

# **State of Alaska FY2007 Governor's Operating Budget**

**Dept of Commerce, Community, & Economic Development  
Alaska Industrial Development and Export Authority  
Component Budget Summary**

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

**Contribution to Department's Mission**

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to provide means of financing to promote economic growth and diversification in Alaska.

**Core Services**

Loan Participation Program

Conduit Revenue Bond Program

Business and Export Assistance Program

Rural Development Initiative Fund and Small Business Economic Development Revolving Loan Fund (AIDEA statutory programs, partially funded by AIDEA, managed by DCED)

Development Finance Program – AIDEA –owned projects

Staffing and administrative overhead for the Alaska Energy Authority

End Results	Strategies to Achieve Results
<p><b>A: Promote economic growth in Alaska</b></p> <p><u>Target #1:</u> 300 Permanent jobs annually created or retained in Alaska by AIDEA financing  <u>Measure #1:</u> Number of permanent jobs annually created or retained in Alaska by AIDEA financing</p> <p><u>Target #2:</u> 300 Construction jobs annually created or retained in Alaska by AIDEA financing  <u>Measure #2:</u> Number of construction jobs annually created or retained in Alaska by AIDEA financing</p>	<p><b>A1: Maintain/improve existing "A" credit rating</b></p> <p><u>Target #1:</u> Keep loan delinquencies and loan losses at or below Alaska financial industry levels.  <u>Measure #1:</u> Delinquency percentages and net losses compared to performance of Alaskan banks</p> <p><u>Target #2:</u> 1:1 ratio of cash to General Obligation debt outstanding  <u>Measure #2:</u> Ratio of cash to outstanding General Obligation debt</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>• Issue loans</li> <li>• Manage loan portfolio and mitigate risk through industry and geographic diversification</li> <li>• Invest funds</li> <li>• Manage AIDEA-owned projects</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate business development opportunities</li> <li>• Evaluate business proposals</li> <li>• Perform project feasibility studies</li> <li>• Participate in public outreach programs</li> </ul>

### FY2007 Resources Allocated to Achieve Results

<b>FY2007 Component Budget: \$7,505,500</b>	<b>Personnel:</b>	
	Full time	67
	Part time	0
	<b>Total</b>	<b>67</b>

## Performance Measure Detail

### A: Result - Promote economic growth in Alaska

**Target #1:** 300 Permanent jobs annually created or retained in Alaska by AIDEA financing

**Measure #1:** Number of permanent jobs annually created or retained in Alaska by AIDEA financing

#### Number of Permanent Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	542
FY 2004	630
FY 2005	1026

**Analysis of results and challenges:** AIDEA financing will help increase Alaska investment and jobs. This measure allows us to gauge our effectiveness.

**Target #2:** 300 Construction jobs annually created or retained in Alaska by AIDEA financing

**Measure #2:** Number of construction jobs annually created or retained in Alaska by AIDEA financing

#### Number of Constuction Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	471
FY 2004	310
FY 2005	390

**Analysis of results and challenges:** AIDEA financing will help increase Alaska investment and jobs. This measure allows us to gauge our effectiveness.

### A1: Strategy - Maintain/improve existing "A" credit rating

**Target #1:** Keep loan delinquencies and loan losses at or below Alaska financial industry levels.

**Measure #1:** Delinquency percentages and net losses compared to performance of Alaskan banks

#### % Loan Delinquencies at June 30

Year	Alaska Financial Inst	AIDEA %Delinquent
2003	NA	.88%
2004	NA	1.5%
2005	2.1%	.27%

**Target #2:** 1:1 ratio of cash to General Obligation debt outstanding

**Measure #2:** Ratio of cash to outstanding General Obligation debt

**Ratio of Cash to GO Debt Outstanding at June 30**

Fiscal Year	YTD Total
FY 2002	1.53
FY 2003	1.67
FY 2004	1.54
FY 2005	1.88

**Analysis of results and challenges:** At least one dollar of cash is available for every dollar of General Obligation debt AIDEA has outstanding. On June 30, 2005 AIDEA had \$1.88 in cash for every dollar of debt outstanding.

**Key Component Challenges**

Start-up and operation of the Healy Clean Coal Project.

Increase the loan portfolio while maintaining the highest credit quality and generating increased earnings.

**Significant Changes in Results to be Delivered in FY2007**

No significant changes.

**Major Component Accomplishments in 2005**

Funded 40 loans for a total of \$66,358,174 as compared to 46 loans for a total of \$78,682,478 in Fiscal Year 2004

Received 24 applications for loan participations totaling \$46,599,570 as compared to 83 applications for loan participations totaling \$154,752,630 in Fiscal Year 2004

Sale of Alaska Seafood International (ASI) facility

Sale of other real estate owned

Development of small-size conduit revenue bond program

Alaska Science and Technology Foundation (ASTF) grant review completed resulting in collection efforts yielding \$240,860 in payments, payable to the general fund

37 ASTF grants identified for follow-up represent a total grant amount of \$9,604,177 with a maximum repayment obligation of \$17,248,008

**Statutory and Regulatory Authority**

AS 44.88 Alaska Industrial Development and Export Authority  
 3 AAC 99 Alaska Industrial Development and Export Authority

**Contact Information**

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**Alaska Industrial Development and Export Authority  
Component Financial Summary**

*All dollars shown in thousands*

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	4,839.6	5,834.1	6,246.0
72000 Travel	51.2	68.2	68.2
73000 Services	1,158.4	1,203.5	1,136.9
74000 Commodities	49.7	38.9	38.9
75000 Capital Outlay	31.4	15.5	15.5
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>6,130.3</b>	<b>7,160.2</b>	<b>7,505.5</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	59.9	0.0	0.0
1007 Inter-Agency Receipts	2,696.1	2,789.2	1,226.4
1061 Capital Improvement Project Receipts	0.0	0.0	1,726.4
1102 Alaska Industrial Development & Export Authority Receipts	3,374.3	4,371.0	4,552.7
<b>Funding Totals</b>	<b>6,130.3</b>	<b>7,160.2</b>	<b>7,505.5</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2005 Actuals	FY2006 Managem nt Plan	FY2007 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	2,696.1	2,789.2	1,226.4
Capital Improvement Project Receipts	51200	0.0	0.0	1,726.4
AK Industrial Dev. Export Auth. Receipts	51406	3,374.3	4,371.0	4,552.7
<b>Restricted Total</b>		<b>6,070.4</b>	<b>7,160.2</b>	<b>7,505.5</b>
<b>Total Estimated Revenues</b>		<b>6,070.4</b>	<b>7,160.2</b>	<b>7,505.5</b>

**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>
<b>FY2006 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>7,160.2</b>	<b>7,160.2</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	109.6	109.6
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	11.2	11.2
-FY 07 Retirement Systems Cost Increase	0.0	0.0	209.4	209.4
<b>Proposed budget increases:</b>				
-Risk Management Self-Insurance Funding Increase	0.0	0.0	15.1	15.1
<b>FY2007 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>7,505.5</b>	<b>7,505.5</b>

**Alaska Industrial Development and Export Authority  
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	67	67	Annual Salaries	4,341,350
Part-time	0	0	COLA	117,981
Nonpermanent	0	0	Premium Pay	69,247
			Annual Benefits	2,185,536
			<i>Less 6.97% Vacancy Factor</i>	(468,114)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>67</b>	<b>67</b>	<b>Total Personal Services</b>	<b>6,246,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	4	0	0	0	4
Accountant II	1	0	0	0	1
Accounting Technician	3	0	0	0	3
Accounting Technician II	2	0	0	0	2
Admin Assistant	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Clerk IV	2	0	0	0	2
Administrative Manager	1	0	0	0	1
Assistant Project Manager	2	0	0	0	2
Circuit Rider Technician	1	0	0	0	1
Contract/Grants Administrator	1	0	0	0	1
Credit Administrator	1	0	0	0	1
Data Systems Specialist	1	0	0	0	1
Dep Dir/Project Dev/Operations	1	0	0	0	1
Dep Dir-Bus Dev-Rural Energy	1	0	0	0	1
Deputy Director	1	0	0	0	1
Deputy Director Credit	1	0	0	0	1
Deputy Director Finance	1	0	0	0	1
Development Specialist II	1	0	0	0	1
Executive Director	1	0	0	0	1
Finance Assistant	3	0	0	0	3
Financial Analyst	1	0	0	0	1
Loan Officer II	2	0	0	0	2
Loan Servicing Officer	1	0	0	0	1
Loan Servicing Technician II	2	0	0	0	2
Mgr Training & Rural Outreach	1	0	0	0	1
Operations Manager	1	0	0	0	1
Procurement Manager	2	0	0	0	2
Program Manager	3	0	0	0	3
Project Assistant	1	0	0	0	1
Project Development Manager	1	0	0	0	1
Project Development Specialist	1	0	0	0	1
Project Manager	9	0	0	0	9
Project Manager II	2	0	0	0	2
Rural Development Manager	1	0	0	0	1
Rural Electric Utility Worker	3	0	0	0	3

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Technical Engineer II	2	0	0	1	3
Warehouse Manager	1	0	0	0	1
<b>Totals</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>67</b>