

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Commissioner's Office
Component

Component: Commissioner's Office

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Component Mission

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

Component Services Provided

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
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

Component Goals and Strategies

Strengthen Rural Communities

- Increase the capacity of local government to effectively provide essential public services by providing communities with training and onsite technical assistance.
- Enhance the availability and quality of basic local government services by providing financial assistance that supplements local revenue generation.
- Assist communities experiencing sudden economic dislocation.

Diversify Alaska's economic base to benefit all Alaskans.

- Partner with other state agencies, private businesses, ANCSA corporations, tribes, and local governments to identify and development opportunities for regional and local economic development.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.

Market Alaska's commercial opportunities and geographic advantages to the rest of the nation and the global business community.

- Visit corporate boardrooms to solicit investment in Alaska.
- Participate in business trade missions to key markets and potential markets.

- Work with the private sector to develop and implement tourism programs designed to increase independent travelers to Alaska and expand tourism benefits to rural areas of the state.

Strengthen Alaska's businesses.

- Provide technical and financial assistance.
- Advocate for the reduction of barriers to diversified economic development.

Protect Alaska's citizens and businesses.

- Maintain a fair and consistent regulatory environment.
- Support regulations that balance economic, public safety and environmental issues.

Key Component Issues for FY2001 – 2002

Operation Renew Hope - In July the Governor declared a fisheries disaster for the Yukon River, Kuskokwim River and Norton Sound salmon fisheries. In response to this disaster, the Governor created Operation Renew Hope to pull together all the various state and federal programs that could respond to the short and long term disaster impacts under this organizational umbrella. The department's participation in this effort has resulted in substantial new responsibilities for staff, particularly within the Commissioner's Office and the Division of Community and Business Development's regional office structure. At this point, federal funding is uncertain. Federal and/or State funding is necessary for the department to maintain the current level of assistance.

Municipal Government - Many cities in Alaska are struggling to maintain basic services. There are more than 40 smaller municipalities in Alaska that rely on state shared revenue for over 30% of their operating budget. Many communities (particularly in the Yukon/Kuskokwim Delta) are choosing to recognize their tribal organizations as their local governments, raising questions concerning the distribution of municipal property and the extent of tribal powers. Over the last 15 years, the state's two major revenue sharing programs have been cut by more than 85%. Division of Community and Business Development staff have been working with the Legislature to explore modified revenue sharing programs that could limit the impact of cuts on the most financially vulnerable cities, and working with cities to identify sources of local revenue and decide how to most effectively use these limited resources.

Power Cost Equalization - The PCE endowment fund is expected to generate approximately \$7.3 million for PCE in FY02. The endowment is expected to generate approximately \$13.5 million for PCE in future years beginning in FY03 after the proceeds from Four Dam Pool divestiture are deposited. The key issue for FY02 is that the estimated \$7.3 million contribution from the endowment fund, plus \$1.3 million carry forward from FY01 and \$0.5 million in short-term interest earnings, leaves a shortfall of \$6.6 million.

International Trade and Market Development - Maintaining and improving Alaska's export market share, and expanding and diversifying the economy, are key for Alaska's economy and jobs. For export markets, the key is Asia. Countries in the region account for nearly 80% of Alaska's total worldwide exports. The state must maintain our effective trade presence - via in-state trade specialists and overseas representatives in Japan, Korea, Taiwan and the Russian Far East -- to assist Alaska businesses as the post "Asian flu" recovery continues. Alaska must also establish an active trade presence in China, the world's largest emerging market. To expand the economy, Alaska must attract new industry and investment to the state -- a highly competitive endeavor. Cities, counties, states and nations compete to attract business to their communities. If Alaska is to succeed in attracting its fair share, sufficient resources will need to be deployed.

Major Component Accomplishments for FY2000

Successfully merged the Departments of Commerce and Economic Development and Community and Regional Affairs in accordance with HB 40, passed by the 1999 Legislature. Reorganized the former divisions of Tourism, Trade & Development, and Municipal & Regional Assistance into two new divisions: International Trade & Market Development and Community & Business Development, effective July 1, 2000.

Coordinated Operation Renew Hope, the State's multi-departmental response to the Yukon, Kuskokwim, and Norton Sound fishery disaster.

DCED, in conjunction with the Department of Fish & Game, conducted the first ever multi-species Community Development Quota (CDQ) allocation. All species including groundfish, halibut and crab were allocated among the six groups for the two-year CDQ allocation period of 2001 and 2002. In recognition of the growing maturity of the CDQ groups, the department also worked with the National Marine Fisheries Service and the CDQ groups to streamline the CDQ regulatory process.

The Division of International Trade and Market Development introduced fresh Alaska seafood to hotel restaurants and other high-end customers - to the benefit of seafood and air cargo industries. Missions and promotions resulted in over \$200,000 in direct sales and over \$2 million projected sales by Alaska seafood companies to new customers in Korea.

Alaska businesses made contacts in Japan and China during Governor-led trade mission. The ten-day, 33-member trade mission highlighted Alaska businesses' strengths in energy, seafood, and technical services in Tokyo, Hong Kong, Shanghai and Beijing. Results included actual new business contracts and potential business for Alaska companies.

Statutory and Regulatory Authority

AS 44.33.010-020

Key Performance Measures for FY2002

Measure: The percentage of divisions that meet assigned performance measures.

(Added by Legislature in FY2001 version.)

Measure: The reduction in per unit cost in the departmental divisions.

(Added by Legislature in FY2001 version.)

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> The percentage of divisions that meet assigned performance measures. The reduction in per unit cost in the departmental divisions. 			X		

Commissioner's Office
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	409.7	436.2	447.0
72000 Travel	40.6	32.0	32.0
73000 Contractual	59.6	73.0	65.6
74000 Supplies	15.3	7.2	7.2
75000 Equipment	25.7	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	125.0	125.0	125.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	675.9	673.4	676.8
Funding Sources:			
1004 General Fund Receipts	323.5	261.0	262.5
1007 Inter-Agency Receipts	352.4	412.4	414.3
Funding Totals	675.9	673.4	676.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	352.4	412.4	412.4	414.3	414.3
Investment Loss Trust Fund	51393	0.0	3.4	0.0	0.0	0.0
Restricted Total		352.4	415.8	412.4	414.3	414.3
Total Estimated Revenues		352.4	415.8	412.4	414.3	414.3

Commissioner's Office**Proposed Changes in Levels of Service for FY2002**

None.

**Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor**

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	261.0	0.0	412.4	673.4
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY 2001	1.5	0.0	1.9	3.4
FY2002 Governor	262.5	0.0	414.3	676.8

Commissioner's Office
Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	6	6	Annual Salaries	346,962
Part-time	0	0	COLA	7,391
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	106,470
			<i>Less 3.00% Vacancy Factor</i>	(13,823)
			Lump Sum Premium Pay	0
Totals	6	6	Total Personal Services	447,000

Position Classification Summary

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