

State of Alaska FY2007 Governor's Operating Budget

Dept of Commerce, Community, & Economic Development Investments RDU/Component Budget Summary

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.

Provide servicing of loan portfolios owned by other state agencies.

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>A: Promote economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.</p> <p><u>Target #1:</u> Create or maintain 500 jobs annually in the Alaska commercial fishing industry as a result of financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF).</p> <p><u>Measure #1:</u> The number of direct jobs created or maintained.</p> <p><u>Target #2:</u> Create or maintain 50 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.</p> <p><u>Measure #2:</u> The number of rural jobs created or maintained.</p> <p><u>Target #3:</u> Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually.</p> <p><u>Measure #3:</u> Total annual value of hatchery-reared</p>	<p>A1: Increase financial services provided to Alaskan commercial fishing harvesters.</p> <p><u>Target #1:</u> Provide financial services to 750 commercial fishing harvesters annually.</p> <p><u>Measure #1:</u> The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the CFRLF.</p> <p>A2: Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.</p> <p><u>Target #1:</u> Maintain the number of permits held by Alaskans at 78% or greater.</p> <p><u>Measure #1:</u> The percentage of limited entry permits held by Alaska residents.</p> <p>A3: Utilize the RDIF and the SBED loan fund to increase the number of jobs created or maintained in rural communities.</p>

<p>salmon to various commercial fisheries.</p>	<p><u>Target #1:</u> Generate annually sixteen new RDIF and SBED loans originated and serviced annually for the Alaska Industrial Development and Export Authority (AIDEA). <u>Measure #1:</u> The number of new RDIF and SBED Loans.</p> <p>A4: Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.</p> <p><u>Target #1:</u> Process Fisheries Enhancement loan applications in 25 days or less. <u>Measure #1:</u> The number of days to process Fisheries Enhancement loan applications.</p>
<p>End Results</p>	<p>Strategies to Achieve Results</p>
<p>B: Provide interagency and interdepartmental servicing of loan portfolios.</p> <p><u>Target #1:</u> Generate \$1.0 million or more annually in new loans. <u>Measure #1:</u> The annual dollar amount of loans generated from loan portfolios serviced for other agencies.</p>	<p>B1: Provide prudent financial management of loan funds serviced for other agencies.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than ADI at 11% or less. <u>Measure #1:</u> The average annual delinquency rate of all loans serviced for other agencies.</p>
<p>End Results</p>	<p>Strategies to Achieve Results</p>
<p>C: Provide a return of capital to the state through financial management of loan funds.</p> <p><u>Target #1:</u> Generate \$3 million in excess earnings annually that may be utilized to fund government operations. <u>Measure #1:</u> The amount of excess earnings generated annually from the operation of loan funds.</p>	<p>C1: Generate capital excess to loan demand and operational needs to help fund government operations.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 11% or less. <u>Measure #1:</u> Average annual delinquency rate of all loan funds.</p> <p><u>Target #2:</u> Maintain the delinquency rate of the CFRLF at 15% or less. <u>Measure #2:</u> Average annual delinquency rate of the CFRLF.</p>

<p>Major Activities to Advance Strategies</p>	
<ul style="list-style-type: none"> • Promote Program Awareness through Marketing/Outreach Efforts • Loan Origination • Loan Servicing • Promote Awareness of Loan Servicing Capabilities • Loan Refinancing • Loan Modifications and Workouts • Loan Collections • Originate Loans in Rural Areas that Focus on Job Creation 	<ul style="list-style-type: none"> • Pursue Additional Funding Opportunities when Appropriate • Continue Utilizing Fisheries Business Assistance Contract • Continue Public Outreach Efforts to Rural Alaska • Continue Participation in the Volunteer Tax and Loan Program • Participate in Hatchery Corporation Board Meetings • Administer Salmon Enhancement Tax Distribution • Provide Loans To Newly Created Community Quota Entites

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$4,171,400	Personnel:	
	Full time	39
	Part time	0
	Total	39

Performance Measure Detail

A: 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 #1: Create or maintain 500 jobs annually in the Alaska commercial fishing industry as a result of financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF).

Measure #1: The number of direct jobs created or maintained.

Number of Jobs Created or Maintained Through CFRLF Loans

Fiscal Year	Jobs Created/Maintained	FY06 & FY07 Targets
FY 2005	603	
FY 2006		500
FY 2007		500

Analysis of results and challenges: Maintaining local ownership of fishery resources and the jobs associated with this ownership is critically important to Alaska's economy. Lending activity results in the creation of new jobs and the maintenance of existing jobs for Alaska residents, in addition to providing a necessary source of capital to the commercial fishing industry. Maintaining employment levels is critical to Alaska's economy, particularly in rural areas of the state. The CFRLF plays a significant role in the rural economy, as commercial fishing is often the only viable economic activity. The Alaska Division of Investments (ADI) will seek to maximize the ability of the CFRLF to facilitate job creation while the industry recovers from recent economic challenges.

Target #2: Create or maintain 50 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.

Measure #2: The number of rural jobs created or maintained.

Number of Jobs Created or Maintained Through RDIF and SBED Loans

Fiscal Year	Jobs Created/Maintained	FY06 & FY07 Targets
FY 2003	38	
FY 2004	31	
FY 2005	204	
FY 2006		50
FY 2007		50

Analysis of results and challenges: The creation of jobs is a keystone of economic development efforts. The primary goal of the RDIF and SBED programs is economic development through job creation in rural areas. During FY05, a total of 155 jobs were created or maintained as a result of loans made under the RDIF and SBED programs. ADI will intensify efforts to locate and finance viable projects through the RDIF and SBED programs.

Target #3: Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually.

Measure #3: Total annual value of hatchery-reared salmon to various commercial fisheries.

Total Value of Hatchery-Reared Salmon to Statewide Commercial Fisheries

Year	Hatchery Salmon Value	2005 & 2006 Targets
1998	\$41,700,000	
1999	\$46,800,000	
2000	\$57,000,000	
2001	\$44,300,000	
2002	\$29,100,000	
2003	\$39,900,000	
2004	\$26,500,000	
2005		\$40,000,000
2006		\$40,000,000

Analysis of results and challenges: Salmon hatcheries provide a significant contribution to numerous coastal economies. ADI provides the salmon 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 Alaska Department of Fish & Game (ADF&G) (CY04), indicates a total market value of hatchery-reared salmon of \$26.5 million.

A1: Strategy - Increase financial services provided to Alaskan commercial fishing harvesters.

Target #1: Provide financial services to 750 commercial fishing harvesters annually.

Measure #1: The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the CFRLF.

Harvesters Provided with Financial Services Under the Commercial Fishing Revolving Loan Fund

Fiscal Year	Commercial Harvesters	FY06 & FY07 Targets
FY 2004	841	
FY 2005	1032	
FY 2006		750
FY 2007		750

Analysis of results and challenges: One of the primary benefits of the lending activity and financial services provided under the CFRLF is the creation and maintenance of jobs. There is a direct link between new loans and job creation as resident borrowers hire licensed crew to operate their small business enterprises. They also have a positive impact on Alaska's economy through the purchase of goods and services. Like any small business, these fishing operations are small economic development engines, often located in rural areas where they provide one of the few practical economic development means available. In addition, ADI's efforts in restructuring troubled loans as a result of recent industry difficulties serves as an economic buffer to the significant potential loss of jobs that would result without such efforts. Another significant benefit to the services provided by ADI is the ability to provide financial management and small business management skills to individuals as a result of the application process.

A2: Strategy - Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.

Target #1: Maintain the number of permits held by Alaskans at 78% or greater.

Measure #1: The percentage of limited entry permits held by Alaska residents.

The Percentage of Limited Entry Permits Held by Alaskan Residents

Fiscal Year	Alaskan Owned LE Permits	FY06 & FY07 Targets
FY 1998	77%	
FY 1999	78%	
FY 2000	78%	
FY 2001	78%	
FY 2002	78%	
FY 2003	78%	
FY 2004	78%	
FY 2005	78%	
FY 2006		78%
FY 2007		78%

Analysis of results and challenges: A statutory mission of the CFRLF is to provide long term, low interest loans to commercial fishing harvesters to promote resident fisheries. The overall resident ownership of limited entry permits is one of the ways to measure program success. Resident ownership is particularly important in rural areas where economic opportunities are limited.

A3: Strategy - Utilize the RDIF and the SBED loan fund to increase the number of jobs created or maintained in rural communities.

Target #1: Generate annually sixteen new RDIF and SBED loans originated and serviced annually for the Alaska Industrial Development and Export Authority (AIDEA).

Measure #1: The number of new RDIF and SBED Loans.

The Number of New RDIF and SBED Loans Originated and Serviced for AIDEA

Fiscal Year	New Loans ~ SBED & RDIF	FY06 & FY07 Targets
FY 2003	5	
FY 2004	9	
FY 2005	23	
FY 2006		16
FY 2007		16

Analysis of results and challenges: The SBED and RDIF loan programs were designed specifically for creating and maintaining jobs in rural areas of the state. Loans under these programs are analyzed in terms of their ability to do so. At the end of FY04, ADI undertook a no-cost marketing program to increase awareness of the programs to the banking community throughout the state. These efforts have been extremely successful. During FY05, a total of 23 loans were made, creating or saving a total of 155 rural jobs. ADI intends to build on this success by continuing to market the program and will strive to create as many jobs as possible by fully utilizing available funding.

A4: Strategy - Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.

Target #1: Process Fisheries Enhancement loan applications in 25 days or less.

Measure #1: The number of days to process Fisheries Enhancement loan applications.

Fisheries Enhancement Loan Application Response Time

Fiscal Year	Days to Process FE App	FY06 & FY07 Targets
FY 2004	24	
FY 2005	17	
FY 2006		30
FY 2007		25

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.

B: Result - Provide interagency and interdepartmental servicing of loan portfolios.

Target #1: Generate \$1.0 million or more annually in new loans.

Measure #1: The annual dollar amount of loans generated from loan portfolios serviced for other agencies.

New Loans Generated From Loan Portfolios Serviced for Other Agencies

Fiscal Year	New Loans Generated	FY06 & FY07 Targets
FY 2003	\$1,374,600	
FY 2004	\$1,031,400	
FY 2005	\$2,989,100	
FY 2006		\$1,000,000
FY 2007		\$1,000,000

Analysis of results and challenges: Full utilization of the loan funds serviced for other agencies leads to job creation and overall economic development. The majority of the loans serviced are made in areas of the state facing economic difficulties. ADI has taken steps to increase public awareness of these programs that has led to a dramatic increase in loan volume and a higher level of utilization of the funds. ADI's goal is to maintain the highest level of fund utilization resulting in job creation, while maintaining prudent lending practices.

B1: Strategy - Provide prudent financial management of loan funds serviced for other agencies.

Target #1: Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than ADI at 11% or less.

Measure #1: The average annual delinquency rate of all loans serviced for other agencies.

Average Annual Delinquency Rate of Portfolios Serviced for Other Agencies

Fiscal Year	Average Delinquency Rate	FY06 & FY07 Targets
FY 2003	11.0%	
FY 2004	10.2%	
FY 2005	14.8%	
FY 2006		11%
FY 2007		11%

Analysis of results and challenges: The consolidation of lending functions across various agencies to ADI results in more efficient government. Maintaining low delinquency rates on the loan funds administered by ADI results in greater operational efficiencies and a higher rate of return to the loan funds. The majority of loans serviced for other agencies are small business loans aimed at rural areas. Commercial lending in rural Alaska requires experience and knowledge in rural economic conditions to stimulate economic development while maintaining prudent lending practices. ADI accomplishes this by utilizing an experienced and knowledgeable collections staff.

C: Result - Provide a return of capital to the state through financial management of loan funds.

Target #1: Generate \$3 million in excess earnings annually that may be utilized to fund government operations.

Measure #1: The amount of excess earnings generated annually from the operation of loan funds.

Excess Earnings Utilized for Government Operations

Fiscal Year	Excess Earnings Utilized	FY06 & FY07 Targets
FY 2000	\$1,508,600	
FY 2001	\$3,115,500	
FY 2002	\$2,040,200	
FY 2003	\$4,530,100	
FY 2004	\$2,875,300	
FY 2005	\$5,557,000	
FY 2006		\$3,000,000
FY 2007		\$3,000,000

Analysis of results and challenges: Proper financial management of ADI loan portfolios creates earnings that can be made available for the operations of state government. Excess interest earnings from continuing operations of the loan funds, combined with interest earned by the Treasury from cash in the loan funds, can be utilized without sacrificing program goals when managed carefully.

C1: Strategy - Generate capital excess to loan demand and operational needs to help fund government operations.

Target #1: Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 11% or less.

Measure #1: Average annual delinquency rate of all loan funds.

Average Annual Delinquency Rate of All Loan Funds

Fiscal Year	Average Delinquency Rate	FY06 & FY07 Targets
FY 2000	6.9%	
FY 2001	10.4%	
FY 2002	15.1%	
FY 2003	15.6%	
FY 2004	10.7%	
FY 2005	6.3%	
FY 2006		11%
FY 2007		11%

Analysis of results and challenges: Maintaining an appropriately low delinquency rate on loan funds under ADI administration increases cash flow into the funds, making more funds available to lend and generating more interest income. Delinquency management is an integral part of the financial management of loan funds. ADI accomplishes this by utilizing an experienced and knowledgeable collections staff.

Target #2: Maintain the delinquency rate of the CFRLF at 15% or less.

Measure #2: Average annual delinquency rate of the CFRLF.

Average Annual Delinquency Rate of the CFRLF

Fiscal Year	Average Delinquency Rate	FY06 & FY07 Targets
FY 2000	25.0%	
FY 2001	17.0%	
FY 2002	20.4%	
FY 2003	21.5%	
FY 2004	13.5%	
FY 2005	9.6%	
FY 2006		15%
FY 2007		15%

Analysis of results and challenges: The commercial fishing industry in Alaska has experienced dramatic and stressful changes over the past several years, primarily as a result of the impact of farmed salmon on world markets. Prices have dropped to record lows in some areas and many fisheries have encountered catastrophic run failures as well. This has had a significant impact on the CFRLF. Delinquency management has been very challenging and will continue to be so in the near future. ADI has utilized many creative solutions to help meet the needs of the industry and accomplish program goals while at the same time protecting the integrity of the Fund. ADI will continue to effectively manage delinquencies by utilizing an experienced and knowledgeable collections staff.

Key Component Challenges**Rural Economic Development**

Promoting economic development in rural areas of Alaska presents a challenge. ADI will play an important role in the Department's efforts to promote economic development in rural Alaska by providing access to capital. These efforts will utilize several programs administered by ADI including the Rural Development Initiative Fund, Small Business Economic Development Fund, Commercial Fishing Revolving Loan Fund, the Volunteer Tax and Loan Program, and the Community Quota Entity Program. ADI will increase the financial services it provides 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 challenges 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 very 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 some of our borrowers. Fortunately, the statutes provide the flexibility needed to craft solutions to payment problems and ADI will continue to dedicate resources in FY07 toward these efforts.

Loan Servicing Software Replacement

The software package currently being used by ADI was purchased in the early 1980's and is out of date. ADI purchased a replacement system that was delivered in FY06. The new system will provide loan origination functions such as application tracking, document creation and management. It will also provide accurate and timely information to management, the legislature and the public. Installation, customization and implementation of the new system is expected to be completed in FY07.

Significant Changes in Results to be Delivered in FY2007

No significant changes.

Major Component Accomplishments in 2005

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 Alaska Division of Investments (ADI) has worked extensively with harvesters to ensure that the CFRLF continues to fulfill its mission. In fiscal year 2005, ADI approved 140 new loans totaling a little over \$9.2 million, and processed 135 loan extension requests.

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. ADI has developed a streamlined application process to assist borrowers in their refinancing efforts. During FY05, ADI processed ninety-nine refinancing applications.

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 fisheries related enhancement activities. During FY05, ADI made five loans totaling \$6.3 million.

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 FY05, ADI approved twenty-three SBED loans totaling \$3.1 million. These loans resulted in the creation/retention of 155 jobs.

Rural Development Initiative Fund (RDIF). This program provides loans to businesses located in communities of 5,000 or less. During FY05, ADI approved nine loans totaling \$931,500. These loans have resulted in the creation/retention of 49 jobs.

Volunteer Tax and Loan Program (VTLP). ADI 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. The focus of the VTLP continues to be rural harvesting communities targeted by the IRS as having tax compliance issues. During the 2005 tax season, the VTLP teams, comprised of advanced college accounting students and tax supervisors, as well as ABDC consultants, visited a total of 74 villages in nine areas to provide tax preparation and loan application services as well as financial counseling. Another 16 villages were assisted via mailed returns for a total of 91 communities that received assistance. The nine areas around the state that were assisted included Western, Yukon Delta, Kodiak, Bristol Bay, Southeast, Interior, Pribilofs, Aleutian Islands, and the Northwest Arctic Borough. VTLP's volunteers prepared over 2,800 tax returns, assisting approximately 5,300 people. As a result of these efforts, more than \$3.4 million in tax-refunds are returning to these communities.

The VTLP has received national recognition on four occasions. The International Economic Development Council (IEDC) presented an Honorable Mention Award for the Economic Development Partnership category to the VTLP program in September 2005. In September of 2004, the program was selected by the International Economic Development Council to receive a partnership award. 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 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 \$2.6 million was disbursed in FY05 to six associations: Prince William Sound Aquaculture Association, Northern Southeast Regional Aquaculture Association, Southern Southeast Regional Aquaculture Association, Chignik Regional Aquaculture Association, Cook Inlet Aquaculture Association, and Kodiak Regional Aquaculture Association.

State Bond Committee Participation (Bond Committee). The Bond Committee met five times during FY05. They allocated a total of \$233.8 million for tax-exempt bonds. The Alaska Housing Finance Corporation received \$113.8 million, and \$120 million went to the Alaska Student Loan Corporation.

Alaska Municipal Bond Bank Authority Participation (Bond Bank). The Bond Bank met seven times during FY05 and approved approximately \$123 million in financing to cities and boroughs around the state to pay for a multitude of public projects. Municipalities that benefited from this activity included Petersburg, Palmer, Kodiak, Adak, Ketchikan,

North Pole, Juneau, Fairbanks, Cordova, Haines, Unalaska, Northwest Arctic Borough, and Sitka. By utilizing the Bond Bank these communities saved over \$16.8 million in interest expense and bond issuance costs.

Student Loan Corporation Participation (Board). The Board met four times during FY05. They approved an FY06 dividend payment of \$3.1 million to the State, and a 2005 Alaska Capital Project Revenue Bond issue in the amount of \$88.3 million. They also provided \$500,000 funding for the new Alaska Advantage Grant Program, and approved a 2005 Education Loan Revenue Bond issue in the amount of \$58,250,000. A 2005/2006 Borrower Benefit package was also approved that allows for a reduction of interest rate charges to borrowers

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 Loan Program
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 44.88.600-.900	Rural Development Initiative Fund
AS 44.33.020	Dept of Commerce, Community, & Economic Dev
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

Contact Information

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**Investments
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,561.1	2,964.2	2,717.7
72000 Travel	43.9	31.2	31.2
73000 Services	838.8	964.1	1,379.8
74000 Commodities	93.8	37.9	37.9
75000 Capital Outlay	24.8	4.8	4.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,562.4	4,002.2	4,171.4
Funding Sources:			
1007 Inter-Agency Receipts	3.0	3.7	3.9
1036 Commercial Fishing Loan Fund	3,124.4	3,382.0	3,531.1
1070 Fisheries Enhancement Revolving Loan Fund	400.0	523.0	539.0
1164 Rural Development Initiative Fund	20.0	47.5	49.5
1170 Small Business Economic Development Revolving Loan Fund	15.0	46.0	47.9
Funding Totals	3,562.4	4,002.2	4,171.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	0.5	0.0	0.0
Unrestricted Total		0.5	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	3.0	3.7	3.9
Commercial Fishing Loan Fund	51100	3,124.4	3,382.0	3,531.1
Fisheries Enhance. Revolving Loan Fund	51245	400.0	523.0	539.0
Rural Development Initiative Fund (2000)	51435	20.0	47.5	49.5
Small Business Dev Revolving Loan Fund	51467	15.0	46.0	47.9
Restricted Total		3,562.4	4,002.2	4,171.4
Total Estimated Revenues		3,562.9	4,002.2	4,171.4

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	0.0	4,002.2	4,002.2
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	53.7	53.7
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	7.5	7.5
-FY 07 Retirement Systems Cost Increase	0.0	0.0	102.3	102.3
Proposed budget increases:				
-Risk Management Self-Insurance Funding Increase	0.0	0.0	5.7	5.7
FY2007 Governor	0.0	0.0	4,171.4	4,171.4

**Investments
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	44	39	Annual Salaries	1,814,820
Part-time	0	0	COLA	48,654
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,026,715
			<i>Less 5.97% Vacancy Factor</i>	(172,489)
			Lump Sum Premium Pay	0
Totals	44	39	Total Personal Services	2,717,700

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
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
Secretary	0	0	1	0	1
Totals	5	0	34	0	39