

State of Alaska FY2005 Governor's Operating Budget

Department of Community & Economic Development Commissioner's Office Component Budget Summary

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Component: Commissioner's Office

Contribution to Department's Mission

To effectively manage the department and to serve as a liaison between the department and private, governmental, and other institutions and agencies.

Core Services

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 Commission on Aging
- Alaska Workforce Investment Board
- 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
- State Bond Committee
- Emergency Response Commission

Major Activities to Advance Strategies

- Establish policy.
- Manage the department.
- Serve as department's liaison with the Governor's Office.
- Participate in boards and commissions.

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$812,100	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Personnel:</td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">9</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">9</td> </tr> </table>	Personnel:		Full time	9	Part time	0	Total	9
Personnel:									
Full time	9								
Part time	0								
Total	9								

Key Component Challenges

With increasing budget pressures, the department continues to realign and focus assets to concentrate on its three core functions: economic development, community advocacy, and business regulation/ consumer protection.

- Economic Development efforts are being focused through the Governor's Rural Economic Development initiative- Access to the Future. This program involves the combined efforts of the Department's industry and business

experts supported closely by community development staff. The hugely successful Community Development Quota programs is also a cornerstone of Department Economic Development and will continue as such.

- Community Advocacy programs provide important support to smaller communities and villages in rural Alaska. These efforts range broadly from programs involved in local government operational assistance to the administration and management of a host of community grant programs. These efforts continue and are closely coordinated with statewide economic development actions through Access to the Future.
- The regulation of business through various oversight functions forms the remainder of department work and is absolutely necessary for the orderly function of business and industry throughout the state. These regulatory efforts assist business and industry and provide proper essential consumer protection.

Access to the Future. The Commissioner's Office will play an important role in the department's efforts to promote economic development in rural Alaska by directing the "Access to the Future" Initiative. These efforts will utilize several programs administered by the department. The department will increase its hands on assistance through outreach efforts and will spend additional time marketing these programs. The goal is to increase economic activity and employment opportunities in rural areas of the state.

Commercial Fishing Issues. The commercial fishing industry continues to experience difficulties as world markets adapt to the changing supply of fish from fish farms. The salmon markets have been significantly affected, and as a result they have been extremely volatile for the past several years. It is vitally important that Alaska maintain its place in the worldwide salmon market during these challenging times. Both the Commercial Fishing Revolving Loan Fund and the Fisheries Enhancement Revolving Loan Fund play an extremely important role in the fishing industry. Reduced prices and lack of fish returns in some fisheries has resulted in significant difficulties for many of our borrowers. Fortunately, the statutes provide the flexibility needed to craft solutions to payment problems and the division has dedicated significant resources in the past few years to these efforts.

Alaska Insurance Market Place. The State of Alaska has an increasing lack of a healthy, competitive insurance market place. Alaska faces a crisis in funding for the Alaska Insurance Guaranty Association due to the insolvency of a major workers compensation carrier. The workers compensation market is dominated by relatively few carriers which put the state at risk of losing a viable option for employers to obtain a statutorily mandated coverage. The homeowner's market is fast becoming difficult with two carriers writing 65% of the business and seeking to reduce market share. This, in turn, creates pressure on the real estate industry as sales of property and re-financing depends on the availability of insurance coverage to satisfy the lenders.

The ASCSC was transferred to the department beginning in FY04. The department is reviewing grant agreements providing the majority of funding for the program and past financial reports. It may be necessary to seek a FY04 supplemental funding request and/or a FY05 increment when the financial review is completed.

Significant Changes in Results to be Delivered in FY2005

To meet Governor Murkowski's objectives of streamlining government and budget reduction, the economic development functions of the department have been reorganized through the elimination of the Division of Trade and Development and the establishment of an Office of Economic Development in the Commissioner's Office. Regarding the trade function, an executive order transferring the trade function from the department to the Office of the Governor will be introduced before the 10th day of the Legislative session. Cost savings are achieved by eliminating two positions and related expenses.

The executive order will transfer the international trade and protocol functions to the Office of the Governor. Two positions from the former Division of Trade and Development are transferred to the Office of the Governor to carry out these functions. The department's trade services will no longer be provided.

The economic development function of the former Division of Trade and Development is transferred to the new Office of Economic Development. The fisheries development function and other economic development staff from the Division of Community Advocacy are transferred to the Office of Economic Development. The primary function of the Office of Economic Development is to implement the Governor's Access to the Future initiative. The Office of Economic Development is supervised by a development manager and not by a division director. Policy guidance is provided by the

commissioner and deputy commissioners. Necessary administrative support is provided by the Division of Administrative Services. A separate component is established for the Office of Economic Development.

Major Component Accomplishments in 2003

Access to the Future. Initiated Governor Murkowski's Access to the Future program to grow and diversify Alaska's economy. The initiative utilizes State and federal agency resources to enhance Alaska's economy by providing financial and technical assistance to facilitate: legal access, physical access, access to capital, access to markets, access to technology and access to jobs.

Denali Commission. Worked extensively with the Denali Commission on several issues (sustainability policy, review of "Alaska Native Self-Governance and Service Delivery: What Works?"; Multi-Use Facility Grant Program; community planning efforts).

National Petroleum Reserve-Alaska (NPR-A) Impact Grants. Completed revision of the instructions and application form for the NPR-A Impact Program and directed staff to conduct a workshop in Barrow regarding NPR-A applications.

Community Development Quota (CDQ). The National Marine Fisheries Service (NMFS) approved the State's 2003 – 2005 allocation recommendations for the CDQ Multi-Species program.

Fisheries Revitalization. Oversaw the development of a grant program to administer \$25 million in Fisheries Revitalization Strategy Funds. Contributed to regional plans to improve quality standards throughout the Alaska salmon industry that included the use of \$3 million from the Fisheries Revitalization Strategy.

Statutory and Regulatory Authority

AS 44.33.010-020 Department of Community and Economic Development

Contact Information

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**Commissioner's Office
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	386.0	475.5	717.9
72000 Travel	59.0	31.0	31.0
73000 Contractual	37.4	59.7	56.0
74000 Supplies	3.1	7.2	7.2
75000 Equipment	28.3	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	513.8	573.4	812.1
Funding Sources:			
1004 General Fund Receipts	63.4	101.4	170.4
1007 Inter-Agency Receipts	450.4	472.0	641.7
Funding Totals	513.8	573.4	812.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	63.4	101.4	170.4
Unrestricted Total		63.4	101.4	170.4
Restricted Revenues				
Interagency Receipts	51015	450.4	472.0	641.7
Restricted Total		450.4	472.0	641.7
Total Estimated Revenues		513.8	573.4	812.1

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	101.4	0.0	472.0	573.4
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	11.2	11.2
-Funding Source Change from General Fund to Interagency Receipts for Management Support Services Charged to Agencies	-58.4	0.0	58.4	0.0
-Transfer Special Projects Coordinator (PCN 08-#008) to the Commissioner's Office from Division of Trade & Development	82.5	0.0	0.0	82.5
-Transfer Secretary (PCN 21-6064) to the Commissioner's Office from the Division of Trade & Development	44.9	0.0	0.0	44.9
Proposed budget increases:				
-Increase for Program Coordinator (PCN 08-104X) transferred to Commissioner's Office from Division of Community Advocacy	0.0	0.0	100.1	100.1
FY2005 Governor	170.4	0.0	641.7	812.1

**Commissioner's Office
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	6	9	Annual Salaries	539,115
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	201,009
			<i>Less 3.00% Vacancy Factor</i>	(22,204)
			Lump Sum Premium Pay	0
Totals	6	9	Total Personal Services	717,920

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	0	0	1	0	1
Commissioner	0	0	1	0	1
Dep Commissioner	1	0	1	0	2
Exec Secretary II	0	0	1	0	1
Program Coordinator	0	0	1	0	1
Secretary	1	0	1	0	2
Special Projects Coordinator	1	0	0	0	1
Totals	3	0	6	0	9