

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
FY16 - Increment / Decrement Status

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	FY16 CC Book Comment	GF Dec?	LFD Question	Agency Comments
1	Community and Regional Affairs/Community and Regional Affairs	Grant to Named Recipient: Kawerak, Inc. for the federal Essential Air Service Program	\$200.0 UGF	The legislature approved funding in the base budget for the Named Recipient Grant to Kawerak, Inc for administration and 50% match to the federal Essential Air Service Program for the City of Diomed. This is the same amount of grant funding as FY15.	No	Has the grant agreement been signed and the funding distributed?	This grant is underway. The grant agreement is in place, and the grantee is receiving reimbursements as they submit required reports.
2	Community and Regional Affairs/Community and Regional Affairs	Grant to Named Recipient: Alaska Air Carriers Association, Inc	\$250.0 UGF	The legislature approved funding in the base budget for the Named Recipient Grant to the Alaska Air Carriers Association Inc for the Medallion Foundation to use as federal matching funds and continue to provide training, education and advocacy courses that promote aviation safety for pilots across the state. Although this is the same amount of grant funding as FY15, it was previously appropriated in the capital budget.	No	Has the grant agreement been signed and the funding distributed?	This grant is underway. The grant agreement is in place, and the grantee will receive reimbursements as they submit required reports.
3	Alaska Energy Authority/Alaska Energy Authority Power Cost Equalization	FY16 Power Cost Equalization Program Funding	\$41,335.0 PCE Endowment (DGF)	<p>The Alaska Energy Authority's (AEA) projection for the total cost of the Power Cost Equalization (PCE) Program is \$41.4 million in FY16, the same level of funding as appropriated in FY15. The estimated amount of general funds required to subsidize the PCE program is zero. For the second consecutive year, projected program costs are less than the seven percent payout from the PCE Endowment allowable under the statutory formula (AS 42.45.070-085).</p> <p>Legislative Fiscal Analyst Comment: This funding is merely a projection of costs; open-ended language in Section 14(g) of HB 72 (the operating budget) appropriates the amount of general funds necessary to pay for the PCE Program under the statutory formula.</p>	No	Does Alaska Energy Authority project utilizing general funds in FY16 or will the authorization for PCE Endowment funds be sufficient?	Alaska Energy Authority anticipates PCE Endowment funding will be sufficient to fund program costs in FY16; no unrestricted general funds are anticipated.

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Governor's Budget Items Approved with Modifications

Item #	Approp/Allocation	Description	Gov Request	Amount Approved	FY16 CC Book Comment	GF Dec?	LFD Question	Agency Comments
4	Community and Regional Affairs/Community and Regional Affairs	Grant to Named Recipient: Alaska Legal Services	\$550.0 UGF	\$450.0 UGF	In FY16, the legislature reduced the Named Recipient Grant funding to Alaska Legal Services by \$100.0 UGF. In FY15, Alaska Legal Services received \$550.0 UGF.	No	Has the grant agreement been signed and the funding distributed?	This grant is underway. The grant agreement is in place, and the grantee is receiving reimbursements as they submit required reports.
5	Tourism Marketing & Development/ Tourism Marketing	FY16 Tourism Marketing Funding	\$15,035.6 Total \$12,335.6 UGF \$2,700.0 SDPR (Other)	\$11,964.4 Total \$8,389.4 UGF \$3,575.0 SDPR (Other) and STRUCTURE CHANGE	In FY15, Tourism Marketing was appropriated \$15.2 million UGF. The Governor requested \$12,335.6 UGF and \$2.7 million Statutory Designated Program Receipts (SDPR) for Tourism Marketing in the FY16 base budget. The legislature reduced the requested UGF funding to \$8,389.4 -- a 45% UGF reduction from the FY15 level of funding. \$875.0 of the \$8,389.4 UGF appropriated is contingent on industry contributions. For each dollar the tourism industry contributes in excess of \$2.7 million, a dollar of UGF is available as match. The legislature also moved all Tourism Marketing funding from the Economic Development appropriation into its own Tourism Marketing & Development appropriation to differentiate between funding for tourism marketing and funding for economic development activities.	No	Does the Department project collecting more than the \$2.7 million? If so, how much of the \$875.0 will be utilized?	In FY16, Tourism Marketing UGF funding was further reduced by \$620.2 from the unallocated reductions. Statutory Designated Program Receipts (SDPR) are collected from multiple sources, including cooperative agreements with Canadian provinces and tourism contractors who sell advertising space in the State-produced Alaska Travel Planner. When combined with receipts carried forward from FY15, FY16 receipts may exceed the \$2,700.0 threshold late in the third quarter. Due to the late availability of the contingent general funds and the uncertainty of their availability at the time the annual tourism marketing plan is developed and approved by the Alaska Tourism Marketing Board, less than \$25.0 of the contingent general funds are anticipated to be expended in FY16.

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Governor's Budget Items Approved with Modifications (continued)

Item #	Approp/Allocation	Description	Gov Request	Amount Approved	FY16 CC Book Comment	GF Dec?	LFD Question	Agency Comments
6	Alaska Seafood Marketing Institute/Alaska Seafood Marketing Institute	FY16 Alaska Seafood Marketing Funding	\$23,995.2 Total \$4,500.0 Fed \$1,670.6 UGF \$4,500.0 GF Match (UGF) \$13,324.6 SDPR (Other)	\$24,846.2 Total \$4,500.0 Fed \$851.0 UGF \$4,500.0 GF Match (UGF) \$14,995.2 SDPR (Other)	The FY12 through FY15 operating bills included language that outlined a funding methodology for the Alaska Seafood Marketing Institute (ASMI). The methodology was designed to: <ul style="list-style-type: none"> • Match (with UGF appropriations) contributions by the seafood industry in the most recently closed fiscal year, limited to \$9 million annually; • Enhance planning efforts by limiting expenditures of current year program receipts to approximately 20 percent of receipts collected in the most recently closed fiscal year; • Stabilize the funding stream by allowing all unspent program receipts to be carried forward; and • Provide federal receipt authorization sufficient to use all available federal funding. In FY16, the legislature maintained the funding methodology but approved the Governor's Request to move ASMI funding from a language section to section 1 of the operating budget. The legislature reduced UGF that is not required as a match by \$2,032.6 -- a 70.5% reduction from the FY15 level of funding and increased SDPR authority by \$168.7 -- a 1.1% increase over the FY15 level of funding. SDPR is funding that is raised by industry and other non-state sources and may be expended if it is received, up to the amount appropriated.	No		In FY16, Alaska Seafood Marketing Institute UGF funding was further reduced by \$422.0 from the unallocated reductions.

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Legislative Additions and Deletions

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7	Executive Branch-Wide Unallocated Reduction	Executive branch-wide unallocated reduction of \$29.8 million UGF	(\$29.8) million UGF total-- Preliminary allocation to DCCED is (\$1.1) million UGF	<p>HB 2001 includes a \$29.8 million UGF unallocated reduction that will be spread among Executive Branch agencies.</p> <p>Although the final distribution of the unallocated reduction may change, as of July 1, 2015, the share of the reduction allocated to DCCED is \$1.1 million. OMB has instructed the departments to minimize layoffs and to look for efficiencies and program reductions. How the reduction will be allocated within the agency is currently unavailable.</p> <p>When this reduction is combined with other legislative budget actions, non-formula UGF has decreased by \$13,847.0 (-34.2%) from the FY15 Management Plan.</p>	N/A	What were the impacts of the reduction?	<p>Reduction was allocated as follows:</p> <ul style="list-style-type: none"> • \$38.9 UGF Commissioner's Office (Personal Services savings due to turnover) • \$2.5 UGF Admin Services (over appropriation of FY16 COLA) • \$3.3 UGF Community & Regional Affairs (over appropriation of FY16 COLA) • \$5.3 UGF Economic Development (over appropriation of FY16 COLA) • \$600.0 UGF Tourism Marketing (reduced contracts and advertising activities) • \$50.0 UGF Alaska Energy Authority (AEA) (reduced conference and sponsorship costs and rural outreach for energy programs) • \$400.0 UGF Alaska Seafood Marketing Institute (reduced domestic advertising and event sponsorship)
8	Agency Unallocated Appropriation/ Agency-wide Unallocated Appropriation	Unallocated Travel Reduction	Total: (\$161.5) (\$67.3) UGF (\$94.2) DGF	The legislature included an unallocated travel reduction to be applied across the entire department.	N/A	What were the impacts of the reduction?	<p>The travel reduction was allocated as follows:</p> <ul style="list-style-type: none"> • \$15.9 DGF Banking and Securities • \$21.2 UGF Community & Regional Affairs • \$0.4 UGF Serve Alaska • \$26.8 DGF Corporations, Business and Professional Licensing • \$20.2 UGF Tourism Marketing • \$9.5 DGF Investments • \$14.9 DGF Insurance • \$5.2 DGF Alcohol and Marijuana Control Office • \$2.0 UGF & \$1.3 DGF AEA Rural Energy Assistance • \$1.5 UGF & \$3.7 DGF AEA Statewide Project Development AE&E • \$22.0 UGF Alaska Seafood Marketing Institute • \$16.9 DGF Regulatory Commission of Alaska

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FY15 Supplementals

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9	Alcoholic Beverage Control Board/ Alcoholic Beverage Control Board	Regulation of Marijuana	\$2,360.1 UGF 4 PFT Positions	<p>On November 4, 2014, a citizens' initiative to tax and regulate the production, sale, and use of marijuana was passed. This initiative was essentially a "bill" enacted by the people of Alaska. Under the initiative, regulating marijuana became the responsibility of the Alcoholic Beverage Control (ABC) Board unless or until the legislature establishes a marijuana control board.</p> <p>The Governor's budget included two requests for funding to regulate the production, sale and use of marijuana. --\$785.7 UGF for FY15 --\$1,574.4 UGF and 4 PFT positions for FY16</p> <p>The legislature appropriated the total amount of funding requested as a multi-year supplemental item so funding is available as needed in both FY15 and FY16. This will give the department time to draft regulations and set license fees that will be collected from industry. It is expected that licensing fees should cover the operating costs, similar to the existing ABC Board's funding mechanism. The legislature recognizes that fee collection may take a few years to fully cover costs of operations and expects the department to develop a plan for the following years. Since this funding was approved by the legislature as a supplemental, it is not included in the department's base budget.</p>	Potential \$53.3 UGF reduction for vacancy of one Investigator III position (6 months).	<p>The legislature established a Marijuana Control Board. In addition, the Alcoholic Beverage Control Board was renamed the Alcohol and Marijuana Control Office.</p> <p>Have all four positions been hired? If not, when will the positions be filled?</p>	Two of the four Investigator III positions added for marijuana enforcement have been filled. The remaining Investigator III in Anchorage was filled, but recently vacated when the incumbent was selected for a promotional opportunity within the division. Active recruitments for the Investigator III in Fairbanks and the Investigator III in Anchorage are ongoing, and both positions are anticipated to be filled before the close of the current fiscal year. These positions are not subject to current hiring restrictions.