

**State of Alaska  
FY2005 Governor's Operating Budget**

**Department of Community & Economic Development  
Investments  
RDU/Component Budget Summary**

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**RDU/Component: Investments**

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

**Contribution to Department's Mission**

To promote economic development through direct state lending within those industries and within those areas of the state that are not adequately serviced by the private sector;

To provide interagency and interdepartmental loan servicing of other loan portfolios that increase operational efficiencies; and

To protect the State's investments in the loan funds under administration and provide a return on capital when it does not impair program missions.

**Core Services**

Provide direct state loan origination and servicing under four active loan programs: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development and Rural Development Initiative Fund.

Service loan portfolios for other state agencies and departments.

Protect the financial integrity of the loan funds under administration through loan servicing efforts and provide a return on capital to the state when appropriate.

End Results	Strategies to Achieve Results
<p><b>(1) Promote economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.</b></p> <p><u>Target:</u> Create or maintain 50 rural jobs statewide.  <u>Measure:</u> The number of jobs created or maintained as a result of Rural Development Initiative Fund (RDIF) Loans and Small Business Economic Development (SBED) Loans.</p> <p><u>Target:</u> Assist 1,300 Alaskan commercial fishing harvesters through the Commercial Fishing Revolving Loan Fund (CFRLF).  <u>Measure:</u> Number of harvesters assisted through new loans, restructurings, workouts and other borrower assistance efforts.</p> <p><u>Target:</u> \$2.9 million  <u>Measure:</u> The amount of federal income tax refunds received by rural residents assisted through the Volunteer Tax and Loan Program.</p> <p><u>Target:</u> Provide \$40 million in hatchery –reared salmon to Alaska commercial fisheries annually.</p>	<p><b>(1) In conjunction with the Administration's rural strategy and "Access to the Future" initiative, utilize the Rural Development Initiative Fund (RDIF) to increase the number of jobs created or maintained in rural communities.</b></p> <p><u>Target:</u> Create or maintain 20 rural jobs statewide.  <u>Measure:</u> The number of jobs created or maintained as a result of Rural Development Initiative Fund loans.</p> <p><b>(2) In conjunction with the Administration's rural strategy and "Access to the Future" initiative, utilize the Small Business Economic Development (SBED) loan fund to increase the number of jobs created or maintained in communities experiencing economic hardships</b></p> <p><u>Target:</u> Create or maintain 30 rural jobs statewide.  <u>Measure:</u> The number of jobs created or maintained as a result of Small Business Economic Development Fund loans.</p> <p><b>(3) Increase assistance provided to Alaskan commercial fishing harvesters in dealing with salmon industry challenges.</b></p>

End Results	Strategies to Achieve Results
<p><u>Measure:</u> Total value of hatchery-reared salmon to various commercial fisheries.</p> <p><b>(2) Provide interagency and interdepartmental loan servicing of loan portfolios that increase operational efficiencies</b></p> <p><u>Target:</u> 16 new loans.  <u>Measure:</u> The number of new loans originated and serviced on behalf of other agencies.</p>	<p><u>Target:</u> Assist 750 commercial fishing harvesters.  <u>Measure:</u> Number of harvesters assisted through new loans, loan restructurings, workouts, and other assistance efforts.</p> <p><b>(4) In conjunction with the Administration's rural strategy and "Access to the Future" initiative, increase the number of rural commercial fishing harvesters that receive face-to-face assistance.</b></p> <p><u>Target:</u> 100 rural harvesters.  <u>Measure:</u> The number of rural harvesters assisted through community outreach efforts.</p> <p><u>Target:</u> 450 rural harvesters  <u>Measure:</u> The number of rural harvesters assisted through the Volunteer Tax and Loan Program (VTLP).</p> <p><b>(5) Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.</b></p> <p><u>Target:</u> 78% or greater  <u>Measure:</u> The percentage of limited entry permits held by Alaskan residents.</p> <p><b>(6) Promote enhancement of the state's fisheries by decreasing response time to applications for financial assistance from private non-profit aquaculture associations.</b></p> <p><u>Target:</u> 30 days.  <u>Measure:</u> The number of days to process applications.</p> <p><b>(7) In conjunction with the Administration's rural strategy and "Access to the Future" initiative, increase the number of loans originated and serviced on behalf of other agencies.</b></p> <p><u>Target:</u> Six new loans.  <u>Measure:</u> The number of new Rural Development and Initiative Loans originated and serviced for the Alaska Industrial Development and Export Authority.</p> <p><u>Target:</u> Ten new loans.  <u>Measure:</u> The number of new Small Business Economic Development loans originated and serviced for the Alaska Industrial Development and Export Authority.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>Promote Program Awareness through Marketing/Outreach Efforts</li> </ul>	<ul style="list-style-type: none"> <li>Pursue Additional Funding Opportunities when Appropriate</li> </ul>

**Major Activities to Advance Strategies**

- Loan Origination
- Loan Servicing
- Promote Awareness of ADI Loan Servicing Capabilities
- Loan Refinancing
- Loan Modifications & Workouts
- Loan Collections
- Loan Fund Dividend Program
- Originate Loans in Rural Areas that Focus on Job Creation
- Participate in Legislative Salmon Task Force Process
- Fisheries Business Assistance Contract
- Outreach Efforts to Rural Alaska
- Volunteer Tax and Loan Program
- Fisheries Business Assistance Contract
- Participate in Hatchery Corporation Board Meetings
- Administer Salmon Enhancement Tax Distribution

**FY2005 Resources Allocated to Achieve Results**

**FY2005 Component Budget: \$3,768,900**

**Personnel:**

Full time	44
Part time	0
<b>Total</b>	<b>44</b>

**Performance Measure Detail**

**(1) Result: Promote economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.**

**Target:** Create or maintain 50 rural jobs statewide.

**Measure:** The number of jobs created or maintained as a result of Rural Development Initiative Fund (RDIF) Loans and Small Business Economic Development (SBED) Loans.

**Analysis of results and challenges:** The creation of jobs in rural areas is vital to the Administration's Rural Strategy and "Access to the Future" initiative. The primary goal of the RDIF and SBED programs is economic development through job creation in rural areas. The division will intensify efforts to locate and finance viable projects through the RDIF and SBED programs. During FY '03, a total of 38 jobs were created or maintained as a result of loans made under the RDIF and SBED programs.

**Target:** Assist 1,300 Alaskan commercial fishing harvesters through the Commercial Fishing Revolving Loan Fund (CFRLF).

**Measure:** Number of harvesters assisted through new loans, restructurings, workouts and other borrower assistance efforts.

**Analysis of results and challenges:** Maintaining local ownership of its fishery resources is critically important to Alaska's economy. In many rural areas of the state salmon fishing is the only economic activity and most harvesters do not have access to capital other than through the CFRLF. Providing loans and other types of assistance to Alaskan harvesters is extremely important especially in light of the challenges facing the salmon industry at this time. This assistance is an essential component of maintaining Alaskan ownership of its fisheries and plays an important role in the Administration's Rural Strategy. This is a new measurement standard.

**Target:** \$2.9 million

**Measure:** The amount of federal income tax refunds received by rural residents assisted through the Volunteer Tax and Loan Program.

The Amount of Federal Income Tax Refunds Received by Rural Residents Assisted through the Volunteer Tax and Loan Program (In Millions)

Year				Refunds(Mil)	YTD Total
2003				2.8	2.8

**Analysis of results and challenges:** The VTLP is an innovative program that provides hands-on assistance at no cost to rural residents for the preparation of tax returns, tax education and business counseling. Many in rural areas are unfamiliar with federal tax requirements and this can lead to non-filing problems that can result in significant revenue loss to individuals and local communities. The VTLP generates tax refunds that directly benefit the communities visited at no cost to the state. In 2003, \$2.8 million dollars in tax refunds to rural residents was generated as a result of the VTLP.

**Target:** Provide \$40 million in hatchery –reared salmon to Alaska commercial fisheries annually.

**Measure:** Total value of hatchery-reared salmon to various commercial fisheries.

Total Value of Hatchery-reared Salmon to Various Commercial Fisheries

Year				Value (Mil)	YTD Total
2001				44.3	44.3

**Analysis of results and challenges:** Salmon hatcheries provide a significant contribution to numerous coastal economies. The division provides the aquaculture industry in Alaska with a source of low-cost capital through the Fisheries Enhancement Revolving Loan Fund (FERLF). This capital is specifically tailored by statute to meet the needs of this unique industry and is not available in the private sector. Measuring the amount of money generated annually as a result of salmon raised by FERLF participants is a good indicator of the program's effectiveness. The most recent information available from ADF&G (2001) indicates a total market value of common property harvest of salmon of \$44.3 million.

## (2) Result: Provide interagency and interdepartmental loan servicing of loan portfolios that increase operational efficiencies

**Target:** 16 new loans.

**Measure:** The number of new loans originated and serviced on behalf of other agencies.

The Number of New Loans Originated & Serviced on Behalf of Other Agencies

Year				# Loans	YTD Total
2003				6	6

**Analysis of results and challenges:** Loan origination and servicing can be performed more efficiently when consolidated into one agency. Other agencies find it more expedient and less costly to have the division handle these functions for them. This increases the ability of these programs to achieve important program goals. During FY '03 a total of 6 loans were originated and serviced on behalf of other agencies.

## (1) Strategy: In conjunction with the Administration's rural strategy and "Access to the Future" initiative, utilize the Rural Development Initiative Fund (RDIF) to increase the number of jobs created or maintained in rural communities.

**Target:** Create or maintain 20 rural jobs statewide.

**Measure:** The number of jobs created or maintained as a result of Rural Development Initiative Fund loans.

Number of Jobs Created or Maintained as a Result of Rural Development Initiative Fund Loans

Year				# Jobs	YTD Total
2003				19	19

**Analysis of results and challenges:** The creation of jobs in rural areas is vital to the Administration's Rural Strategy and "Access to the Future" initiative. The primary goal of the RDIF program is economic development through job creation in rural areas. The RDIF Fund was recently capitalized with \$1,500.0 through the

Administration's Fisheries Revitalization efforts. The division will intensify efforts to locate and finance viable projects through the RDIF program. During FY '03, a total of 19 jobs were created or maintained as a result of loans made under the RDIF program.

**(2) Strategy: In conjunction with the Administration's rural strategy and "Access to the Future" initiative, utilize the Small Business Economic Development (SBED) loan fund to increase the number of jobs created or maintained in communities experiencing economic hardships**

**Target:** Create or maintain 30 rural jobs statewide.

**Measure:** The number of jobs created or maintained as a result of Small Business Economic Development Fund loans.

Number of Jobs Created or Maintained as a Result of Small Business Economic Development Fund Loans.

Year				# Jobs	YTD Total
2003				19	19

**Analysis of results and challenges:** The creation of jobs in rural areas is vital to the Administration's Rural Strategy and "Access to the Future" initiative. SBED loans are leveraged with private capital contributions to create or maintain jobs in economically distressed areas. The fund currently has approximately \$3 million available for new loans. The division will intensify efforts to locate and finance viable projects through the SBED program. During FY '03, a total of 19 jobs were created or maintained as a result of loans made under the SBED program.

**(3) Strategy: Increase assistance provided to Alaskan commercial fishing harvesters in dealing with salmon industry challenges.**

**Target:** Assist 750 commercial fishing harvesters.

**Measure:** Number of harvesters assisted through new loans, loan restructurings, workouts, and other assistance efforts.

**Analysis of results and challenges:** Providing assistance to Alaskan harvesters is more important now than ever before because of the significant challenges facing the salmon industry at this time. Market conditions have changed dramatically and helping Alaskan harvesters survive while a major industry transformation takes place is critical to the health of Alaska's economy. The CFRLF is perfectly suited to provide this type of help and the division will dedicate significant resources to these efforts. This is a new measurement standard.

**(4) Strategy: In conjunction with the Administration's rural strategy and "Access to the Future" initiative, increase the number of rural commercial fishing harvesters that receive face-to-face assistance.**

**Target:** 100 rural harvesters.

**Measure:** The number of rural harvesters assisted through community outreach efforts.

**Analysis of results and challenges:** Experience has shown that meeting with rural borrowers through face-to-face contact is highly beneficial for both the agency and local residents. Agency staff is able to learn first-hand the problems faced by rural borrowers and local residents have a chance to meet with loan officers in person to discuss financial issues. This is a new measurement standard.

**Target:** 450 rural harvesters

**Measure:** The number of rural harvesters assisted through the Volunteer Tax and Loan Program (VTLP).

The Number of Rural Harvesters Assisted Through the Volunteer Tax and Loan Program (VTLP).

Year				# Harvesters	YTD Total
2002				422	422

**Analysis of results and challenges:** The VTLP is an innovative program that provides hands-on assistance at no cost to rural residents for the preparation of tax returns, tax education and business counseling. Many in rural areas are unfamiliar with federal tax requirements, and that can lead to the loss of limited entry permits through IRS seizure and sale for failure to file returns. As many rural residents are also commercial fishing harvesters, the VTLP is of great help in avoiding the loss of permits and jeopardizing local economies. In 2002, the program assisted 422 limited entry permit holders and crewmembers.

**(5) Strategy: Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.**

**Target:** 78% or greater

**Measure:** The percentage of limited entry permits held by Alaskan residents.

The Percentage of Limited Entry Permits Held by Alaskan Residents

Year				% AK Permits	YTD Total
2003				78%	78%

**Analysis of results and challenges:** A statutory mission of the CFRLF is to provide long term, low interest loans to commercial fishing harvesters in order to promote resident fisheries. The overall resident ownership of limited entry permits is one of the ways to measure the success of that mission. Resident ownership is particularly important in rural areas where economic opportunities are limited. For 2003, Commercial Fisheries Entry Commission data indicates residents held 78% of active permits.

**(6) Strategy: Promote enhancement of the state's fisheries by decreasing response time to applications for financial assistance from private non-profit aquaculture associations.**

**Target:** 30 days.

**Measure:** The number of days to process applications.

**Analysis of results and challenges:** Efficient processing of applications benefits the aquaculture industry during periods of economic stress such as we are currently experiencing. Projects funded through loans are not as likely to be jeopardized by delays and cost overruns when applications are processed timely. This is a new measurement standard.

**(7) Strategy: In conjunction with the Administration's rural strategy and "Access to the Future" initiative, increase the number of loans originated and serviced on behalf of other agencies.**

**Target:** Six new loans.

**Measure:** The number of new Rural Development and Initiative Loans originated and serviced for the Alaska Industrial Development and Export Authority.

The Number of New Rural Development and Initiative Loans Originated and Serviced for the Alaska Industrial Development and Export Authority.

Year				# Loans	YTD Total
2003				5	5

**Analysis of results and challenges:** The creation of jobs in rural areas is critical to the Administration's Rural Strategy and "Access to the Future" initiative. The division will intensify efforts to locate and finance viable projects through the RDIF program. During FY '03 a total of five loans were made under this program.

**Target:** Ten new loans.

**Measure:** The number of new Small Business Economic Development loans originated and serviced for the Alaska Industrial Development and Export Authority.

The Number of New Small Business Economic Development Loans Originated and Serviced for the Alaska Industrial Development and Export Authority.

Year				# Loans	YTD Total
2003				1	1

**Analysis of results and challenges:** The creation of jobs in rural areas is critical to the Administration's Rural Strategy and "Access to the Future" initiative. The division will intensify efforts to locate and finance viable projects through the SBED program. During FY '03 one loan was made under this program.

## Key Component Challenges

### *Access to the Future Initiative*

The Division of Investments will play an important role in the Department's efforts to promote economic development in rural Alaska by providing access to capital as a component of the "Access to the Future Initiative". These efforts will utilize several programs administered by the division including, the Rural Development Initiative Fund, Small Business Economic Development Fund, Commercial Fishing Revolving Loan Fund and the Volunteer Tax and Loan Program. The division 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.

### *Salmon Industry*

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 maintains 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. It is anticipated that similar efforts will continue in FY05.

### *Salmon Industry Task Force Process*

The Alaska State Legislature convened a task force to address the crisis facing the salmon industry. Their goals are to evaluate the State's statutory framework for Alaska's wild salmon industry as well as current industry practices and to make recommendations for statutory, regulatory and structural changes that will improve the industry. The Division of Investments may play an important role in these restructuring efforts. The Division was selected as a Resource Agency for the Task Force Finance Subcommittee and the Hatchery Subcommittee. They are participating in their meetings in an advisory capacity. The Division's participation in this process and the implementation of the committee's final recommendations will be extremely important.

### *Loan Servicing Software Replacement*

The software package currently being used by the Division was purchased in the early 1980's and is out of date. A replacement system is needed to provide loan origination functions such as application tracking, document creation and management. It is also needed to provide accurate and timely information to management, the legislature and the public. The Legislature approved a \$550,000 capital request to replace this software. Preliminary work, including a project plan and requirements document, has been completed. The Division has begun the process of selecting the most appropriate package available and anticipates the purchase and installation to take place in FY05.

## Significant Changes in Results to be Delivered in FY2005

The Fisheries Conference Grant program provided funding to non-profit corporations to assist them with the expense of providing fisheries-related conferences. The maximum available for any one conference was \$5,000. \$20,000 in Commercial Fish Revolving Loan Funds was budgeted annually for the program. Although the purpose of the program was consistent with the mission of the division, it was not essential. In FY03 the program provided \$8,350 in grants. This program is eliminated in FY05.

## Major Component Accomplishments in 2003

**Commercial Fishing Revolving Loan Fund Program (CFRLF).** This program promotes the development of a predominantly resident fishery by providing loans to Alaskan commercial fishing harvesters. Market conditions in the commercial fishing industry have dramatically changed in recent years creating tremendous challenges for commercial fishing harvesters that utilize the CFRLF. The division has worked extensively with harvesters to insure that the CFRLF continues to fulfill its mission. During the past nine months the division approved 85 new loans totaling a little over \$5 million. The division also processed 116 loan extension requests and helped borrowers lower their interest rates through a refinancing program.

AS 16.10.310(a)(10) allows commercial fishing borrowers to refinance existing CFRLF loans to take advantage of reduced interest rates when they occur. The Division has developed a streamlined application process to assist borrowers in their refinancing efforts. During FY 03 interest rates declined dramatically and as a result the Division processed 321 refinancing applications. The Division has also received over 500 refinancing applications in FY 04 and expects to receive several hundred more prior to the start of FY 05.

**Fisheries Enhancement Revolving Loan Fund Program (FERLF).** This program promotes the enhancement of the state's fisheries by making loans to qualified nonprofit corporations to build and operate salmon hatcheries and to engage in other enhancement activities. During the past nine months the division made five loans totaling \$2.3 million. The division also helped borrowers lower their interest rates through a refinancing program.

AS 16.10.510 (10) allows fisheries enhancement borrowers to refinance existing FERLF loans to take advantage of reduced interest rates when they occur. The Division has developed a streamlined application process to assist borrowers in their refinancing efforts. During FY 03 the Division processed 87 refinancing applications. The Division has also received 125 additional refinancing applications in FY 04.

**Small Business Economic Development (SBED) Loan Program.** This program provides loans to small businesses located in areas of the state that have experienced economic difficulties. The purpose of the program is to create jobs and stimulate economic activity in these communities. During the past nine months ADI approved one SBED loan for \$210,000. This loan resulted in the creation/retention of 19 jobs.

**Rural Development Initiative Fund (RDIF).** This program provides loans to businesses located in communities of 5,000 or less. During the past nine months, the division approved five loans totaling \$577,000. These loans have resulted in the creation/retention of 21 jobs. In addition, \$1.5 million dollars was requested and eventually appropriated from Fisheries Disaster Funds to the RDIF. These funds will be used to provide loans to small businesses serving the fishing industry.

**Western Alaska Program (WAP).** This program provides small business loans that promote economic development in the 108 Western Alaska communities that were adversely affected by the 1998 fisheries disaster. A \$1 million dollar loan was made to Ciunerkiurvik Corporation to create a Vocational Training and Conferencing Center in St. Marys. The total project cost was \$3.8 million dollars and a cooperative effort between the Alaska Division of Investments (ADI), the U.S. Department of Agriculture, the Economic Development Administration, the Catholic Diocese of Fairbanks as well as numerous communities and businesses in the area was necessary to make this project possible. When completed the project is expected to provide valuable training opportunities in the area and will also create approximately 10 jobs.

**Volunteer Tax and Loan Program (VTLP).** The Division supported the Volunteer Tax and Loan Program (VTLP) through a fisheries business development contract with the Alaska Business Development Center, Inc. (ABDC). This program has been operating successfully since 1996 and the focus continues to be rural harvesting communities targeted by the IRS as having tax compliance issues. In 2003 trips were made to 78 communities in eight regions of the state during the months of February and March. Teams, comprised of advanced accounting students and tax supervisors, as well as ABDC consultants traveled to each community to provide tax preparation and loan package assistance as well as financial counseling. Overall, ABDC's VTLP assisted 5,574 individuals and prepared 2,971 tax returns. These returns resulted in \$2,838,318 in refunds that went back into the communities visited.

The VTLP has received national recognition on two occasions. In August of 2001, the program was selected by the National Association of Development Organizations (NADO) to receive a 2001 Innovation award. In 1999, the program received an award for Innovative Approach to Non-Profit Management from the Peter F. Drucker Foundation located in New York.

**Salmon Industry Task Force.** ADI staff participated as a resource agency for the Salmon Industry Task Force. The Task Force was created by the Legislature and was charged with evaluating the State of Alaska's wild salmon industry to make recommendations concerning statutory, regulatory and structural changes that will improve the industry while recognizing Alaska's coastal economy. ADI's involvement included providing substantial amounts of statistical information, testifying at public/legislative hearings as well as participation in numerous committee meetings.

**Legislation.** ADI supported the development and passage of legislation recommended by the Salmon Industry Task Force. This legislation (HB 105) provided assistance to harvesters that had received loans under the Commercial Fishing Revolving Loan Fund by removing the one half percent refinancing fee. This allowed borrowers to take advantage of greatly reduced interest rates through a refinancing program without additional costs. This legislation also reactivated the Tax Obligation Loan program. This program helps Alaskan harvesters obtain loans to deal with IRS related problems that could result in the loss of a limited entry permit.

**Salmon Enhancement Tax Distribution.** This self-imposed tax is paid by commercial fishing harvesters on the sale of salmon in areas that have formed regional aquaculture associations. The tax is collected by the Department of Revenue and distributed to the associations by ADI. A total of \$1.9 million was disbursed this year to four associations: Prince William Sound, Northern Southeast, Southern Southeast and Chignik.

**State Bond Committee Participation.** The State Bond Committee met three times during the past nine months and approved financing mechanisms for several very important projects. In April, the committee approved the sale of two General Obligation Bond issues totaling \$461,935,000 to fund several transportation and education projects. The committee also authorized the issuance of up to \$14,145,000 Certificates of Participation to pay costs associated with the construction of a new seafood and food safety laboratory in Anchorage and authorized the issuance and sale of up to \$23,000,000 in refunding certificates for the Alaska Courthouse Project.

**Alaska Municipal Bond Bank Authority Participation.** The Alaska Municipal Bond Bank Authority met six times during the past nine months and approved over \$100 million in financing to cities and boroughs around the state to pay for a multitude of public projects including hospitals, harbors and schools. By utilizing the Bond Bank these communities saved approximately \$2.8 dollars in bond issuance costs.

**Student Loan Corporation Participation.** The Student Loan Corporation met three times during the past nine months. The Board unanimously approved a new program that allows student loan borrowers to consolidate loans and thereby substantially reduce their interest rates and loan payments. The Board also approved the issuance of up \$48 million in Education Revenue Bonds to cover new loan requests.

**Loan Servicing Improvements.** During FY 03 the Division developed several loan servicing enhancements. A new service that allows borrowers to make loan payments over the telephone was implemented. This is a free, secure service that is convenient and avoids payments being lost or delayed in the mail. In FY 04 the Division also made available to borrowers an automatic bank withdrawal payment option. In addition, the Division entered into an agreement with Equifax Credit Information Services to provide credit-reporting capabilities.

## Statutory and Regulatory Authority

AS 45.88.010-.050,.500	Alternative Energy Revolving Loan Fund
AS 44.33.240-.275	Child Care Facility Revolving Loan Fund
AS 16.10.300-.370	Commercial Fishing Loan Act
AS 16.10.500-.620	Fisheries Enhancement Revolving Loan Fund
AS 45.98.010-.070	Historical District Revolving Loan Fund
AS 27.09.010-.060	Mining Loan Fund
AS 45.89.010-.070,.500	Residential Energy Conservation Fund
AS 45.95.010-.080	Small Business Revolving Loan Fund
AS 26.15.010-.170	WWII Veterans Revolving Fund
AS 44.88.400-.430	Small Business Economic Development Revolving Loan Fund
AS 44.47.800-.820	Rural Development Initiative Fund
AS 44.33.020	Department of Community and Economic Development
3 AAC 41.010-.900	Veterans Loan Assumptions
3 AAC 77.010-.900	Repossessed Property
3 AAC 78.010-.900	Alternative Energy Loans

3 AAC 79.010-.900	Residential Energy Conservation
3 AAC 80.010-.900	Commercial Fishing Loans
3 AAC 81.010-.900	Fisheries Enhancement Loans & Grants
3 AAC 82.010-.900	Child Care Facility Loans
3 AAC 83.010-.900	Historical District Loans
3 AAC 86.010-.900	Small Business Loan Assumptions
3 AAC 87.010-.900	Mining Loans
3 AAC 89.010-.900	Fisheries Enhancement Tax Appropriation
3 AAC 99.800-.820	Small Business Economic Development Loans
3 AAC 170.010-.900	Rural Development Initiative Fund

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### Investments Component Financial Summary

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,458.0	2,580.0	2,686.9
72000 Travel	46.7	31.2	31.2
73000 Contractual	911.4	1,042.3	1,008.1
74000 Supplies	34.2	37.9	37.9
75000 Equipment	69.4	4.8	4.8
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	8.4	20.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,528.1</b>	<b>3,716.2</b>	<b>3,768.9</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	7.0	7.2	7.3
1035 Veterans Revolving Loan Fund	31.6	60.2	0.0
1036 Commercial Fishing Loan Fund	2,976.0	3,053.7	3,172.8
1057 Small Business Loan Fund	3.5	3.5	0.0
1067 Mining Revolving Loan Fund	5.2	5.2	0.0
1068 Child Care Revolving Loan Fund	6.2	6.4	0.0
1069 Historical District Revolving Loan Fund	2.5	2.5	0.0
1070 Fisheries Enhancement Revolving Loan Fund	340.7	347.3	500.7
1071 Alternative Energy Revolving Loan Fund	88.5	143.8	0.0
1164 Rural Development Initiative Fund	25.0	43.8	44.7
1170 Small Business Economic Development Revolving Loan Fund	41.9	42.6	43.4
<b>Funding Totals</b>	<b>3,528.1</b>	<b>3,716.2</b>	<b>3,768.9</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	7.0	7.2	7.3
Veterans Revolving Loan Fund	51095	31.6	60.2	0.0
Commercial Fishing Loan Fund	51100	2,976.0	3,053.7	3,172.8
Small Business Loan Fund	51180	3.5	3.5	0.0
Mining Revolving Loan Fund	51230	5.2	5.2	0.0
Child Care Revolving Loan Fund	51235	6.2	6.4	0.0

Estimated Revenue Collections				
Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Historical District Revolving Loan Fund	51240	2.5	2.5	0.0
Fisheries Enhance. Revolving Loan Fund	51245	340.7	347.3	500.7
Alternative Energy Revolving Loan Fund	51250	88.5	143.8	0.0
Rural Development Initiative Fund (2000)	51435	25.0	43.8	44.7
Small Business Dev Revolving Loan Fund	51467	41.9	42.6	43.4
<b>Restricted Total</b>		<b>3,528.1</b>	<b>3,716.2</b>	<b>3,768.9</b>
<b>Total Estimated Revenues</b>		<b>3,528.1</b>	<b>3,716.2</b>	<b>3,768.9</b>

**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>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>3,716.2</b>	<b>3,716.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	72.7	72.7
<b>Proposed budget decreases:</b>				
-Eliminate Fisheries Conference Grants	0.0	0.0	-20.0	-20.0
<b>FY2005 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>3,768.9</b>	<b>3,768.9</b>

**Investments  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	44	44	Annual Salaries	2,012,734
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	843,527
			<i>Less 5.93% Vacancy Factor</i>	(169,361)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>44</b>	<b>44</b>	<b>Total Personal Services</b>	<b>2,686,900</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	0	0	1	0	1
Accounting Spvr I	0	0	1	0	1
Accounting Spvr II	0	0	1	0	1
Accounting Tech I	0	0	4	0	4
Accounting Tech II	0	0	3	0	3
Accounting Tech III	0	0	2	0	2
Administrative Clerk II	0	0	2	0	2
Administrative Clerk III	1	0	1	0	2
Administrative Manager I	0	0	1	0	1
Analyst/Programmer II	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	1	0	1
Analyst/Programmer V	0	0	1	0	1
Division Director	0	0	1	0	1
Loan Closer/Processor II	1	0	5	0	6
Loan Closer/Processor III	0	0	1	0	1
Loan/Collection Manager	0	0	1	0	1
Loan/Collection Off I	2	0	4	0	6
Loan/Collection Off II	0	0	3	0	3
Loan/Collection Officer III	1	0	2	0	3
Publications Tech II	0	0	1	0	1
Secretary	0	0	1	0	1
<b>Totals</b>	<b>5</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>44</b>