 465-5572       | Barbara_Belknap@dced.state.ak.us |
| Alaska Aerospace Development Corporation           | Pat Ladner      | Executive Director, Alaska Aerospace Development Corporation           | (907) 561-3338 | (907) 561-3339 | Pat_Laner@akaerospace.com        |
| Rural Energy Programs—Energy Operations            | Randy Simmons   | Executive Director, Alaska Industrial Development and Export Authority | (907) 269-3050 | (907) 269-3044 | Rsimmmons@aidea.org              |
| Circuit Rider Program                              | Randy Simmons   | Executive Director, Alaska Industrial Development and Export Authority | (907) 269-3050 | (907) 269-3044 | Rsimmmons@aidea.org              |

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**August 17, 1999**

The Commerce and Community Development Subcommittee met on August 17, 1999 at 11:30. Present and at remote locations were Chairman Johnson and members Crawford, Smith, Holmes, Smirnoff, Levi, Davidge, Thomas, Wolf, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Also present was Commissioner Sedwick. Staff from Commerce and Community Development were also present on air. The subcommittee decided that it would meet weekly on Wednesdays between 3:30 and 5 starting the next Wednesday.

Commissioner Sedwick gave an overview of her new, combined department. Basically there were four classes of functions: regulatory, economic development, quasi-public entities and rural development. A budgetary overview was distributed and Sedwick gave a brief description of the department and its functions.

After Sedwick's presentation the subcommittee debated what its long term focus was to be. With a final report due by the middle of October, it was decided to make the focus as clear as possible as soon as possible. After a brief discussion it was suggested that the divisions be examined being guided by a five-step process:

1. Identify the functions each division performed,
2. Determine if that function was necessary,
3. Establish a purpose for the function,
4. Suggest alternatives to the function if appropriate, and
5. Determine the feasibility of the alternative.

It was further decided that each member of the subcommittee would choose a division on which to concentrate. Subcommittee members were to call Craig Johnson and state their preferences. Meeting adjourned at 13:25.



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**August 25, 1999**

The Commerce and Community Development Subcommittee met on August 25, 1999 at 11:30. Present and at remote locations were Chairman Craig Johnson and members Crawford, Smith, Holmes, Holm, Levi, Davidge, Thomas, Schroer, Rouse, Helm, Wuerch, Schlotfeldt, Sanders, Nichols along with staff member Pignalberi and Representative Cowdry. Staff from Community and Economic Development were also present on air.

The committee reviewed material submitted by staff and one member expressed extreme displeasure at the lack of completeness of the offering. After some discussion, staff agreed to provide a specific, up-to-the-moment organizational chart with all positions – filled and vacant – to the committee by the next meeting.

To simplify the process of examining the department, it was decided to divide the department into six functional categories: A) regulatory, B) management, C) revenue sharing, D) economic development and E) subsidy. In person, on air and by phone, the membership of the groups is as follows:

- A: Schroer, Holmes, Schlofeldt**
- B: Davidge, Johnson, Holmes, Hackney, Smirnoff**
- C: Helm, Wuerch, Sanders**
- D: Levi, Davidge, Smith, Nichols, Rouse**
- E: Crawford, Nichols, Jones, Smirnoff**

Each of the groups was urged to choose a chair and that person would be the primary contact for the specific divisions to be examined. The meeting adjourned at 5:15.

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**MINUTES for September 17, 1999:**

The September 17, 1999 meeting was very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Jim Sanders, Steve Rouse and legislative staff member Marco Pignalberi. Staff chair Ric Davidge gave a summary of the work done by the Economic Development subcommittee and announced that all of the questionnaires had been sent out and he was assembling the responses. He stated he expected to have a final report within three weeks for review by the entire committee. Crawford reported that his investment subcommittee had examined AHFC, AIDA, ASTF and the Alaska Aerospace Development Corporation and stated he felt his subcommittee would recommend that AHFC and AIDA be combined administratively with the \$620 million funding from AIDA going back to the General Fund. The meeting was then adjourned.

**MINUTES for September 22, 1999:**

The September 17, 1999 meeting was also very short because Chairman Johnson was not present and many members did not show up. Present were temporary Chair Jim Crawford, Ric Davidge, Steve Levi, Dennis Schlotfeldt, Jim Sanders, Don Schroer, and legislative staff member Marco Pignalberi as well as administrative staff member Greg Wolfe. Chairman Crawford gave an update on his subcommittee and Don Schroer gave an overview of the work the regulatory subcommittee was doing. A question was raised about the State of Alaska's statutory responsibility to handle the elections of Alaska Native Corporations and administrative staff member Wolfe stated he would bring details to the next meeting. Schroer suggested allowing all bank audits to be done by the private sector. With unanimous consent, Chairman Crawford set a deadline for questions to the administration on September 27<sup>th</sup>. All questions were to be answered by October 4<sup>th</sup> so a final report could be presented on October 15<sup>th</sup>. The meeting was then adjourned.