DENALI COMMISSION 2007 PERFORMANCE REPORT HIGHLIGHTS

George J. Cannelos
Denali Commission Federal Co-Chair

COMMISSION VISION

Alaska will have a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure.

COMMISSION MISSION

The Denali Commission will partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

The Denali Commission is an independent federal agency. The Commission is participating in a pilot program for reporting on agency fiscal year activities. This is an alternative to the consolidated Performance and Accountability Report (PAR). The FY07 PAR Pilot program, pursuant to Circular A-136, includes: 1) Agency Financial Report (AFR), 2) an Annual Performance Report (APR) and this 3) the "Highlights" document. You can find our Agency Financial Report and our Annual Performance Report on our website at ***www.denali.gov****.*

History of the Commission

In 1998 Senator Ted Stevens focused national attention on the immense infrastructure and economic challenges faced by rural Alaskan communities when he authored the Denali Commission Act. The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121). The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development in Alaska by delivering federal services in the most cost-effective manner possible. By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges of America's most remote communities. This approach gives the Denali Commission its unique scope and breadth of services.

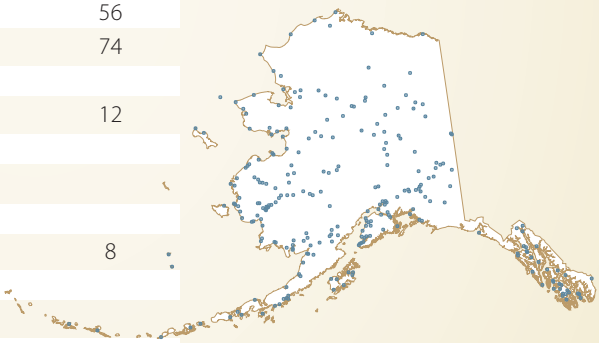
Work Plan Process

Every year the Commission develops and implements an annual work plan. The plan provides the strategies and focus the Commission will embark on for the coming fiscal year. This plan is submitted to the Federal Co-Chair for review who then publishes the work plan in the Federal Register for a 30 day opportunity for public comment.

This public process takes into consideration the information, views, and comments received from interested parties through the public review and comment process. The completed document defines the areas the Commission will allocate dollars to for the coming year. The Federal Co-Chair then provides the plan to the Secretary of Commerce who issues the Commission a notice of approval, disapproval, or partial approval of the plan.

Projects Completed and In Progress

	Complete	In Progress	In Planning
Energy Facilities	158	78	56
Health Facilities	105	52	74
Training	2,000*		
Multi-Use Facilities	10	6	12
Washeterias	17**	7	
Solid Waste	28	11	
Elder Housing		19	
Teacher Housing	21	10	8
Domestic Violence	22		
Economic Development	252	40	
Transportation		60	

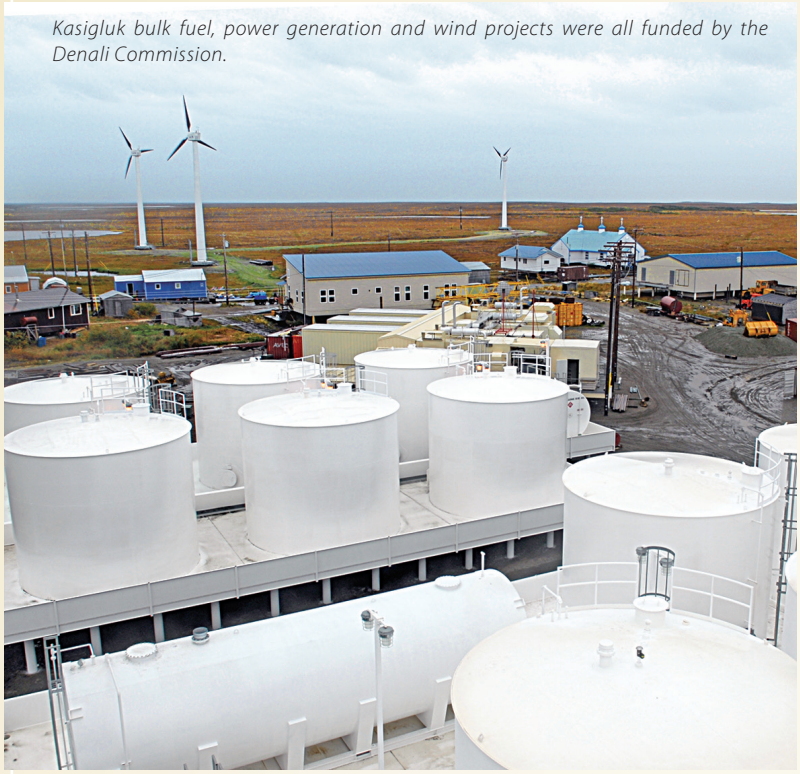


** Total individuals as of 2005. Does not include those trained by our program partners. ** Funding for this program was discontinued in FY07.*

This table was produced by the McDowell Group. In FY07 the McDowell Group conducted an independent evaluation of the Denali Commission's activities providing an in-depth program and policy review. Major findings in this report conclude that the "Commission has facilitated and funded an impressive number of essential infrastructure projects in rural Alaska. The legacy programs in particular (Energy and Health) have been well-conceived and are effective" and the "Commission is widely viewed as an effective and necessary organization." The Executive Summary of the McDowell Report is available as a downloadable pdf file on our website under Programs in the Government Coordination section under Program Documents. You can also request a copy of the report be mailed to you by calling 1-888-480-4321.

FINANCIAL SUMMARY

As of September 30, 2007 the financial condition of the Denali Commission was sound with respect to having sufficient funds to meet program needs and adequate control of these funds in place to ensure obligations did not exceed budget authority. Agency audits are conducted in accordance with auditing standards generally accepted in the United States of America, OMB Bulletin 07-04 (Audit Requirements for Federal Financial Statements) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

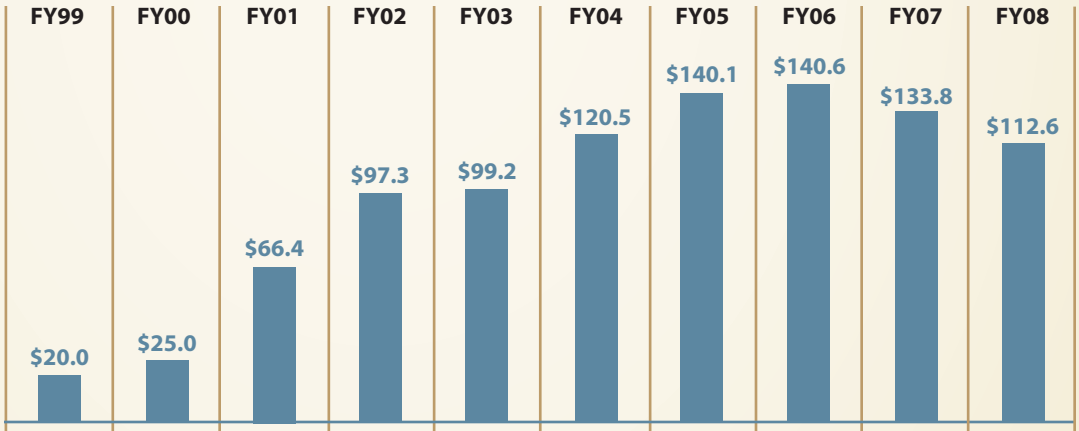


Kasigluk bulk fuel, power generation and wind projects were all funded by the Denali Commission.

Financial Summary (in millions)

	FY07	FY06
Assets		
Fund balance with Treasury	234.1	215.0
Other assets	3.0	5.2
Total assets	**$237.1**	**$220.2**
Liabilities		
Accounts payable, intragovernmental	0.0	0.0
Other intragovernmental liabilities	2.7	3.0
Accounts payable, public	0.04	0.03
Other public liabilities	6.6	13.6
Total liabilities	**$9.4**	**$16.7**
Net Position		
Total Net Position	**$227.8**	**$203.5**
Net Cost		
Program costs	94.7	108.5
Less: earned revenue	64.4	62.0
Net Costs of Operations	**$30.3**	**$46.5**

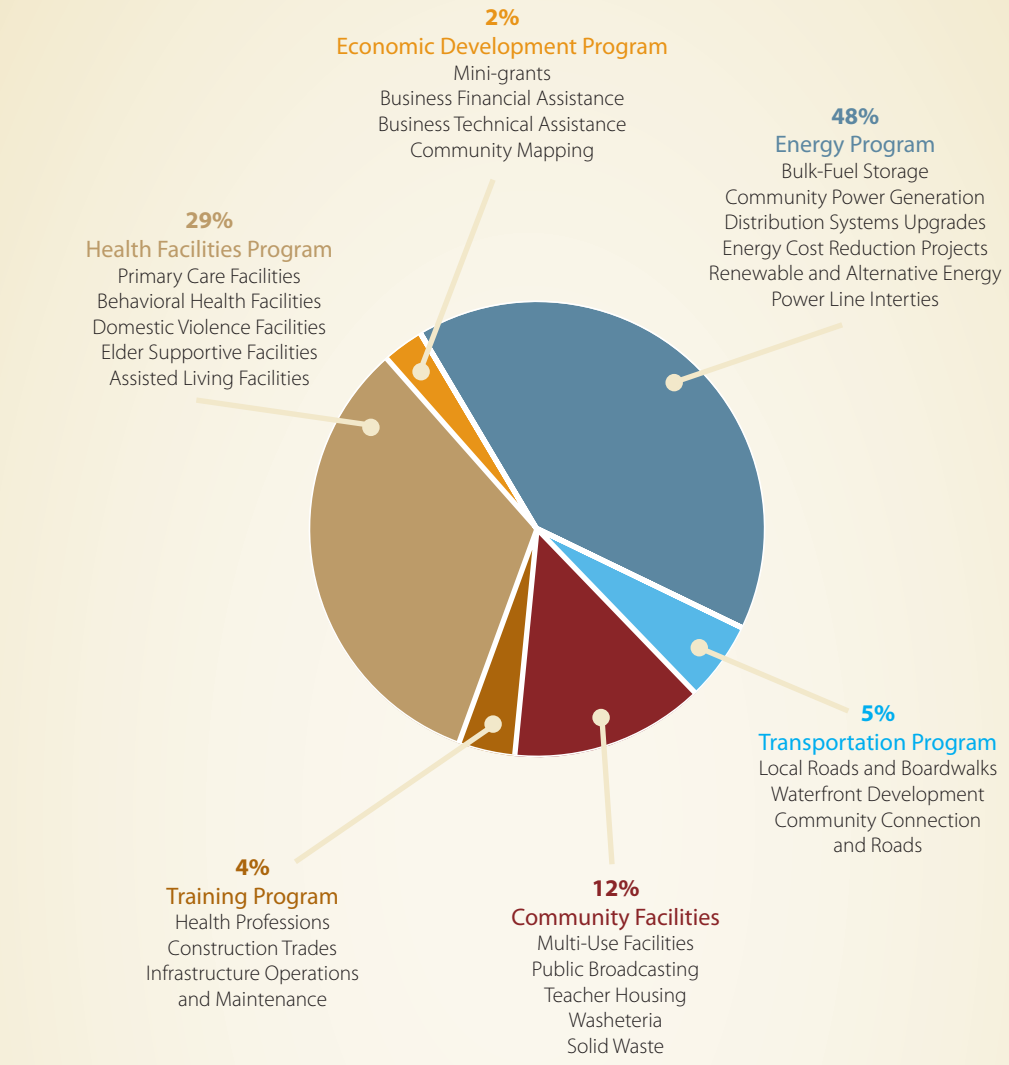
Funding Sources (in millions)



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Department of Labor						$5.0	$6.9	$6.9	$6.9	$6.9
Department of the Interior							$1.0			
Department of Transportation								$25.0	$18.4	$25.0
Energy & Water Appropriation	$20.0	$20.0	$30.0	$38.0	$48.0	$55.0	$66.5	$49.5	$49.5	$21.8
Environmental Protection Agency				$3.0	$3.0	$3.5	$4.0			
Health & Human Services			$10.0	$19.9	$27.2	$34.7	$39.5	$39.3	$39.3	$39.3
Housing & Urban Development						$2.0	$1.3			
USDA Rural Utilities Service			$15.0	$25.0	$18.5	$15.0	$15.0	$15.0	$15.0	$15.0*
USDA Solid Waste						$1.0	$1.5	$0.7	$0.7	$0.4
Trans-Alaska Pipeline Liability Fund		$5.0	$11.4	$11.4	$2.5	$4.3	$4.4	$4.2	$4.0	$4.2

** Estimated funding.*

Grants Awarded by the Denali Commission 1999-2007



Henry Smith, of Hooper Bay, and Nickefer Nick, of Bethel, work together to build a shed during the hands-on portion of their carpentry class.

THE COMMISSIONERS

Standing left to right: Kathie Wasserman; Richard Cattanach; Vince Beltrami; Karen Perdue. Seated left to right: Karen Rehfeld, State Co-Chair; George J. Cannelos, Federal Co-Chair. Not pictured: Julie Kitka.

COMMISSION VALUES

CATALYST FOR POSITIVE CHANGE

The Commission will be an organization through which agencies of government, including tribal governments, may collaborate, guided by the people of Alaska, to aggressively do the right things in the right ways.

RESPECT FOR PEOPLE AND CULTURES

The Commission will be guided by the people of Alaska in seeking to preserve the principles of self-determination, respect for diversity, and consideration of the rights of individuals.

INCLUSIVE

The Commission will provide the opportunity for all interested parties to participate in decision making and will carefully reflect their input in the design, selection, and implementation of programs and projects.

SUSTAINABILITY

The Commission will promote programs and projects that meet the current needs of communities and provide for the anticipated needs of future generations.

ACCOUNTABILITY

The Commission will set measurable standards of effectiveness and efficiency for both internal and external activities. Priority will be generally given to projects with substantial cost sharing.

MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE COMMISSION

Program Performance Evaluation and Reporting

The most significant gap in the Commission's performance is the lack of an agency wide systematic approach for evaluating and reporting the impacts of our programs and projects. To begin this process, the Denali Commission (through the Bureau of Public Debt) solicited proposals in 2006 from qualified firms nationwide to conduct the first overall evaluation of the Commission's work in Alaska. The McDowell Group completed this evaluation in August 2007.

A critical finding by McDowell noted, "the Commission's output performance indicators do not reflect the impact or "outcome" of the Commission's programs and policies on the sustainability of projects or the wellbeing of communities. With the exception of the Training Program, the Commission has not identified outcome performance measures." To that end, the Commission has made establishing an appropriate system of evaluation a top priority for FY08. Three primary outcome measurements will be focused on across all programs: cost, quality and access.

To achieve these outcomes, the Commission has instituted a structural change. This change incorporates a new advisory committee model for all major program areas within the Commission. Modeled after the already successful Transportation Advisory Committee and the Health Steering Committee, the Commission developed, in FY07, advisory groups comprised of experts in the field to assist and advise on future funding by the Commission. These experts will also aid in determining outcomes by identifying key indicators and data sources for future evaluation and reporting processes. New advisory committees include: Economic Development, Training, Energy and Financial Management.

Ethics Regulation and Training

The Commission has been aggressively conducting ethics and public accountability training and will continue to do so. With the help of the Office of Government Ethics, both the staff and Commissioners have participated in this important training process and will continue to make this a priority in years to come.

Federal Financial Management Advisory Committee

The Commission is a pioneer among small independent federal agencies in establishing a Federal Financial Management Advisory Committee. Composed of three Commissioners and three nationally respected experts in federal financial management, this Committee advises the Federal Co-Chair and the Inspector General on agency-wide financial management issues.

Improved Performance Communication to the Public

The Denali Commission is proud to be participating in three volunteer initiatives related to the PAR: (1) OMB's PAR "pilot project" for user friendly reporting; (2) the CEAR review by an expert panel from the Association of Government Accountants (AGA); (3) the AGA "citizen centric" reporting project for succinctly briefing the public.

Core Competencies

The great strides that have been made in the areas of replacing bulk fuel facilities, upgrading rural power plants and improving access to healthcare would likely not have happened without the strategic focus of the Denali Commission. These areas continue to form the core of our mission - improving conditions in rural Alaska and addressing these basic necessities in communities.

The spirit of innovation at the Commission has provided avenues for new ideas in addressing these needs. Ideas like an alternative-renewable energy focus. Alternative-renewable energy projects bring new innovative solutions to the energy crisis plaguing rural Alaska. For the first time ever, the Commission designated program dollars specific to alternative-renewable energy projects in FY07 and will continue to encourage innovation in meeting these growing needs in the years to come.

DENALI COMMISSION STAFF

The Denali Commission incorporated a new advisory committee model for all major program areas within the Commission. Modeled after the already successful Transportation Advisory Committee and the Health Steering Committee, the Commission developed advisory groups comprising of experts in the field to assist and advise on future funding by the Commission.

Advisory Committees include:

Health Steering Committee / 1999
Transportation Advisory Committee / 2006
Economic Development Committee / 2007
Energy Advisory Committee / 2007
Training Advisory Committee / 2007
Financial Management Advisory Committee / 2007

ALASKA: A GEOGRAPHIC MARVEL

- 656,425 square miles (2 ½ the size of Texas)
- 3,000,000 lakes over 20 acres in size (compared with Minnesota's 10,000 lakes)
- 6,640 miles of coastline (longer than all other U.S. states combined)
- An estimated 10,000 glaciers (covering nearly 5% of the state)
- 80% of all active volcanoes in the U.S.
- 39 mountain ranges containing 17 of the 20 highest peaks in the U.S.

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WWW.DENALI.GOV