

ALASKA LEGISLATURE

1868

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

What's IMPORTANT to measure?

Results.....not Activities

Result: The intended "outcome" of the effort.

Activities: The things done to accomplish the "outcome".

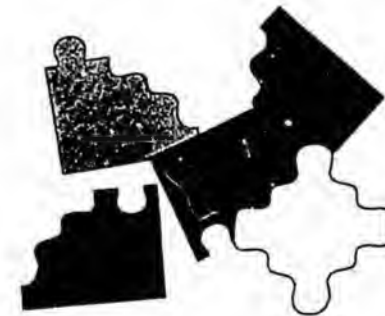
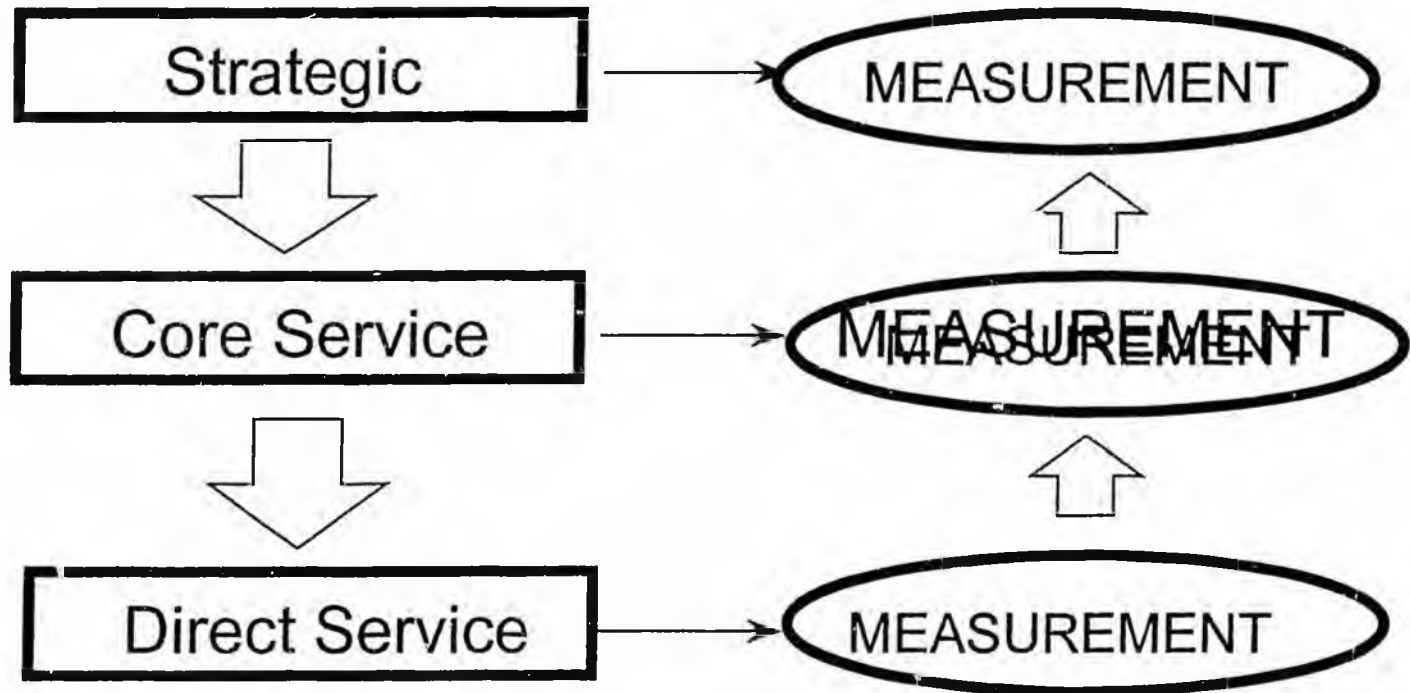
EXAMPLE - JOBS Training

Result = Person gets a Job

Activities =
Person's case is established
Person is trained
Person receives child care assistance
Person is taught interviewing skills
etc.....



Cascading Alignment - "The Picture"

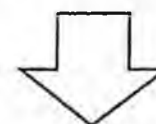


Cascading Example: NY OASAS

Strategic:

- % Clients who improve after leaving treatment

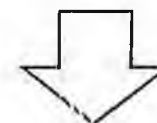
Strategic



Core Service:

- % of clients who improve in their vocational status 6 months after leaving treatment.
- % change in clients not returning to Criminal Justice System.

Core Service



Direct Service:

- % of programs achieving substantial compliance.
- % of clients successfully completing treatment.

Direct Service



Cascading Example(s): Transportation & TANF

Strategic:

% citizens that have less than a 30 minute commute from home to work.

Core Service:

% of cities with daily bus service

Direct Service:

- Bus utilization.
- Dollars per rider.

Strategic:

% Client Self Sufficient

Core Service:

% of former clients returning to welfare within 18 months.

Direct Service:

- Cost per client served.
- % of clients getting jobs

Balanced Performance Measures Example: JOBS

Program: Welfare to Work

Efficiency:

Cost per client that gets a job.



Effectiveness:

- *Average time to move from Welfare to Work.*
- *% of clients placed above minimum wage.*
- *% of "repeat" clients*

Performance Budgeting “Premise”

Alignment & Accountability
MUST precede Performance
Budgeting, else this becomes
just another “budget justification
process”.

Shifting from Spending to Investing

Budget:

How much do we “get”

Focus is on spending

Tends to “assume” costs

“check book” orientation

Invest:

What did we “get”

Focus is on results

Tends to “challenge” costs

Revenue orientation

In What & At What Level?

- Agency Level - Mission
- Program Unit - Specifics within Agencies
- Outcomes - Broad (cross cutting) Goals
- Combination - Agency & Outcomes

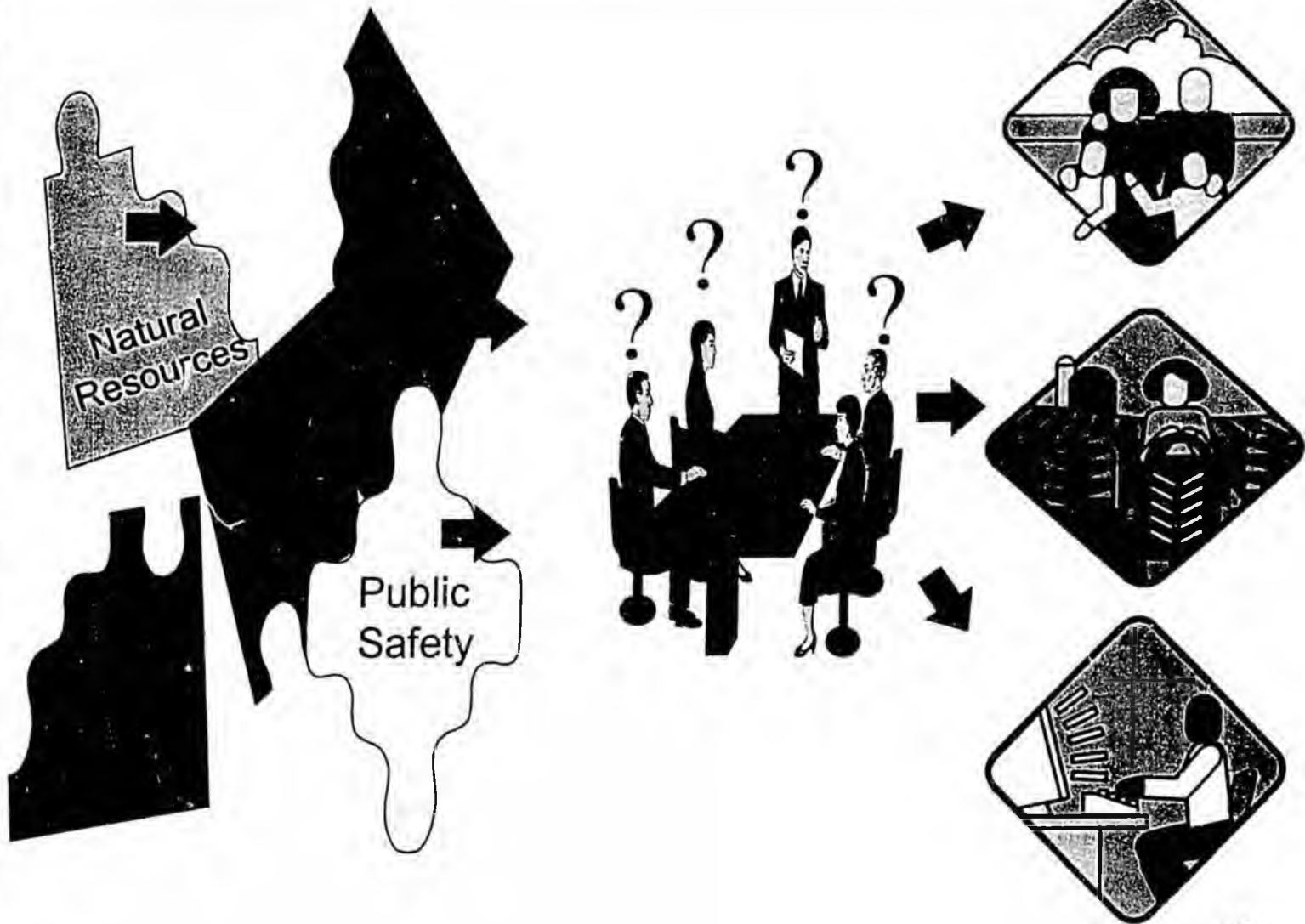


Investing in Agencies



- % spent on administration.
- % spent on Over Time.
- Ratio of managers to staff.
- Layers of management.

Investing in Programs



MTP

Investing in Results



- % of Kindergartners ready to succeed in school.
- # of children abused or neglected per 1,000 persons under age 18.

Organizational Budgeting -vs- Investing in Results

| Organizational Structure | Core Services | | | \$'s |
|--------------------------|-----------------|-----------------|--------------------|---------|
| | People Get Jobs | People Are Safe | People Are At Home | |
| Income Support | X | X | X | Program |
| Employment Srv. | X | | | Program |
| Adult Protect. | | X | | Program |
| Medical Asst. | X | X | X | Program |
| Home Care Srv. | | X | X | Program |
| Administrative | ? | ? | ? | Program |

Outcomes/Results

Investing in Results: KEYS*

- Articulate a Results Orientation,
- Coordinate crosscutting programs,
- Show how strategies will be used to achieve goals,
- Show performance consequences of budget and other resource decisions,
- Build the capacity to gather and use performance information.

* Source: GAO/GGD/AIMD-99-69 (February 1999)

KEY QUESTIONS FOR POLICY MAKERS ?

1. What's your Mission?
2. What are your programs and how do they contribute to the Mission?
3. Who are your customers?
4. What are your Program Outcome Performance Measures?
5. How did you do last year?
6. What do you intend to do differently this year?
7. What are your strategies/priorities for this next year?
8. Which measures are you going to use to validate and monitor our investment?
9. * *Is there duplication between agencies?*
10. * *Are other options viable to accomplish these outcomes?*

Caution - "Simplify to Succeed"

Resist the urge to over complicate for "perceived" completeness. Begin by having each program unit, agencies, submit the following;


- At least one efficiency & one effectiveness measure for each program result.
- Brief narrative to support measure.
- Graph depicting baseline, actual & potential results.
- Quarterly reporting to OMB
- CSSB 169 (FIN am H)

PIT FALLS (Lessons from the "Pit")

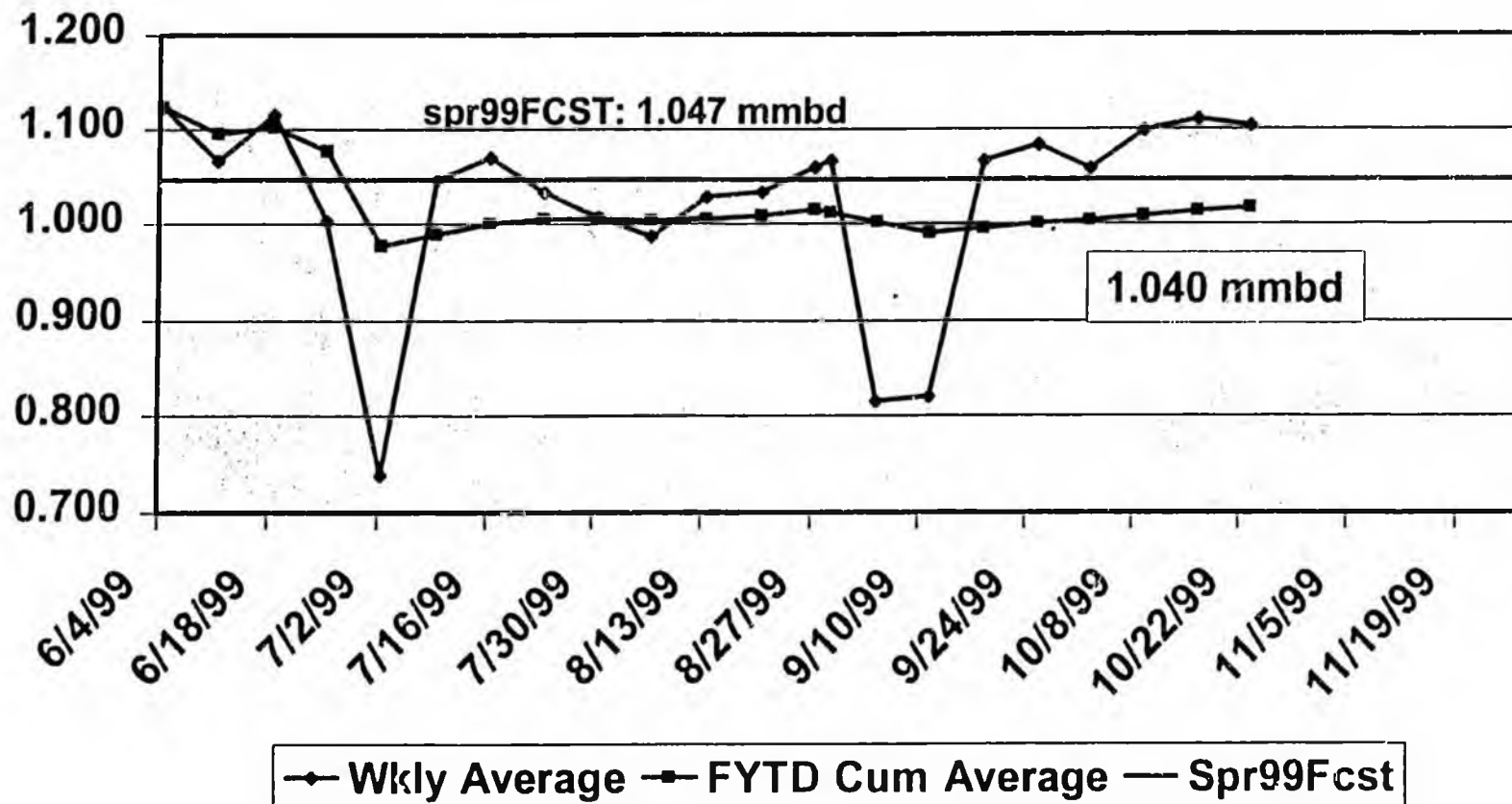
- ✓ There MUST be agreement by the committees that they will follow an agreed upon approach - Speaker and President KEY.
- ✓ Legislative and Executive MUST agree on a shift from spending to investing. The debate on where to invest will still remain.....
- ✓ Create accountability mechanisms - between the Executive and Legislative. (Performance Contracts)
- ✓ Not everyone(Executive and Legislative) will "want" to change. Predetermine the consequences.....
- ✓ Reward appropriate behavior (Executive and Legislative)

PIT FALLS (Lessons from the "Pit")

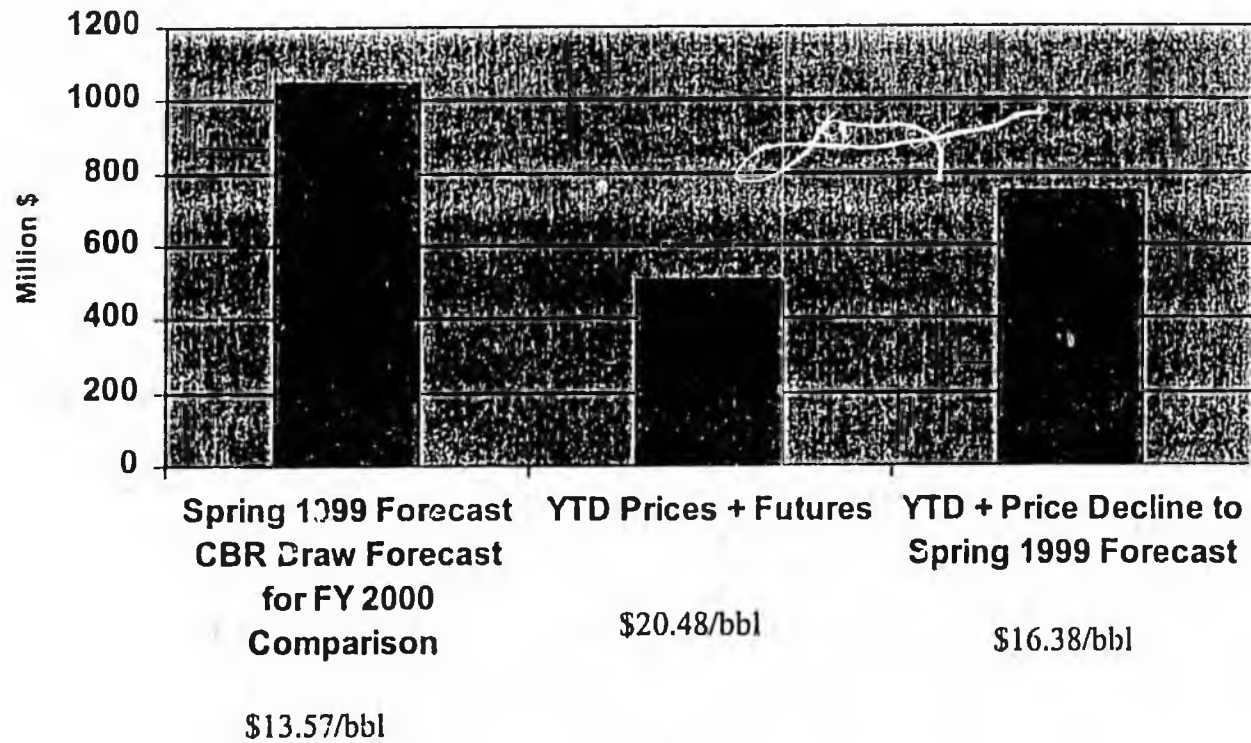
- ✓ Focus is to improve - not keep score. Resist the urge to "judge" the numbers too quickly.
- ✓ Build in a quarterly review process, and be ready to make mid-course corrections.
- ✓ Most Financial Systems "count things" and will probably have to be modified, to provide results based information
- ✓ Remember- no one wins -if poor investments are made!

- 
- FY 1999 a Very Bad Year for State Unrestricted Revenues (\$1350.6 Million and a \$1021.3 million Draw on the Constitutional Budget Reserve)
 - FY 2000 Oil Prices have rebounded to above \$19.75/bbl average so far this year. Even so we would need \$33.85 for the rest of the year to balance the budget (\$28/bbl annual average)
 - FY 2001 and beyond oil price have downside risk as evidenced by the futures market. We would need \$29/bbl to balance the budget at current spending levels.
 - We forecast that in FY 2001 and beyond that ANS production will stabilize at just above 1.0 million bbl/day.
 - Current spending levels will continue to require annual borrowing from the CBRF.
 - The CBRF may be exhausted as soon as FY 2002 (\$10/bbl oil) or as late as FY 2006 (\$20/bbl).

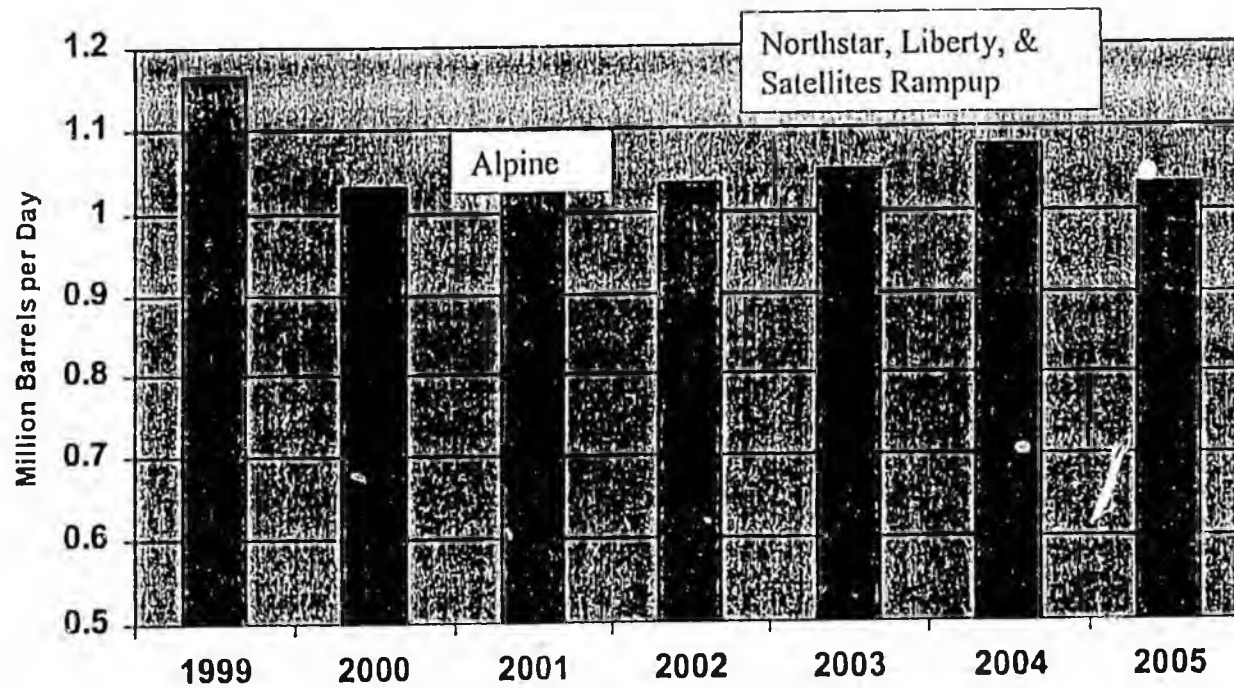
FY 2000 ANS Production



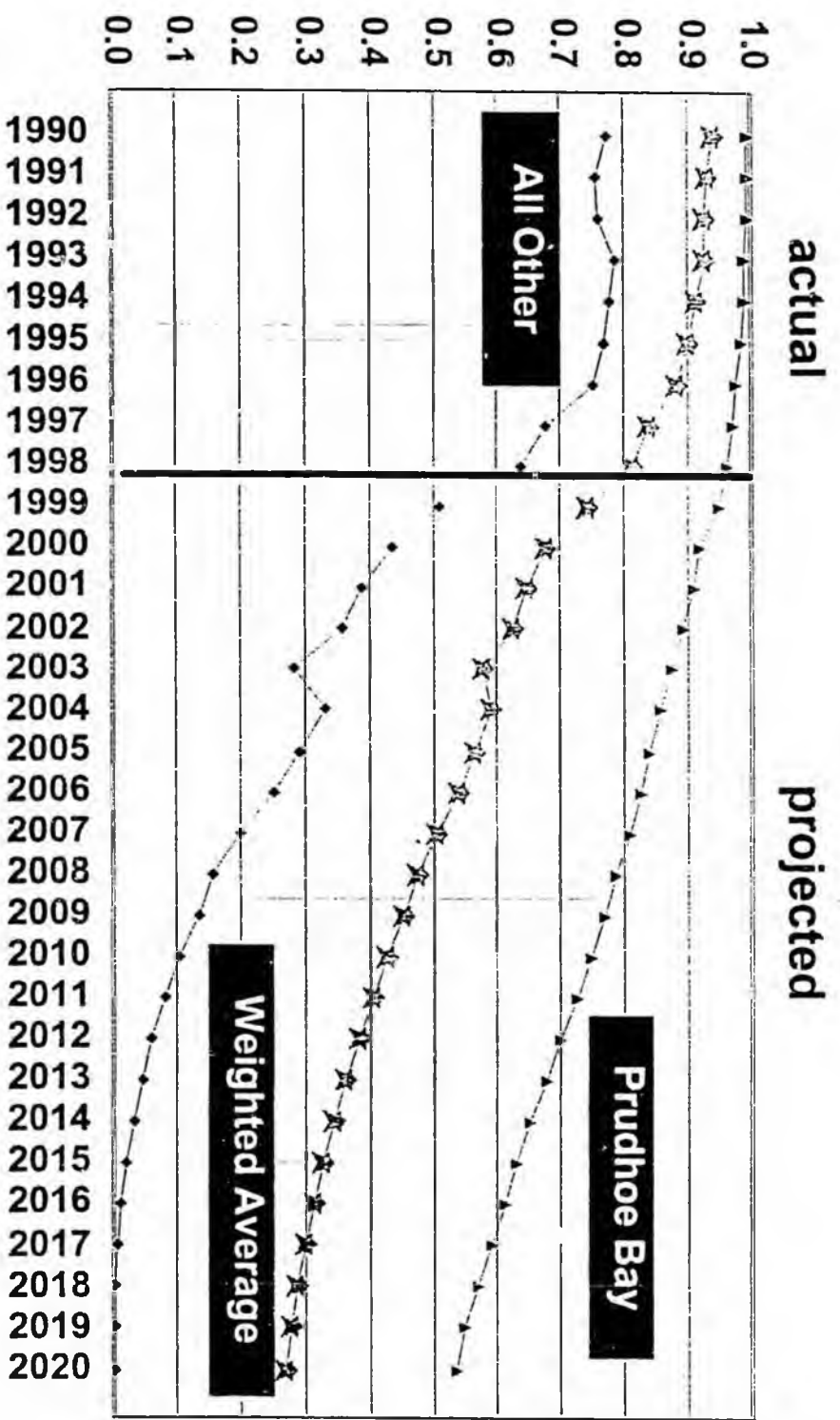
CBR Draw Forecast for FY 2000 Comparison



ANS Production



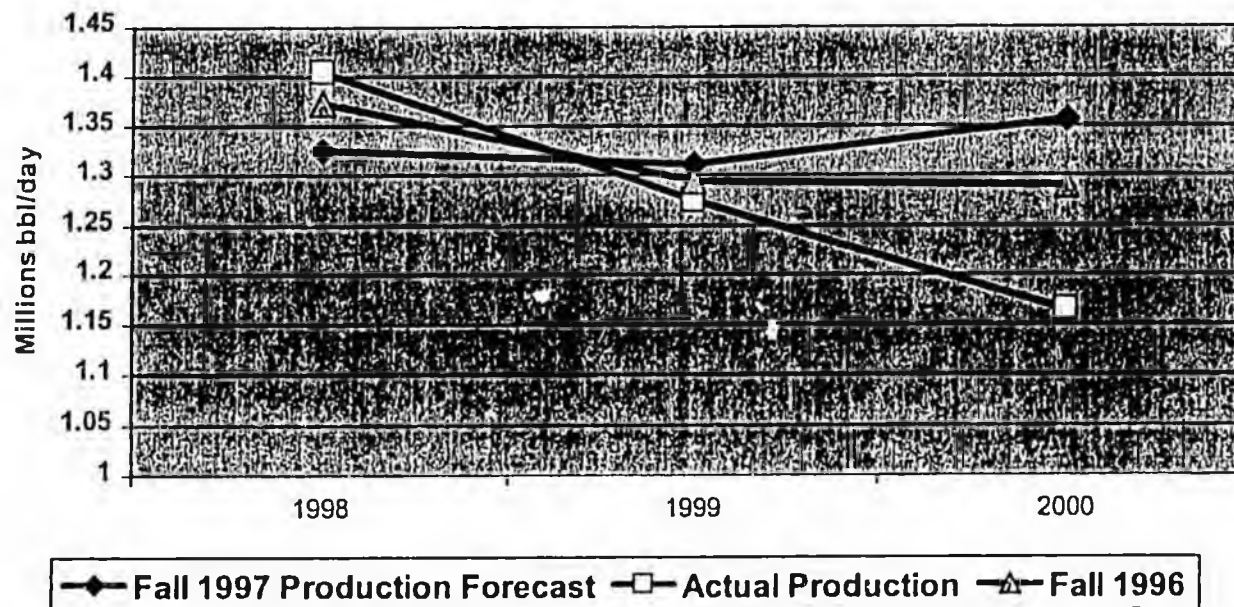
Economic Limit Factor (ELF)



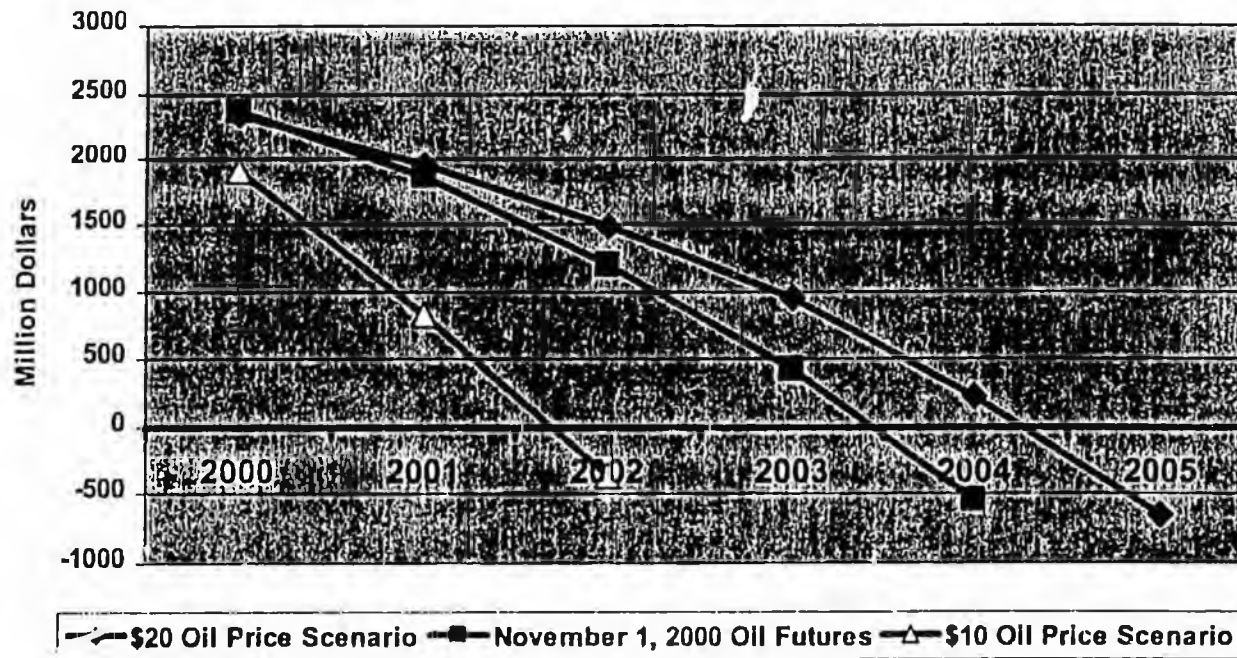
2004 BUMF: PBU-Sat, Alpine, Liberty and Known Onshore

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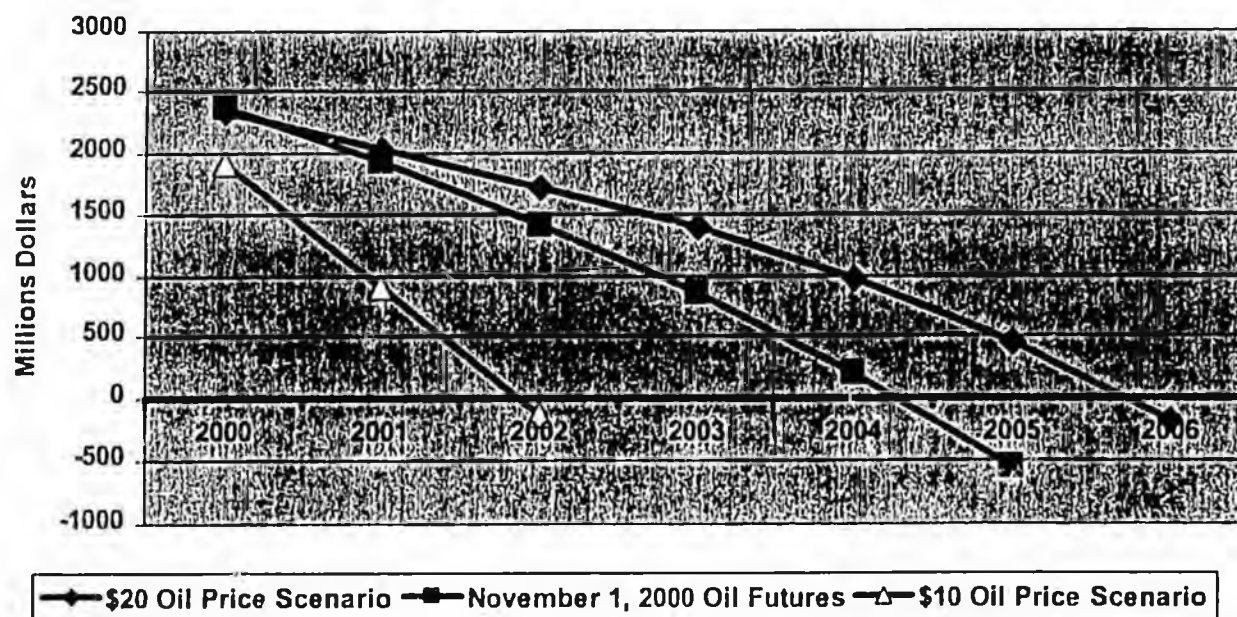
Oil Company Optimism Reflected in the Department of Revenue Fall 1996 & 1997 Production Forecast



**Constitutional Budget Reserve Cash Balance for
Various Future Oil Prices and Flat Operating Budget,
Education Increasing with Population Growth of 1.5%**



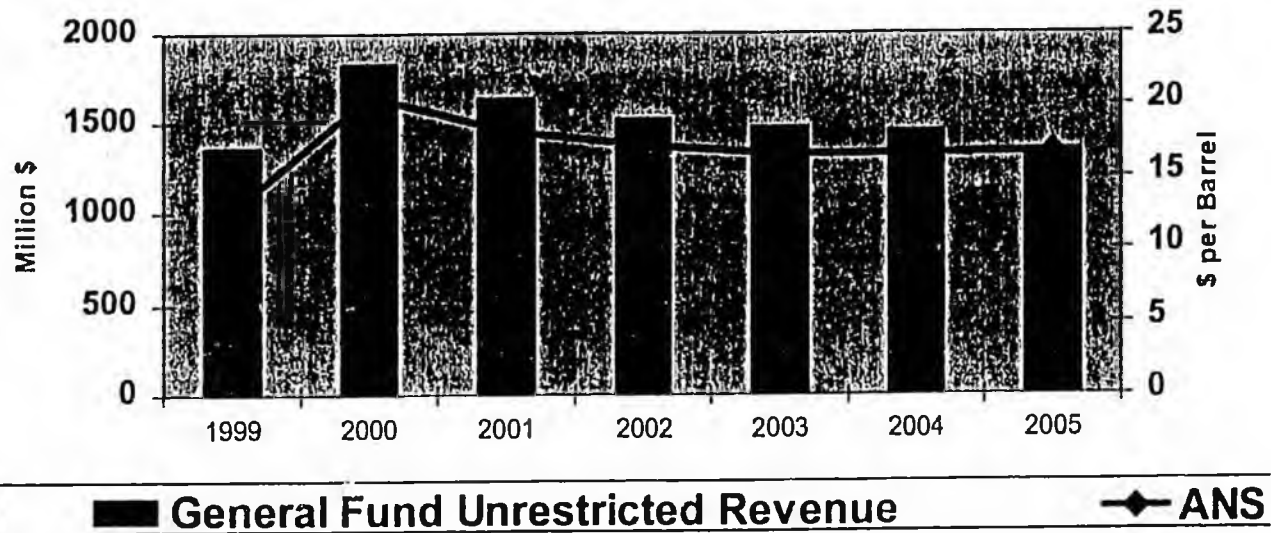
**Constitutional Budget Reserve Cash Balance vor
Various Future Oil Prices Operating Budget Cut 5%
per year through FY 2005, Education Increasing with
Population Growth of 1.5%**



November Revenue Update Using Futures

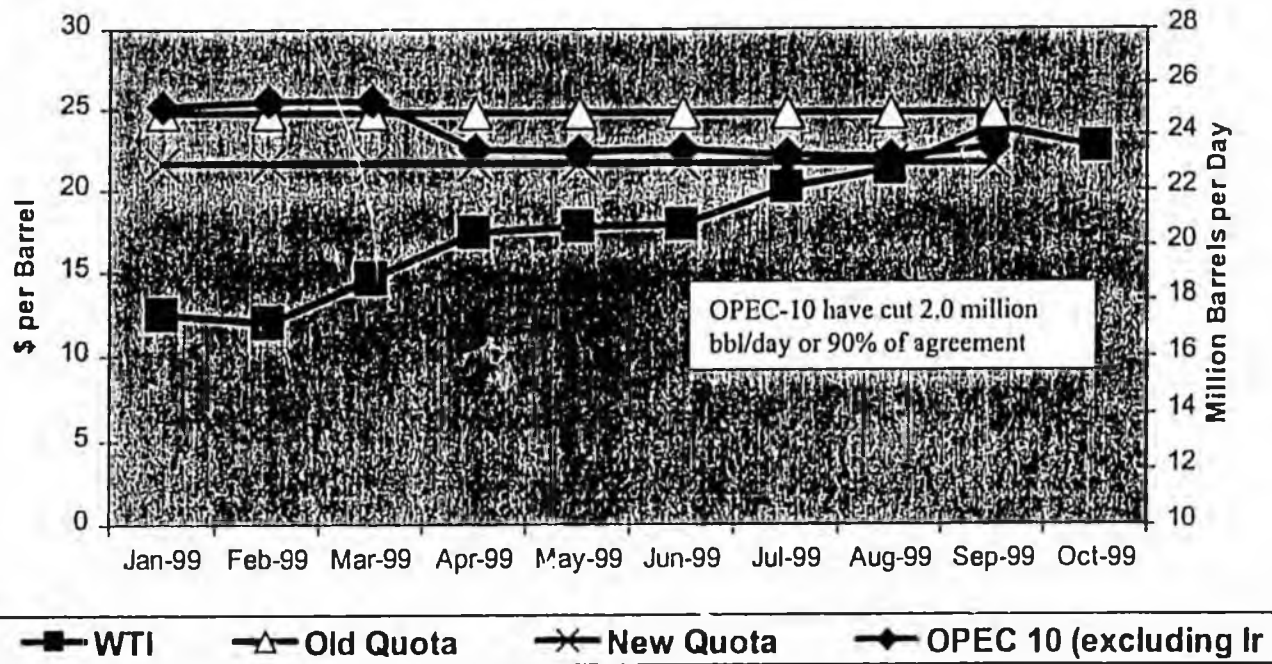
| Fiscal Year | ANS Price (\$/bbl) | ANS Production Million bbl/day | General Fund Unrestricted Revenue Millions \$ |
|-------------|-----------------------|-----------------------------------|--|
| Actual 199 | 12.59 | 1.164 | 1350.6 |
| 2000 | 20.48 | 1.031 | 1829.4 |
| 2001 | 18.09 | 1.064 | 1636.3 |
| 2002 | 17.05 | 1.035 | 1517.2 |
| 2003 | 16.56 | 1.049 | 1468.3 |
| 2004 | 16.58 | 1.076 | 1449.2 |
| 2005 | 16.71 | 1.031 | 1348.0 |

General Fund Unrestricted Revenue and November 1999 Oil Futures Prices

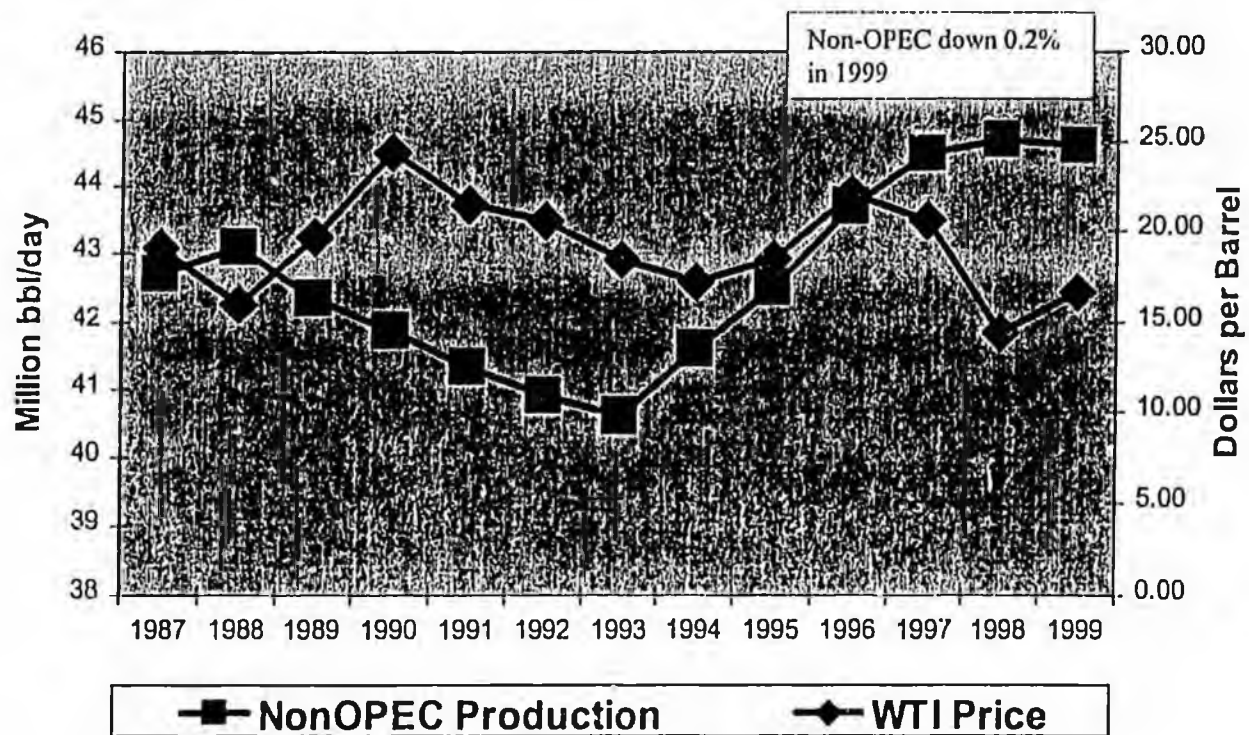


| Total State Revenue Picture FY 1999 | | | | |
|--|----------------------------|----------------|---------------|---------------|
| Investment Earnings | | | (millions \$) | |
| | Unrestricted | | 863.5 | |
| | Restricted | | 1599.3 | |
| | | Total Earnings | | 2463 |
| Oil Revenue | | | | |
| | Unrestricted | | 913.2 | |
| | Restricted | | 140.3 | |
| | | Total Oil | | 1054 |
| Non-Oil Revenue | | | | |
| | Unrestricted | | 392.4 | |
| | Restricted | | 1019.1 | |
| | | Total Non-Oil | | 1412 |
| Federal Revenue | | | | |
| | Restricted | | | 1455.3 |
| Total Revenue | | | | <u>6383.1</u> |
| Adjustments for Spending Purposes | | | | |
| | Unrestricted to Restricted | | 879.8 | |
| | Restricted to Unrestricted | | 17.8 | |
| Net Disposable Unrestricted Revenue | | | | 1307.1 |
| Total Adjusted Unrestricted Revenue | | | | 1289.3 |
| Total Adjusted Restricted Revenue | | | | 5093.8 |
| Total Revenue | | | | <u>6383.1</u> |

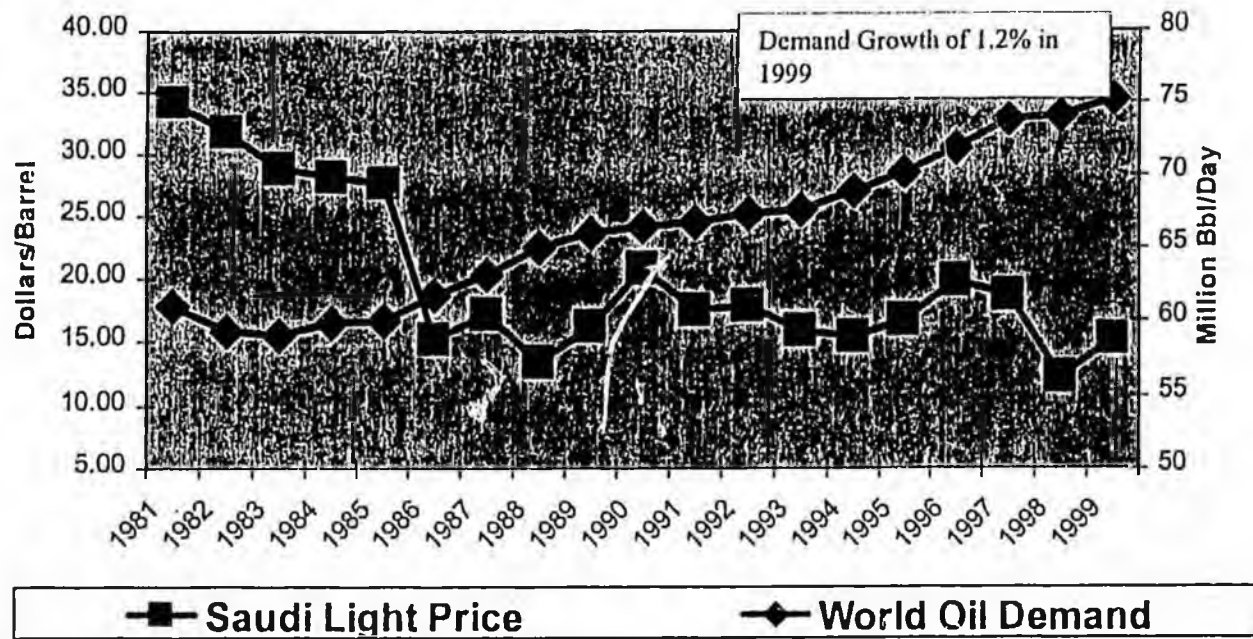
OPEC Production (Excluding Iraq) and Oil Prices--January 1999 to September 1999



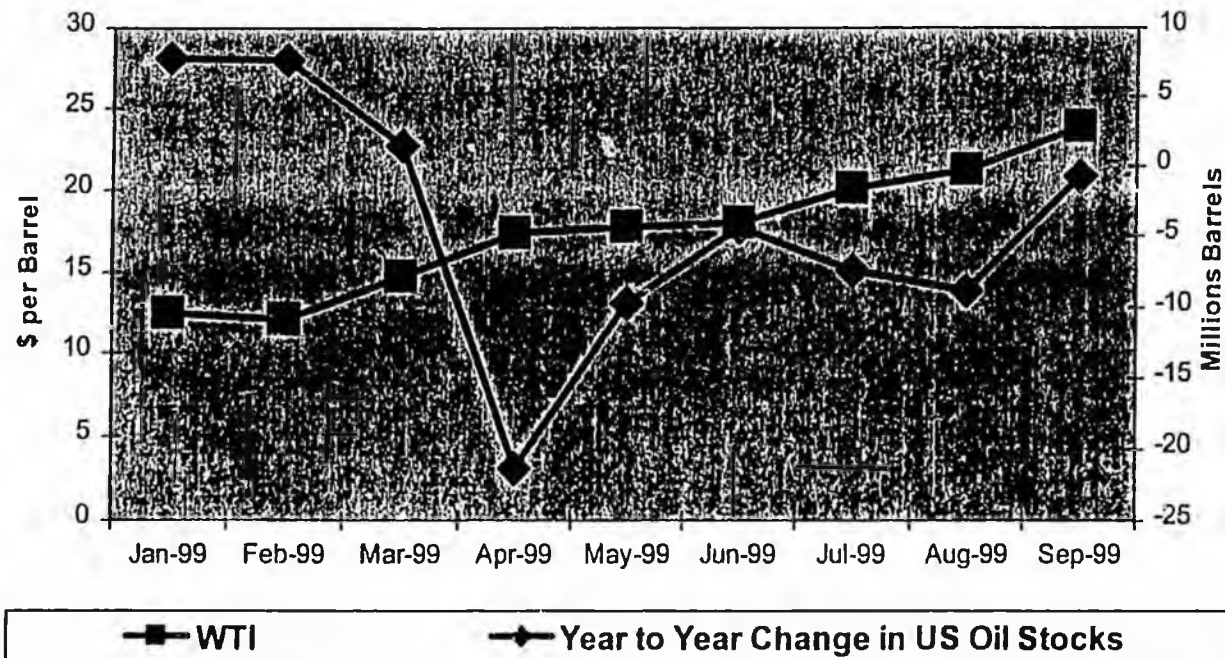
Non-OPEC Production and Oil Prices (1988--1999)



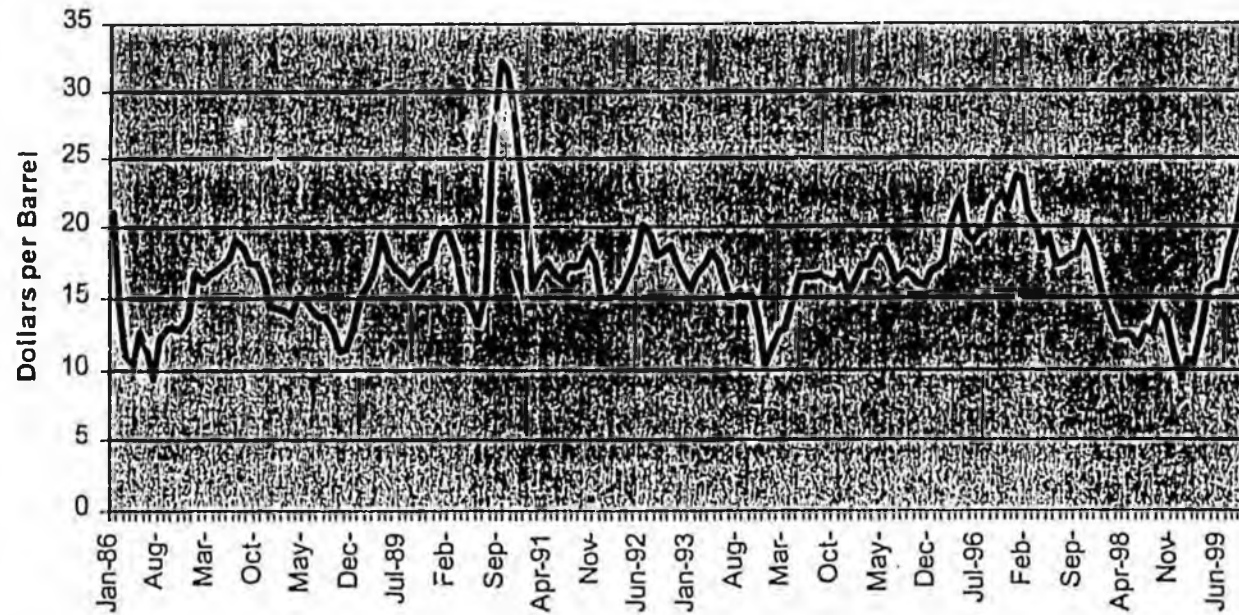
World Oil Demand and Saudi Light Oil Price



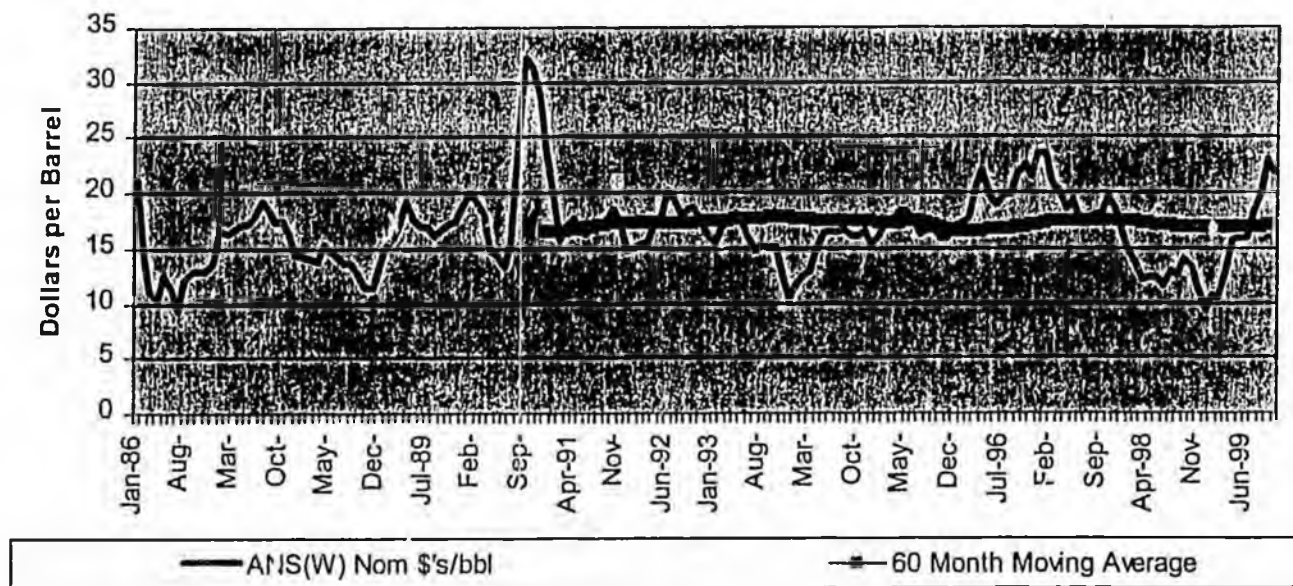
WTI Price and Year on Year Change in US Crude Oil Inventories



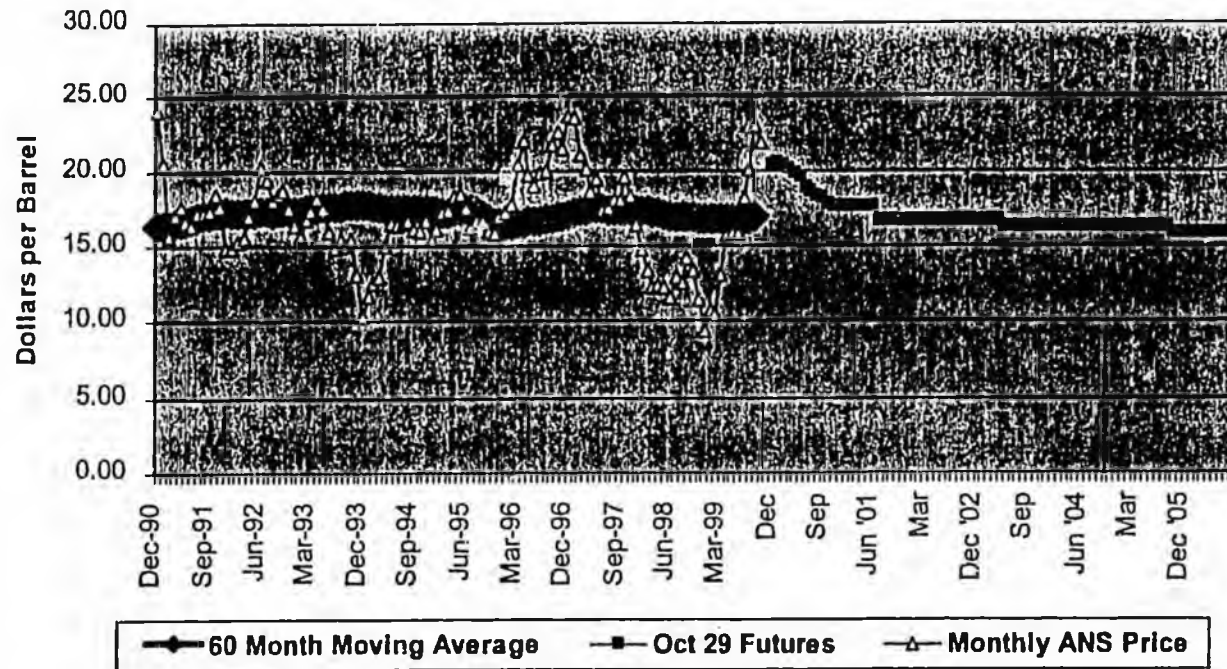
ANS Spot Price for West Coast Delivery (January 1986--October 1999)



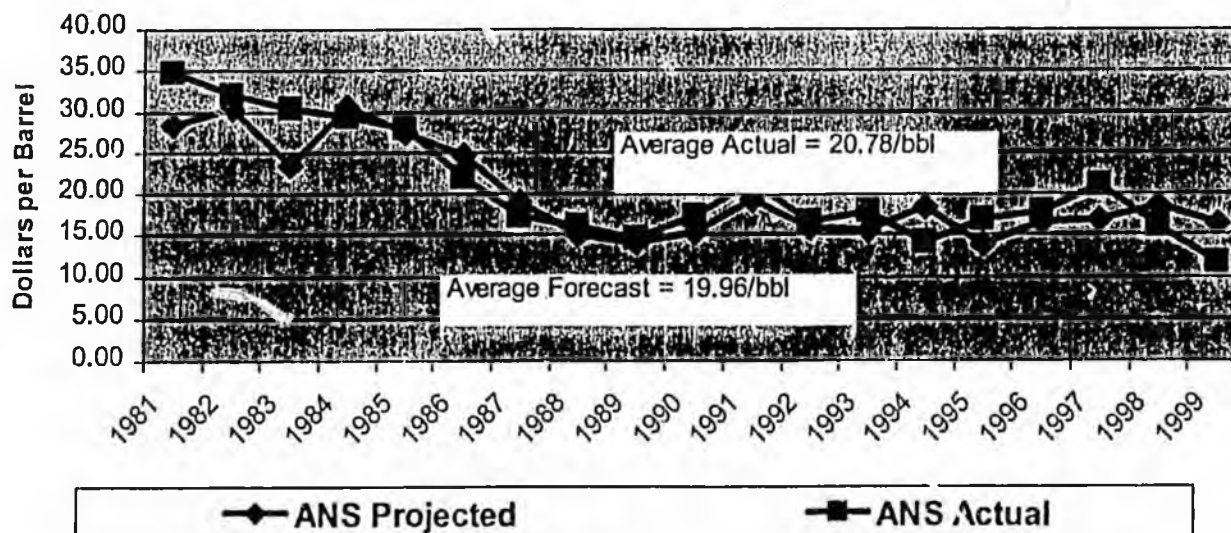
ANS Spot Price for West Coast Delivery (January 1986 -October 1999) and 60 Month Moving Average Spot Price



**ANS West Coast Spot Price 60 Moving Average--
December 1990 to September 1999 and November
1999 Futures Price Structure**



Alaska Department of Revenue One Year Ahead Oil Price Forecast Track Record



20000

Dept.

Accomp.

HFIN

FILE

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Department Mission

The mission of the Department of Administration is to:

- facilitate the operations of state government by providing cost-effective business management and information technology support services to state agencies;
- provide equitable legal and advocacy services for indigent Alaskans;
- provide quality programs that promote the dignity, security, and independence of Alaska's seniors;
- provide efficient and accessible vehicle licensing and registration services to the public; and
- provide administrative support to those commissions assigned to the department.

Department Goals and Strategies for FY2001

CONTINUE TO IMPROVE THE LEVEL AND QUALITY OF SERVICES PROVIDED DIRECTLY TO THE PUBLIC.

- The Pioneers' Homes will work to develop and optimize gerontological services for residents with Alzheimer's Disease and Related Disorders.
- Expand care plan counseling for seniors and adults with physical disabilities seeking long-term care.
- Continue expanding motor vehicles registration and licensing services available to the public through partnerships with private vendors.
- Hire additional public guardian staff to reduce the caseload per guardian and keep pace with increasing number of cases.
- Improve guardian ad litem services for abused and neglected children by improving and expanding the use of volunteers.

CONTINUE TO PURSUE OPPORTUNITIES FOR EFFICIENCY, COST REDUCTION, INNOVATION, AND EFFECTIVE DELIVERY OF STATE SERVICES AND PROGRAMS.

Information Services:

- Create a modern, customer-focused central information technology environment.
- Implement a telecommunications partnering plan
- Expand the delivery of state services through the integration of mainframe computing systems and Internet technology.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.

Financial/Management:

- Implement state purchasing cards and acceptance of credit cards as payment for state services statewide.
- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Continue to work with the Administrative Solutions Team to improve the understanding of core administrative services issues affecting all state agencies.
- Implement the facilities rental project for eight state-owned facilities in order to improve the maintenance and operations of those buildings.

Key Department Issues for FY2000 – 2001

SERVICES TO THE PUBLIC:

- **Pioneers' Homes:** The Pioneers' Homes program must develop some means to address the ongoing deferred facilities maintenance issues. The backlog of maintenance issues continues to grow as funding levels only allow

Alaska



Department of
**Community and
Economic Development**

**FY 2001
Operating Budget
Overview**

**Deborah B. Sedwick
Commissioner
January 2000**

1/11/00
Attachment

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**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

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Department Mission

To promote a healthy economy and strong communities.

Department Goals and Strategies for FY2001

Strengthen rural communities

- Increase the capacity of local government to effectively provide essential public services by providing communities training and onsite technical assistance.
- 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).
- 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.
- 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.
- 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.

Work with rural communities and the private sector in creating new jobs for Alaskans.

- 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.
- Partner with other state agencies, private businesses, ANCSA corporations, tribes, and local governments to identify and develop opportunities for rural, regional and local economic development.
- Facilitate the exchange of information between Alaska exporters and potential customers through business intelligence services and trade practice assistance.
- Develop and implement targeted tourism programs and identify and assist in developing new tourism opportunities to expand Alaska's tourist season and increase visits to rural Alaska.
- Encourage new international and domestic air carriers to use Alaska as a passenger and freight delivery point.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

- Help restore the financial health of the Alaska salmon industry by implementing recommendations from the Governor's Salmon Forums and the Saimon Cabinet work plan.
- Increase the use of Alaska's highways and roads by independent visitors.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.

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.
- Organize and conduct business trade missions to expand product sales in current markets and develop new markets.
- Participate in special promotions and presentations, trade shows and seminars to raise the visibility of Alaska as a good place to do business.
- Continue the Governor's Business Opportunities Program under which the Governor, Commissioner and other Alaskans visit corporate boardrooms to solicit investment in Alaska.
- Make information on Alaska's economy, goods and services, investment opportunities, and departmental databases available on the Internet.
- Expand the public's ability to obtain department services through the Internet.

Maintain a fair and consistent business regulatory environment in the state.

- 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.
- Assist businesses and consumers by placing the database of licensed professionals, corporations, and insurance carriers on the Internet, including information about disciplinary actions.
- 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 FY2000 – 2001

Merger of the Departments of Commerce and Economic Development and Community and Regional Affairs

HB 40, passed by the 1999 Legislature, merged the two departments. The merger resulted in a significantly increased workload for the Division of Administrative Services, converting employee information, integrating 2 distinct computer network systems, and merging budget, fiscal and supply functions while closing out prior year budgets. Efficiencies resulting in modest budget savings have already been realized in the administrative functions of the new department. Integration of administrative functions is expected to continue into FY01.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

Physical moves occurred in Juneau and Anchorage to co-locate the divisions of Tourism, Trade & Development, and Municipal & Regional Assistance. Reorganization of the three divisions is occurring, effective July 1, 2000.

HB 40 also moved the Rural and Alternative Energy programs from the Department of Community and Regional Affairs to the Alaska Energy Authority (AEA) within the Alaska Industrial Development and Export Authority (AIDEA). Because AEA has no staff, AIDEA provides the staff to operate the programs and the Rural Energy, Alternative Energy, and Circuit Rider Programs reimburse AIDEA for the staff costs.

State Revenue Sharing

Last year, the Legislature cut state shared revenue funding by 33% and signaled that further substantial cuts could be expected again this year, with possible elimination within the next couple of years. There are more than 40 smaller municipalities in Alaska that rely on state shared revenue for over 30% of their operating budgets. Further cuts in revenue sharing programs are bound to lead to significant cuts in local public service, and ultimately to a wave of municipal dissolutions.

Power Cost Equalization

The PCE program is funded by the Power Cost Equalization and Rural Electrification Capitalization Fund (PCE Fund). It is possible that the PCE Fund will be depleted in FY2000. Currently the only long term funding source for the program is 60% of the annual deposit to the Four Dam Pool Transfer Fund. This is projected to be \$6.3 million in FY2001. Future year receipts from the Transfer Fund are projected to be between \$6.0 and \$6.5 million annually. To maintain the PCE program at a level of \$15.7 million, other sources of funding are required. Last year the Governor and the Legislature began working to find a solution to long term funding for PCE.

International Trade

Alaska must maintain its presence in the state's traditional markets as the economies in Asian markets begin their recovery process. While exports to these markets decreased in FY98 as a result of the economic crisis, sometimes referred to as "the Asian flu," recent trends indicate the beginning of a rebound with Alaska exports on the upswing. This is a critical time for Alaska exporters. The state should establish trade representation and relations in China to position Alaska in this potential market and diversify the state's overseas markets. Alaska should also 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.

Tourism

The department is actively supporting the transition to a new state tourism marketing program developed by the passage of SB 107 in May 1999. This transition authorizes the department to contract for a tourism marketing program with a statewide, representative trade association. During the FY00 transition year, a new tourism trade association is being formed and efforts are underway to raise sufficient private sector funds to provide the required state funding match. It is assumed that the State tourism

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

marketing program described for FY01 will be conducted via a contract with this trade association. The department will identify components of the marketing plan, approve the plan and oversee its implementation.

Given the upcoming consolidation of state tourism marketing, it is necessary to conduct research and analysis to offer comprehensive recommendations on the most efficient and cost effective program for tourism marketing. The program review will evaluate all currently conducted State of Alaska tourism marketing programs within the context of the global travel market and the status of the industry in Alaska. This information will help ensure the best return on Alaska's marketing investment.

Three projects have been identified as essential for the continued successful growth of the tourism industry in Alaska:

- Alaska Visitor Statistics Program IV. Primary research about Alaska's visitors is substantially out-of-date, making tracking of performance measures unreliable. Field data have not been collected since FY94 and the ability to draw conclusions from the secondary studies conducted since then is limited. The Alaska Visitors Statistics Program will be updated by conducting new primary research to accurately portray tourism in Alaska. Funding for this project from income from the sale of tourism products by Alaska Visitor's Association under contract to the Alaska Tourism Marketing Council was recently approved by the Legislative Budget & Audit Committee (LB&A).
- Community Tourism Impact. Tourism growth in Alaska has averaged approximately 10 percent annually during the last decade. Tourism is a critically important industry in Alaska both in terms of what it currently contributes to the economy and its potential for growth and economic development. However this visitation is not evenly spread throughout Alaska. Some communities are experiencing exponential increases with subsequent quality of experience concerns and quality of life concerns expressed by residents. The project would be statewide but with a regional and community based analysis of tourism growth, focusing on infrastructure development needs to address and minimize the impacts of tourism growth.
- Tourism Development Workshops. The focus of these workshops is providing economic development and diversification opportunities to communities across Alaska through tourism development and market access. The workshop format is to "spotlight" successes and invite those communities and private businesses to share their experiences with people considering tourism development opportunities. Developing a small number of pilots and having a variety of partners ensures a continued mentoring process to provide the ongoing support that a new business or community endeavor needs. Funding for this project from income from the sale of tourism products by Alaska Visitor's Association under contract to the Alaska Tourism Marketing Council was recently approved by LB&A.

Investments

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. It is important that Alaska maintain its place in the worldwide salmon market during these changing times. Both the Commercial Fishing Revolving Loan Fund and the Fisheries

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

Enhancement Revolving Loan Fund, operated by the Division of Investments, depend heavily on 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, caused a large volume of loan extension requests. The 1999 season rebounded in most areas of the state, but the past losses are still encumbering many fishermen. It is therefore difficult to project the cash flow for these two funds, since lending is subject to a substantial amount of risk.

Alaska Seafood Marketing Institute

All ASMI's marketing strategies will be updated based on sound market research by:

- using a grant from the USDC Economic Development Administration;
- incorporating a new strategic marketing plan into all programs that will assist the Alaska salmon industry to combat the impacts of imported farmed salmon in the United States market; and
- incorporating the 1999 research results from ASMI's foreign markets into all overseas marketing programs.

Aerospace

The Kodiak Launch Complex operated by the Alaska Aerospace Development Corporation will transition from construction to commercial operations, by seeking launch customers and solidifying launch commitments.

Alaska Science and Technology Foundation

Alaska entrepreneurs face technical, economic, and political barriers to producing final goods in Alaska that can compete with current imports or can add value to existing exports. The Alaska Science and Technology Foundation is working with the forest products, mining, seafood, high tech, and other sectors on technology projects to add jobs and wealth to the state's economic base.

Insurance

The Division of Insurance will work with other states to streamline insurance regulation by standardizing application requirements. It will also substantially increase Alaska's participation in, and access to, the computerized information system of the National Association of Insurance Commissioners.

Regulatory Commission of Alaska

Electricity. The Commission will continue to address significant issues facing the electric industry in Alaska's urban and rural areas and consider regulations to structure Alaska's electric industry market. The Commission will face new technologies and new entrants into the electric service arena. The Commission will continue to look at methods to provide incentives for coordination among utilities and incentives to promote practices that will assure utilities are providing reliable and low cost services to all customers.

Telecommunications. The Commission will modify its existing local market structure rules and regulations as necessary and develop interconnection and network

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arrangements and policies as new areas of the state are opened to local competition. To further accomplish its responsibilities under the Telecommunications Act of 1996, the Commission will continue to review its rules covering access charge reform, competitive local exchange carriers, market dominance, local exchange carrier provision of long distance service, and pricing standards for interconnection between incumbent and entrant local exchange carriers.

Pipeline. The Commission expects to hold hearings and determine intrastate rates for the Trans Alaska Pipeline System (TAPS), Cook Inlet Pipeline, Endicott Pipeline, and Milne Point Pipeline. In conjunction with setting rates for TAPS, hearings may also be held on collections related to dismantlement, removal and restoration of TAPS. These issues are significant and will use considerable amounts of the Commission's resources.

Occupational Licensing

Limited attorney services continue to reduce the division's ability to protect public health and welfare, while enforcement costs escalate. Program receipts are available and sufficient to cover these costs, but have not been appropriated by the legislature.

Major Department Accomplishments for FY1999

FY 1999/2000 ACCOMPLISHMENTS

Municipal and Regional Assistance

- Rural Sanitation Assistance Guidebooks. In response to requests from the Governor's Council on Rural Sanitation the division developed two major publications: *The Plain English Guide to Sanitation* and *Alaska Sanitation Planning Guide for Small Communities*. The Plain English Guide won a national Award of Excellence for Publications from Communications Concepts Magazine.
- Alakanuk Housing Relocation. The division's Rural Utility Business Advisor program facilitated the coordination of numerous state and federal agencies and local entities to relocate 22 houses from eroding riverbanks to a safe location provided with piped water and sewer.
- Financial Management Turnaround. With the help of the division's financial management assistance, the City of Upper Kalskag was able to turn around a dire financial situation. The City now provides piped water and sewer to the entire community and supports these services entirely from customer payments. This year, the City was identified by the Governor in a letter of commendation for their superlative organization and business practices.

Trade & Development

- Breakthrough on export of agricultural products. The Division of Trade & Development, in partnership with the University of Alaska, Alaska Agricultural

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Development and Marketing Inc. (a nonprofit corporation) and the Division of Agriculture, promoted potatoes, carrots and cabbage in Taiwan. Alaska farmers shipped containers of virus-free seed potatoes, table stock potatoes and carrots this year. Taiwanese officials have lifted their government's ban on US carrot imports for the State of Alaska, making Alaska the only state that can export its carrots to Taiwan.

- Alaska seafood introduced to high-end hotels in Korea. The Division actively promoted high-value seafood to Korean importers and hotel chefs in Korea, resulting in orders of salmon, crab, halibut and black cod from three leading Korean hotels. The hotel promotions follow an Alaska Seafood Festival organized by DTD in April, featuring speakers and materials from ASMI and the private sector, and a July seafood buyers' mission to Alaska. The goal is to have these hotels serving Alaska seafood as regular menu item.

Tourism

- The Alaska Div. of Tourism, working in conjunction with British Columbia, the Yukon, Alberta, the City of Prince Rupert, and the Canadian Tourism Commission, continued the "Tourism North" promotional campaign. This campaign resulted in an 18% increase in 1999 summer crossings at the Alaska-Canada border following a 17% increase in summer 1998, for a cumulative increase of 35% since 1997.
- The 1999 Alaska Travel Fair, sponsored by the Alaska Div. of Tourism, brought over 50 international tour operators to Alaska for familiarization trips and business meetings with over 50 Alaska tourism suppliers.

Investments

- Volunteer Tax and Loan Program. The Alaska Div. Of Investments supported the Volunteer Tax and Loan Program (VTLP) through a grant for fisheries business development to the Alaska Business Development Center, Inc. (ABDC). During FY99 ABDC, in cooperation with the University of Alaska Anchorage (UAA), operated the Volunteer Tax and Loan program for its fourth year. The ongoing focus was on rural harvesting communities targeted by the IRS as having compliance problems. Twelve trips were made to assist 19 communities during the months of February, March, April and May. Teams, comprised of advanced accounting students and tax supervisors and an ABDC consultant, traveled to each community to provide tax preparation, loan package assistance, and business and financial counseling. Overall, ABDC's Volunteer Tax and Loan Program assisted 1,081 individuals and prepared 1,122 tax returns, almost double the results of last year's program.
- Disaster Relief Loans. The Division worked as part of a team that provided relief to those affected by the fisheries disaster last year in the Bristol Bay and Kuskokwim areas. 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 was to make the

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loans, secure the collateral, service the loan, and enforce collection if appropriate. Disaster relief loans were made from the Disaster Relief Fund administered by the Department of Military and Veterans Affairs. A total of 449 loans were approved and processed for a total dollar amount of \$449,000.

Alaska Industrial Development and Export Authority

- Began construction on the \$125 million Alaska Seafood International manufacturing facility (ASI), with operation scheduled to begin in December 1999. In full production, ASI will provide 450 year-round manufacturing jobs, result in hundreds of indirect jobs, and stimulate the local economies of fishing communities by providing a reliable market for their product.
- Continued demonstration testing of the Healy Clean Coal Project, exceeding environmental expectations.

Alaska Seafood Marketing Institute

- ASMI had a FY99 performance measure goal to increase the consumption of Alaska seafood by 10% by the year 2000. ASMI surpassed its target of 10%.
- In both foodservice and retail, ASMI doubled its reach in FY99. In foodservice, ASMI added 24 new accounts. Each account represents a chain of restaurants like Denny's, Red Lobster, etc., or a major national distributor. In retail in FY 99, 35,473 stores participated in the three annual ASMI promotions (Lent, Summer and Fall) and the canned salmon promotions, up from 16,107 in FY98.

Aerospace

- The Alaska Aerospace Development Corp. (AADC) completed the first two successful launches from the Kodiak Launch Complex (KLC) for the US Air Force.
- Scheduled the first orbital launch from the KLC for Lockheed Martin Corporation.

Alaska Science and Technology Foundation

- Nine mills from around the state are now producing graded dimensional lumber certified by the Western Wood Products Association. Prior to the ASTF-sawmill owner program, all of 80-90 million board feet (MMBF) of graded dimensional lumber was imported.
- Alaska Fresh Cut packaged salads and vegetables are now in Alaska stores competing with higher cost, 7 day older imports. The company has created 14 manufacturing jobs in Anchorage and increased demand for agricultural produce in the Mat-Su valley.
- PetroStar has demonstrated a new chemical and biological process to remove sulfur in diesel fuel to 50 parts per million (ppm). The EPA is scheduled to lower national levels from 500 to 50 ppm. Since the existing desulfurization technology is only

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economical for refineries much larger than any in Alaska, the new PetroStar process is important for the competitiveness of in-state refineries. Now that technical success has been demonstrated, the next step to commercialize the technology will be to scale up the process in a small pilot plant.

Insurance

- Approved 26 new insurance companies to operate in Alaska and collected a total of \$28,402,033 in premium taxes.
- To protect the public, investigated more than 550 consumer complaints, conducted more than 40 civil/criminal investigations, suspended 21 and revoked two insurance company certificates of authority due to hazardous financial condition, and performed 76 continuing education audits.

Occupational Licensing

Revamped Business Licensing

- Instituted a new business classification system, improving the quality of information about the number and types of businesses in Alaska. The conversion to the new classification system will be completed in FY00.
- Expanded business license information available through the Internet. The list of businesses can now be searched by activity type, location, name and license number.

Licensed 5 New Occupations

- Created licensing programs for Dietitians, Nutritionists, Manicurists, Landscape Architects and Professional Counselors in response to new state laws.

Regulatory Commission of Alaska

- Issued 509 substantive orders in FY1999, an increase of 23% over the prior year. Processed 636 utility and pipeline tariff filings, a 32% increase in the past two years. Handled 793 informal customer complaints, a 13% increase over the prior year. Issued 87 new, acquired, transferred, or amended certificates of public convenience and necessity.

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Overview of Departmental Budget Changes

- Reorganization of the Divisions of Tourism, Trade & Development, and Municipal & Regional Assistance

The Division of Tourism and the development functions of the Division of Trade and Development are merged with the Division of Municipal and Regional Assistance (MRAD), effective July 1, 2000. The Division of Trade and Development (DTD) is renamed the Division of International Trade and Market Development. The Division of Municipal and Regional Assistance is renamed the Division of Community and Business Development. The purpose of this reorganization is to further implement the merger initiated in HB40 by integrating the department's economic development functions with the community development functions to improve services and efficiency, with a goal to better implement the Governor's rural assistance and development priorities with a single point of contact division. The reorganization also retains a distinct trade and marketing function, furthering the Governor's goals to market Alaska's goods and services to the world.

- Banking, Securities, and Corporations Securities Enforcement Activities

Caseloads are increasing in the areas of native corporation proxy disputes, where expectations of state oversight seem to be on the rise, and securities fraud actions. Increased financial resources are necessary for securities enforcement activities. In the last two years there has been an increase in enforcement activity by the Securities Section of the Division of Banking, Securities, and Corporations, including requests for hearings and filings of court cases. These activities include expenses incurred in conducting depositions, process servers, legal costs and other expenses directly related to hearings. Additional general fund program receipt authorization is requested to cover these expenses. Program receipts are available and far exceed the amount necessary to cover these costs.

- Regulatory Commission of Alaska

SB133 abolished the Alaska Public Utilities Corporation and established the Regulatory Commission of Alaska (RCA). The legislature directed the RCA to co-locate with the Alaska Oil and Gas Conservation Commission (AOGCC). There is not sufficient space at the current location of the RCA for both agencies and the AOGCC space is not adequate. The current rental rate for the RCA is below market, and it is assumed that market rates will be paid when the move takes place. Annual lease costs will increase. In addition, there will be non-recurring costs of equipment (sound system and phone upgrades), furniture, and supply costs associated with moving.

As part of SB133, the legislature separated the staff who represent the public interest as independent parties in cases presented to the RCA. That separate section needs an attorney and a contractual budget to hire expert witnesses/consultants to support their cases.

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The legislature directed a management information system to be developed to provide more information to the public about the RCA decision-making process and to manage the agency's workload more efficiently. FY99 roll forward money was used for FY00 to purchase the components of a new system. There are additional costs associated with bringing the system up and some recurring expenses. The two person Information Services Section needs one additional staff to support and maintain the MIS. Also, there are annual maintenance agreement, training, and software expenses for the new system.

· Kodiak Launch Complex Support Staff

As the Kodiak Launch Complex becomes operational, two additional positions are necessary to insure the proper level of maintenance, operation, and safety at the site. The Alaska Aerospace Development Corporation is requesting a facility coordinator and facility technician to assist the facility manager in providing customers with adequate site support and to comply with the FAA's licensing requirements. Funding for the positions will be from CIP receipts.

· Elimination of the Alaska Tourism Marketing Council

The Alaska Tourism Marketing Council is eliminated effective June 30, 2000, per SB107.

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AGENCIES AND FUNCTIONS

Commissioner's Office

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 Commission on Aging
- Alaska Human Resources Investment 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
- Alaska Tourism Marketing Council
- 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

Administrative Services

Facilitates and ensures the delivery of the services provided by the Department of Community 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 a full range of services to the department which includes ensuring compliance with all federal and state employment laws and regulations as well as collective bargaining agreements, recruitment, employee/management relations, leave/benefits administration, payroll services, 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.

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

Community and Business Development

This new division represents the integration of three former divisions:

- Municipal and Regional Assistance Division (MRAD)
- The development functions of the Division of Trade and Development (DTD)
- Division of Tourism

A formal mission statement for the new division has not been completed. However, the focus of the division will be on rural development, recognizing that economic development (increased business and jobs, increased family incomes) goes hand-in-hand with fundamental community development (infrastructure, local government capacity building). The existing mission statements for these three divisions are:

MRAD: To advise, assist and coordinate efforts of local governments, individuals, and organizations so communities can effectively provide essential public services.

DTD: 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.

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

The mission of the new division will harness these three elements and coordinate their purposes and activities at the community and regional level.

The Division also manages the grant programs found under the State Revenue Sharing component. These funds:

- provide for a sharing of fish taxes collected outside municipal boundaries to municipalities that demonstrate they suffered significant effects from fisheries business activities.
- provide financial assistance to incorporated municipalities so that they may provide necessary public services for their citizens.
- share with affected local governments revenues earned from activities within the Tongass and Chugach National Forests to be used for schools and roads.
- compensate cities in the unorganized borough for lost revenues due to the location of federal lands within their respective areas.
- improve local governments' fiscal capacities and to assure no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state.

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International Trade and Market Development

This division, formerly a part of the Division of Trade and Development, promotes Alaska products and services to foreign & domestic markets and assists Alaska companies to export their goods & services overseas.

The division helps to attract new business & investment to Alaska and establishes and maintains government to government relations with foreign countries.

The division also provides an advocate for Alaska businesses in foreign markets and through foreign and U.S. regulatory processes, ensures Alaska businesses receive useful and timely trade, economic and business information and provides protocol education and support to the public and private sectors.

Investments

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 June 30, 1999, the Division of Investments was servicing 3867 accounts totaling \$220,695.6 million.

Alaska Aerospace Development Corporation

This agency provides rocket launch services to government and commercial customers, assists university, federal, and private organizations in developing aerospace technologies, provides educational opportunities within the state and promotes Alaska as the ideal location for aerospace activities.

Alaska Industrial Development and Export Authority

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 is a primary source of secondary financing in the state for business loans made by financial institutions. The loans are serviced by the banks, thereby limiting staffing requirements at AIDEA. The Authority can also own and operate specific development projects that enhance the economy of the state and support private sector investment. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for

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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.

Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

All staffing for Alaska Energy Authority (AEA) functions is provided by AIDEA. As the owner of six hydroelectric plants and the Alaska Intertie transmission line, AEA is responsible for the administrative oversight for these facilities. In addition, AIDEA staff is responsible for providing staffing for the oversight and operation of all rural and alternative energy programs and the circuit rider program of AEA.

AIDEA also provides oversight for energy related components in the Department:
Alaska Energy Authority - To oversee the operation and maintenance of Alaska Energy Authority(AEA) owned power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs.

Rural and Alternative Energy Programs - encompasses all operational activities of AEA's Rural Energy Programs that assist rural communities develop and operate safe, reliable and environmentally sound energy systems. In an effort to assist rural communities in the upgrades of community power and fuel facilities, the component provides technical assistance through the following programs and activities: 1) Bulk Fuel Repairs and Systems Improvements; 2) Rural Power System Upgrades; 3) Electrical Emergencies Response; 4) Utility Improvements/Small Power Projects; 5) Alternative Energy; and 6) Other Community-Specific Programs.

The component administers the Power Cost Equalization Program; the Bulk Fuel Revolving Loan Fund Program; the Power Project Loan Fund, including the award/administration of two large loans for the construction of power interties; the Rural Electrification Revolving Loan Fund, and other funds appropriated to the component.

Rural Energy Programs administers a variety of federal programs that provide capital funding for bulk fuel projects and power system upgrades. Federal funding is provided for 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 and the U.S. DOE fuel-cell hybrid project in rural Alaska. In addition, U.S. Housing and Urban Development and the Denali Commission provide funding for rural energy project development and improvements.

The component also coordinates contracts for studies of financial and technical feasibility power projects in Alaska.

Power Cost Equalization - The PCE program currently plays a major role in helping to make power affordable for rural Alaskans by "equalizing" the cost of power between rural and urban communities, bringing consumer costs in communities dependent upon diesel generation close to the average cost of power in Anchorage, Fairbanks and Juneau. The cost of power in rural Alaska is up to four times greater than the cost of power in urban Alaska. Funding is provided to approximately 97 utilities eligible to participate in the PCE program. These utilities serve approximately 194 communities across the state, providing benefits to approximately 76,000 residents of the state.

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PCE rates are determined on a community basis by using only the necessary and reasonable costs for each electric utility participating in the program. PCE funding reduces the cost of the first 500 kilowatt-hours per residential customer per month.

AS 42.45.050 provides funding for the program made up of the following sources: 1) 60 percent of the balance of the Four Dam Pool transfer fund; 2) money appropriated by the Legislature; and 3) money appropriated from the National Petroleum Reserve Alaska special revenue fund; 4) gifts, bequests, and contributions from other funds and 5) interest earned on the fund balance.

Circuit Rider: The services under the Circuit Rider program are contracted out to the private sector. The services are technical services and generally 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 and utility management. Contractors perform technical inspection of facilities and testing of diesel generators, control panels, metering systems and other related components.

To insure the local plants are operated by skilled personnel and to supplement the hands-on-training provided through the contractor, where necessary, the Rural Energy Program provides formal plant operator training at the Alaska Vocational Technical School in Seward.

Alaska Seafood Marketing Institute

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.

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Alaska Science and Technology Foundation

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.

Banking, Securities and Corporations

The overall mission of the Banking, Securities, and Corporations Division is to maintain a stable financial network in the state for the safe conduct of financial services; protect securities investors; protect shareholders in ANCSA corporations from false and misleading proxy solicitations; and provide in-state and out-of-state businesses with a legal structure enabling them to transact commerce in the state.

Banking Section: regulates financial institutions that 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 to institutions 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. Seeks 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,

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Cooperatives, and Professional Corporations along with registration of Trademarks and Trade Names.

Insurance

The mission of the Division of Insurance is to (1) protect and serve the state by developing, interpreting, and enforcing the insurance statutes; (2) protect and educate the consumer; and (3) enhance the insurance business environment.

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 - Reviews solvency of insurers doing business in this state. Admits new companies wishing to do business in Alaska. Restricts companies that are a hazard to Alaska consumers due to financial standing or noncompliance with Alaska law. Maintains current information on insurers and related entities eligible to operate in Alaska. Maintains surplus lines white list (approved list) for the benefit of Alaska consumers. Examines domestic insurance company's financial records in order to verify that the company is complying with Alaska financial statutes and that the annual financial statement information is reasonably accurate. Performs premium trust examination of producer licensees to verify trust accounts and compliance with Alaska law. Compiles information from all division sections for the division's Annual Report. Collects premium taxes and fees from insurance companies and other entities subject to tax or fees.

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

Filing Review Section - Reviews the rates and policy forms used by insurers in providing insurance coverage for Alaskans. Prepares consumer education materials such as the Automobile and Homeowners 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 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

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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.

Occupational Licensing

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

OCCUPATIONAL LICENSING: Administer the following 36 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
- Dietitians
- Electrical and Mechanical Administrators
- Geologists
- Hearing Aid Dealers
- Morticians
- Naturopaths
- Nursing Home Administrators
- Nutritionists
- Underground Storage Tank Workers

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Perform the following functions for over 130 occupations within the 36 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, paper, and through internet search of the computer databases

BUSINESS LICENSING: License approximately 77,000 businesses to engage in commerce in Alaska. At the start of FY2000, 1,738 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, paper and through internet search of the computer database

Regulatory Commission of Alaska

The Regulatory Commission of Alaska protects the interests of ratepayers and promotes economic development by ensuring that all Alaskans have access to affordable, efficient, safe and reliable utility services.

The RCA regulates public utilities and pipeline carriers. The Commission has been assigned regulatory responsibility for gas, electric, telephone, oil and gas pipelines, water and sewer, steam, refuse collection and disposal and cable television.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

The Commission issues certificates of public convenience and necessity to qualified service providers. The Commission establishes the rates, terms, and conditions under which economically regulated utilities and pipeline carriers serve the public. Under the Power Cost Equalization program, the Commission computes the power cost and amount of assistance for eligible utilities.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

Department Budget Contacts

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**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

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G. Nanette Thompson, Chair

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**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW
FUNDING HISTORY AND ORGANIZATIONAL CHANGES**

| Fiscal Year | Total Authorization | Federal Funds | General Fund | Other Funds |
|---|----------------------------|----------------------|---------------------|--------------------|
| Department of Community and Regional Affairs | | | | |
| 2000 | 134,929.9 | 44,240.5 | 37,800.5 | 52,888.9 |
| 1999 | 161,581.9 | 51,913.8 | 70,012.1 | 39,656.0 |
| 1998 | 143,906.3 | 34,968.2 | 77,547.4 | 31,390.7 |
| 1997 | 138,416.4 | 29,157.6 | 81,981.4 | 27,277.4 |
| 1996 | 147,912.7 | 29,064.9 | 90,333.6 | 28,514.2 |
| 1995 | 151,085.5 | 26,038.9 | 97,218.1 | 27,828.5 |
| Department of Commerce and Economic Development | | | | |
| 2000 | 40,181.1 | 3,650.1 | 9,213.7 | 27,317.3 |
| 1999 | 70,354.4 | 3,650.1 | 26,420.3 | 40,284.0 |
| 1998 | 74,290.0 | 3,650.0 | 27,818.8 | 42,821.2 |
| 1997 | 69,219.9 | 5,275.0 | 38,558.0 | 25,386.9 |
| 1996 | 61,309.6 | 6,401.1 | 37,013.5 | 17,895.0 |
| 1995 | 69,719.2 | 7,465.1 | 44,172.9 | 18,081.2 |
| Department of Community and Economic Development | | | | |
| 2001 | 132,211.0 | 18,714.6 | 62,899.7 | 50,596.7 |

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

Other funds include Loan Funds, Interagency Receipts, APUC Receipts, AK Industrial Development and Export Authority Receipts, AK Energy Authority Receipts, AK Aerospace Authority Receipts, Statutory Designated Receipts, AK Science & Technology Endowment Earnings, International Trade & Business Endowment Earnings, and CIP Receipts.

Department of Community and Economic Development
 FY 2001 Governor's Operating Budget Submission

| | Dept Total | Comm. Office | Admin Svcs | Community and Business Development | International Trade | State Revenue Sharing | Investments |
|--------------------------|------------|-----------------|------------|--|------------------------|-----------------------------|-------------|
| Expenditures | | | | | | | |
| Personal Services | 27,807.6 | 472.0 | 2,041.2 | 4,547.4 | 704.7 | - | 2,364.6 |
| Travel | 2,070.0 | 32.0 | 19.5 | 439.1 | 116.2 | - | 31.2 |
| Contractual | 28,273.2 | 26.0 | 218.1 | 5,619.8 | 957.9 | - | 637.0 |
| Supplies | 692.8 | 7.2 | 30.1 | 76.6 | 19.5 | - | 37.9 |
| Equipment | 184.8 | - | 1.7 | 7.5 | - | - | 4.8 |
| Grants, Claims | 73,182.6 | 125.0 | - | 2,234.6 | 295.4 | 46,893.4 | 220.0 |
| Totals | 132,211.0 | 662.2 | 2,310.6 | 12,925.0 | 2,093.7 | 46,893.4 | 3,295.5 |
| | | | | | | | |
| Perm Full Time Employees | 465.0 | 6.0 | 39.0 | 72.0 | 11.0 | - | 44.0 |
| Perm Part Time Employees | 7.0 | - | 1.0 | 4.0 | 1.0 | - | - |
| Non Perm Employees | 1.0 | - | - | 1.0 | - | - | - |
| | | | | | | | |
| Revenues | | | | | | | |
| Federal | 18,714.6 | - | - | 1,149.0 | - | 14,000.0 | - |
| GF Match | 604.9 | - | - | 604.9 | - | - | - |
| General Fund | 43,856.2 | 329.4 | 1,290.9 | 8,050.0 | 1,208.3 | 31,893.4 | - |
| GF/Program | 18,438.6 | - | - | 219.9 | 12.9 | - | - |
| I/A Receipts | 7,159.6 | 332.8 | 939.6 | 2,401.4 | 113.5 | 1,000.0 | 48.0 |
| Sci/Tech | 9,539.8 | - | - | - | - | - | - |
| Vet Loan | 147.8 | - | - | - | - | - | 147.8 |
| Comm Fish Ln | 2,608.9 | - | - | - | - | - | 2,608.9 |
| Surety Fund | 270.3 | - | - | - | - | - | - |
| Rural Dev | 98.0 | - | - | 98.0 | - | - | - |
| Small Bus | 3.3 | - | - | - | - | - | 3.3 |
| CIP Receipts | 2,160.8 | - | 80.1 | 301.8 | - | - | - |
| Power Projects | 779.2 | - | - | - | - | - | - |
| Mining RLF | 5.0 | - | - | - | - | - | 5.0 |
| Child Care | 5.8 | - | - | - | - | - | 5.8 |
| Hist Dist | 2.5 | - | - | - | - | - | 2.5 |
| Fish En Ln | 325.5 | - | - | - | - | - | 325.5 |
| Alt Energy | 148.7 | - | - | - | - | - | 148.7 |
| Bulk Fuel | 49.0 | - | - | - | - | - | - |
| Power Cost | 15,700.0 | - | - | - | - | - | - |
| AERO Receipts | 43.2 | - | - | - | - | - | - |
| AIDEA Receipts | 3,926.3 | - | - | - | - | - | - |
| AEA Receipts | 1,049.5 | - | - | - | - | - | - |
| Fish Fund Inc | 100.0 | - | - | 100.0 | - | - | - |
| InT/BuEnin | 759.0 | - | - | - | 759.0 | - | - |
| RCA Receipts | 5,218.2 | - | - | - | - | - | - |
| Fee Support | 496.0 | - | - | - | - | - | - |
| Totals | 132,211.0 | 662.2 | 2,310.6 | 12,925.0 | 2,093.7 | 46,893.4 | 3,295.5 |

Department of Community and Economic Development
 FY 2001 Governor's Operating Budget Submission

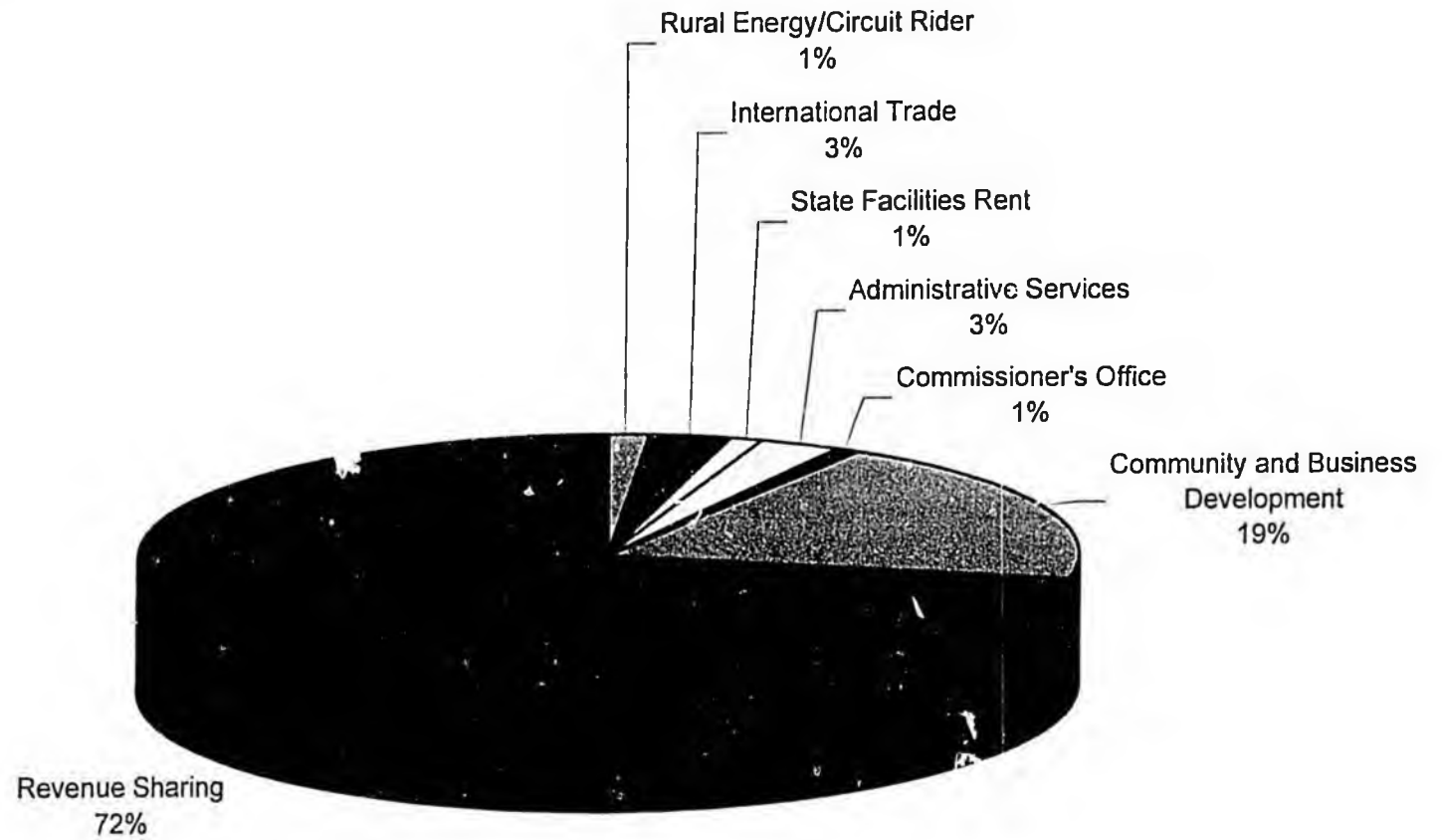
| | Dept Total | Aerospace | AIDEA | Rural Energy | Circuit Rider | ASMI | AK Science & Tecnology |
|--------------------------|------------|-----------|---------|--------------|---------------|----------|------------------------|
| Expenditures | | | | | | | |
| Personal Services | 27,807.6 | 619.5 | 4,026.4 | - | - | 1,178.7 | 587.9 |
| Travel | 2,070.0 | 58.0 | 98.2 | 125.6 | 8.0 | 418.0 | 84.0 |
| Contractual | 28,273.2 | 891.3 | 2,693.5 | 2,002.7 | 292.0 | 8,732.1 | 582.0 |
| Supplies | 692.8 | 46.0 | 46.9 | 18.0 | - | 180.0 | 16.5 |
| Equipment | 184.8 | 10.0 | 20.5 | 5.0 | - | 8.5 | - |
| Grants, Claims | 73,182.6 | - | - | 15,700.0 | - | - | 7,714.2 |
| Totals | 132,211.0 | 1,624.8 | 6,885.5 | 17,851.3 | 300.0 | 10,517.3 | 8,984.6 |
| | | | | | | | |
| Perm Full Time Employees | 465.0 | 8.0 | 61.0 | - | - | 18.0 | 6.0 |
| Perm Part Time Employees | 7.0 | - | - | - | - | - | 1.0 |
| Non Perm Employees | 1.0 | - | - | - | - | - | - |
| Revenues | | | | | | | |
| Federal | 18,714.6 | - | - | 65.6 | - | 3,500.0 | - |
| GF Match | 604.9 | - | - | - | - | - | - |
| General Fund | 43,856.2 | - | - | 287.9 | 300.0 | - | - |
| GF/Program | 18,438.6 | - | - | - | - | 7,017.3 | - |
| I/A Receipts | 7,159.6 | - | 1,909.7 | 217.1 | - | - | - |
| Sci/Tech | 9,539.8 | 555.2 | - | - | - | - | 8,984.6 |
| Vet Loan | 147.8 | - | - | - | - | - | - |
| Comm Fish Ln | 2,608.9 | - | - | - | - | - | - |
| Surety Fund | 270.6 | - | - | - | - | - | - |
| Rural Dev | 98.0 | - | - | - | - | - | - |
| Small Bus | 3.3 | - | - | - | - | - | - |
| CIP Receipts | 2,160.8 | 1,026.4 | - | 752.5 | - | - | - |
| Power Projects | 779.2 | - | - | 779.2 | - | - | - |
| Mining RLF | 5.0 | - | - | - | - | - | - |
| Child Care | 5.8 | - | - | - | - | - | - |
| Hist Dist | 2.5 | - | - | - | - | - | - |
| Fish En Ln | 325.5 | - | - | - | - | - | - |
| All Energy | 148.7 | - | - | - | - | - | - |
| Bulk Fuel | 49.0 | - | - | 49.0 | - | - | - |
| Power Cost | 15,700.0 | - | - | 15,700.0 | - | - | - |
| AERO Receipts | 43.2 | 43.2 | - | - | - | - | - |
| AIDEA Receipts | 3,926.3 | - | 3,926.3 | - | - | - | - |
| AEA Receipts | 1,049.5 | - | 1,049.5 | - | - | - | - |
| Fish Fund Inc | 100.0 | - | - | - | - | - | - |
| InT/BuEnin | 759.0 | - | - | - | - | - | - |
| RCA Receipts | 5,218.2 | - | - | - | - | - | - |
| Fee Support | 496.0 | - | - | - | - | - | - |
| Totals | 132,211.0 | 1,624.8 | 6,885.5 | 17,851.3 | 300.0 | 10,517.3 | 8,984.6 |

Department of Community and Economic Development
 FY 2001 Governor's Operating Budget Submission

| | Dept Total | Banking | Insurance | Occupational Licensing | RCA | State Rent |
|--------------------------|------------------|----------------|----------------|---------------------------|----------------|--------------|
| Expenditures | | | | | | |
| Personal Services | 27,807.6 | 1,504.7 | 2,972.1 | 3,452.9 | 3,335.5 | - |
| Travel | 2,070.0 | 76.3 | 187.5 | 341.4 | 35.0 | - |
| Contractual | 28,273.2 | 170.8 | 1,110.4 | 2,071.9 | 1,771.4 | 496.3 |
| Supplies | 692.8 | 18.9 | 59.2 | 73.5 | 62.5 | - |
| Equipment | 184.8 | 2.1 | 35.3 | 75.6 | 13.8 | - |
| Grants, Claims | 73,182.6 | - | - | - | - | - |
| Totals | 132,211.0 | 1,772.8 | 4,364.5 | 6,015.3 | 5,218.2 | 496.3 |
| | | | | | | |
| Perm Full Time Employees | 465.0 | 26.0 | 53.0 | 65.0 | 56.0 | - |
| Perm Part Time Employees | 7.0 | - | - | - | - | - |
| Non Perm Employees | 1.0 | - | - | - | - | - |
| | | | | | | |
| Revenues | | | | | | |
| Federal | 18,714.6 | - | - | - | - | - |
| GF Match | 604.9 | - | - | - | - | - |
| General Fund | 43,856.2 | - | - | - | - | 496.3 |
| GF/Program | 18,438.6 | 1,771.1 | 4,364.5 | 5,052.9 | - | - |
| I/A Receipts | 7,159.6 | 1.7 | - | 195.8 | - | - |
| Sci/Tech | 9,539.8 | - | - | - | - | - |
| Vet Loan | 147.8 | - | - | - | - | - |
| Comm Fish Ln | 2,608.9 | - | - | - | - | - |
| Surety Fund | 270.6 | - | - | 270.6 | - | - |
| Rural Dev | 98.0 | - | - | - | - | - |
| Small Bus | 3.3 | - | - | - | - | - |
| CIP Receipts | 2,160.8 | - | - | - | - | - |
| Power Projects | 779.2 | - | - | - | - | - |
| Mining RLF | 5.0 | - | - | - | - | - |
| Child Care | 5.8 | - | - | - | - | - |
| Hist Dist | 2.5 | - | - | - | - | - |
| Fish En Ln | 325.5 | - | - | - | - | - |
| Alt Energy | 148.7 | - | - | - | - | - |
| Bulk Fuel | 49.0 | - | - | - | - | - |
| Power Cost | 15,700.0 | - | - | - | - | - |
| AERO Receipts | 43.2 | - | - | - | - | - |
| AIDEA Receipts | 3,926.3 | - | - | - | - | - |
| AEA Receipts | 1,049.5 | - | - | - | - | - |
| Fish Fund Inc | 100.0 | - | - | - | - | - |
| InT/BuEnin | 759.0 | - | - | - | - | - |
| RCA Receipts | 5,218.2 | - | - | - | 5,218.2 | - |
| Fee Support | 496.0 | - | - | 496.0 | - | - |
| Totals | 132,211.0 | 1,772.8 | 4,364.5 | 6,015.3 | 5,218.2 | 496.3 |

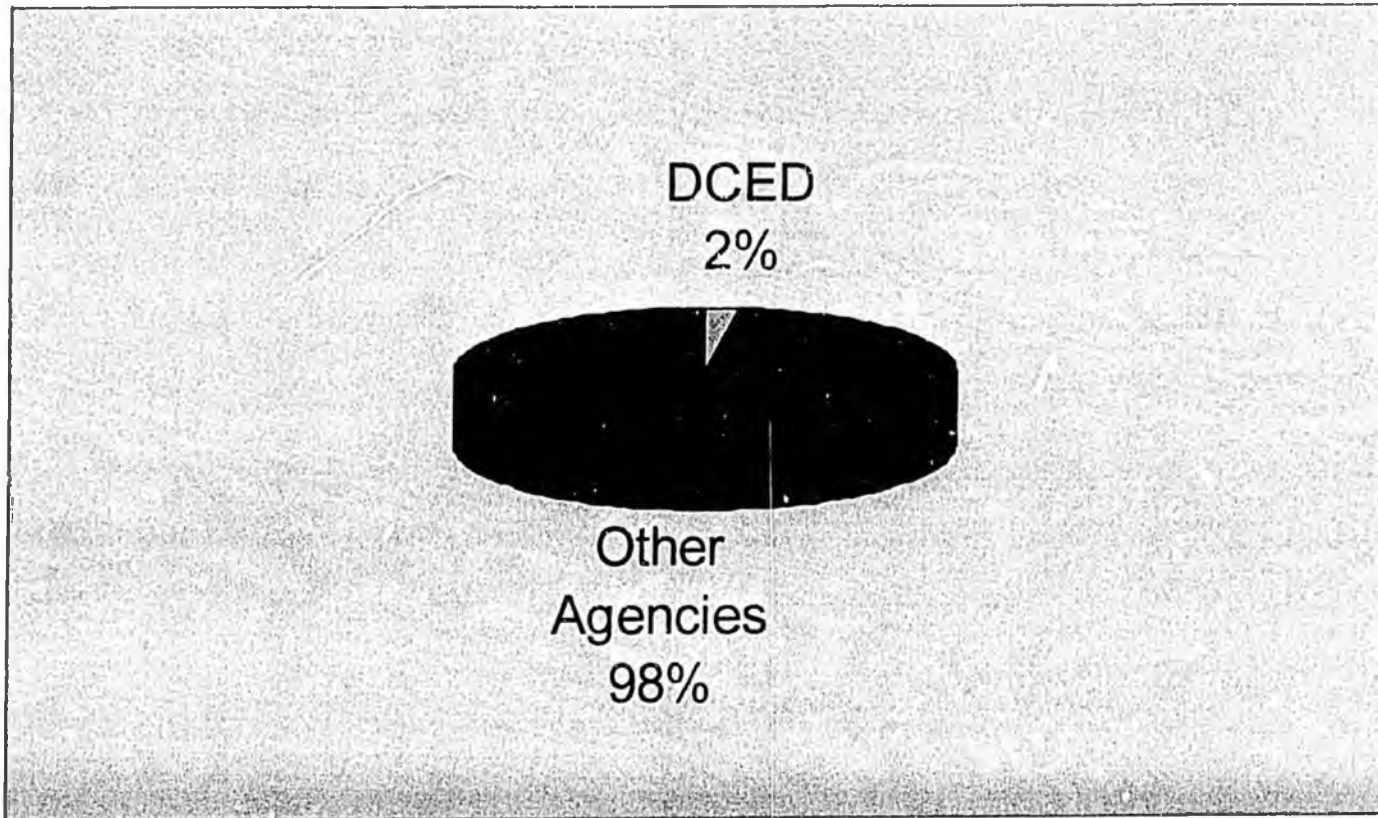
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW

UNRESTRICTED GENERAL FUND



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW

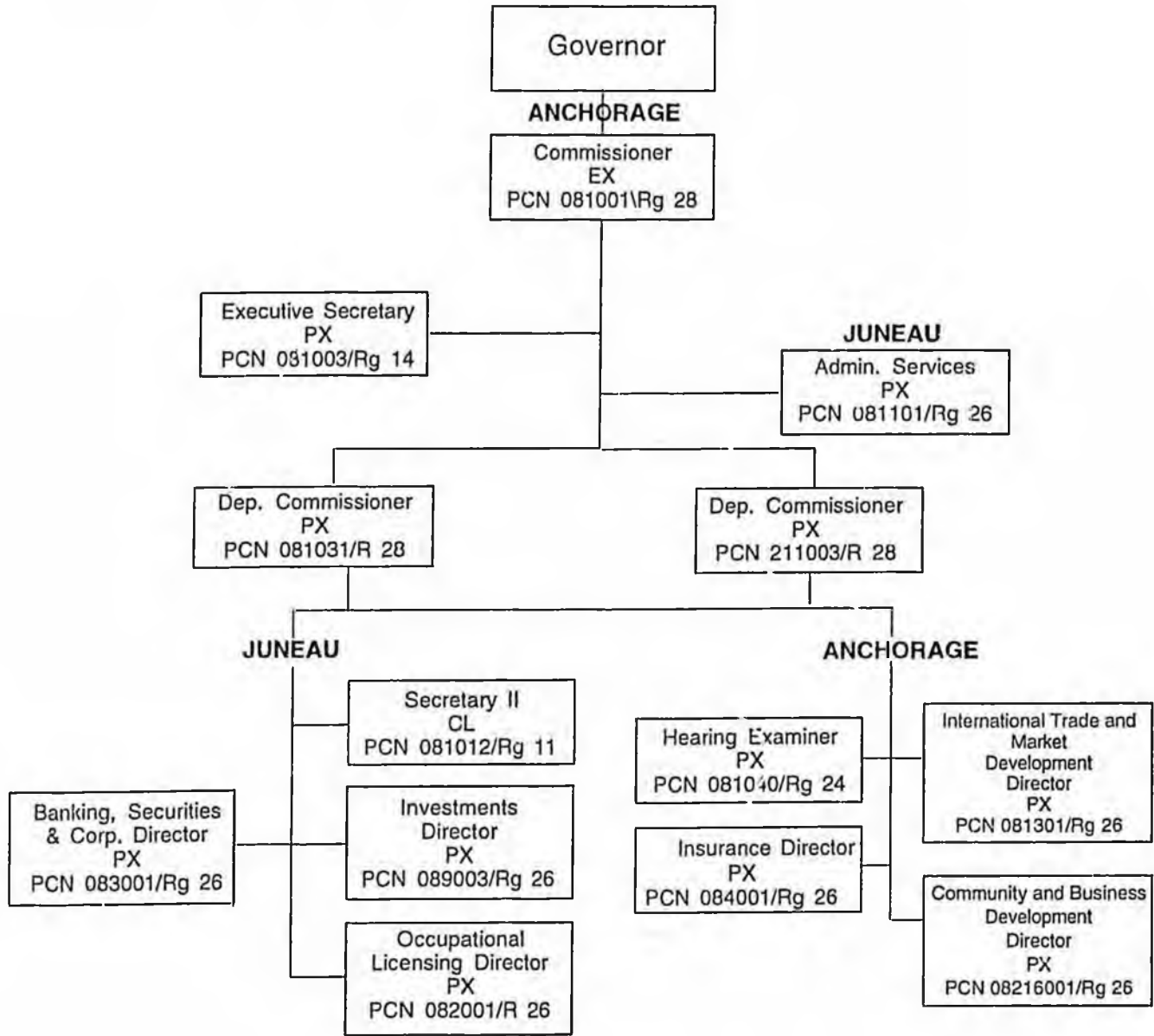
UNRESTRICTED GENERAL FUND



| | |
|--------------------------------------|-------------|
| Total Unrestricted General Fund | 2,086,247.8 |
| Total DCED Unrestricted General Fund | 44,461.1 |

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

State of Alaska



Assigned by Statute to Department

- Alaska Industrial Development and Export Authority
- Regulatory Commission of Alaska
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Alaska Aerospace Development Corporation
- Alaska Science & Technology Foundation

Deborah B. Sedwick

approved: _____
Deborah B. Sedwick, Commissioner

effective date: 7/1/00

(Rev. 1/00)

CL: Classified
PX: Partially Exempt
EX: Exempt

1/12/2000
Handout #1

Department of Public Safety
Missions and Measures Handout
House Finance Overview
January 12, 2000

Department of Public Safety SB 169 Missions and Measures

Mission: The mission of the Department of Public Safety is to ensure and maintain a safe, orderly, and positive environment in the state. This commitment is delivered through statewide police, resource protection, emergency response, fire safety, and other vital public safety services.

Division of Alaska State Troopers

Mission: (a) The mission of the Division of Alaska State Troopers is to preserve the public peace and to protect life and property through the prevention of crime, detection, and apprehension of criminal offenders, and to enforce traffic laws and regulations.

- (b) The legislature intends to measure the success of the Division of Alaska State Troopers in achieving its mission by considering
- (1) The increase in the number of sex offender compliance actions;
 - (2) The increase in the percentage of seat belt use in Alaska State trooper jurisdiction;
 - (3) The decrease in the percentage of repeat offenders in domestic violence incidents closed by arrest in Alaska State trooper jurisdiction;
 - (4) The reduction in the number of village public safety officer positions in communities with a local police department;
 - (5) The increase in the percentage of offenses closed by arrest for crimes assigned to the criminal investigations unit;
 - (6) The cost for each offense assigned to narcotics task force units;
 - (7) The decrease in the total number of traffic accidents that occur in Alaska state trooper jurisdiction;
 - (8) The increase in the percentage of VPSO-investigated alcohol bootlegging and importation offenses that are closed by arrest.

Council on Domestic Violence and Sexual Assault

Mission: (a) The mission of the Council on Domestic Violence and Sexual assault is to alleviate the effects and reduce the causes and incidences of domestic violence and sexual assault in the state.

- (b) The legislature intends to measure the success of the Council on Domestic Violence and Sexual Assault in achieving its mission by considering
- (1) The increase in the percentage of victims of domestic violence and sexual assault who seek advice;
 - (2) The percentage of repeat clients who return and remain at shelters for reasons other than to obtain information or receive counseling services;
 - (3) The increase in the percentage of repeat offenders who complete batterers' intervention programs;

- (4) The decrease in the percentage of repeat offenders in batterers' intervention programs;
- (5) The increase in the percentage of council resources that are directed to the prevention of domestic violence and sexual assault;
- (6) The increase in the percentage of Alaskans participating in violence prevention education training and workshops;
- (7) The increase in the percentage of school districts in the state with violence prevention and personal safety curricula.

Division of Administrative Services

Mission: The mission of the Division of Administrative Services is to provide administrative support to the department's programs and to supply criminal justice information to all authorized agencies and other parties.

Division of Fire Prevention

Mission: The mission of the Division of Fire Prevention is to promote, regulate, and develop ways and means of protecting life and property against fire and explosion.

Highway Safety Planning Agency

Mission: The mission of the Highway Safety Planning Agency is to administer grant programs to save lives and prevent injuries on the state's highway network.

Division of Fish and Wildlife Protection

Mission: The mission of the Division of Fish and Wildlife Protection is to protect the state's fish and wildlife resources through enforcement of laws and regulations governing the use of natural resources within the state and its adjacent waters to ensure that Alaskans can fish and hunt in perpetuity by protecting the state's fish and game from criminal activity.

Alaska Police Standards Council

Mission: The mission of the Alaska Police Standards Council is to

- (1) implement and enforce standards for the selection and retention of law enforcement and correctional officers; and
- (2) approve and fund officer training programs.

Scientific Crime Detection Laboratory

Mission: The mission of the Scientific Crime Detection Laboratory is to provide the highest quality forensic science service to state law enforcement agencies.

Public Safety Academy

Mission: The mission of the Public Safety Academy is to produce highly trained and motivated professional law enforcement officers who meet or exceed the Alaska Police Standards Council requirements.

Violent Crimes Compensation Board

Mission: The mission of the Violent Crimes Compensation Board is to decrease the financial and emotional damage to innocent victims caused by the trauma of violent crime.

**AST Missions and Measures Report
January 2000**

The benchmark period for this report is July 1, 1998 through December 31, 1998. The target period is July 1, 1999 through December 31, 1999.

(1) The increase in the number of sex offender compliance actions.

| Benchmark Period | Target Period | Change |
|------------------|---------------|--------|
| 282 | 348 | +23% |

(2) The increase in the percentage of seat belt use in Alaska state trooper jurisdiction.

Seatbelt use as measure by the University of Alaska urban area survey.

| 1998 Survey | 1999 Survey | Change |
|----------------|----------------|--------|
| 63% Compliance | 64% Compliance | +1% |

Seatbelt enforcement actions taken by AST during the measured periods.

| Benchmark Period | Target Period | Change |
|------------------|---------------|--------|
| 579 | 883 | +53% |

(3) The decrease in the percentage of repeat offenders in domestic violence incidents closed by arrest in Alaska state trooper jurisdiction.

| | Benchmark Period | Target Period | |
|-----------------------------|------------------|---------------|--------|
| Total Offenders | 761 | 700 | |
| Repeat Offenders | 62 | 41 | Change |
| Percent Of Repeat Offenders | 8.2% | 5.9% | -2.3% |

(4) The reduction in the number of village public safety officer positions in communities with a local police department.

| Benchmark Period | Target Period | Change |
|------------------|---------------|--------|
| 3 | 3 | None |

(5) The increase in the percentage of offenses closed by arrest for crimes assigned to the criminal investigations unit.

| | Benchmark Period | Target Period | |
|---------------------------|------------------|---------------|--------|
| Total Criminal Offenses | 36 | 20 | |
| Offenses Closed By Arrest | 0 | 1 | Change |
| Percentage | 0% | 5% | +5% |