



DENALI COMMISSION CONGRESSIONAL BUDGET JUSTIFICATION FISCAL YEAR 2023

510 L Street, Suite 410
Anchorage, AK 99501
Phone: (907) 271-1414
Toll Free: 888-480-4321
www.denali.gov

Authorization to reproduce this report in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be: Denali Commission. Denali Commission Fiscal Year 2023 Congressional Budget Justification, *Anchorage, AK., March 2022*

This report is available on the internet on the Denali Commission's website at www.denali.gov under the Finance tab at the top of the home page, or at this specific address: <https://www.denali.gov/finance/congressional-budget-justifications/>

To order copies of the report or to submit comments on how we could improve the report, contact:

Denali Commission
ATTN: Beth Flowers, Financial Officer
510 L Street, Suite 410
Anchorage, AK 99501
Telephone: 907-271-1414
Toll Free: 888-480-4321

Table of Contents

Table of Contents.....	2
About the Denali Commission	3
The Commissioners	4
Budget Summary	5
Work Plan	7
Programs	8
Transfer Authority	10
Denali Commission Program Partners.....	11

About the Denali Commission

The Denali Commission was formed when U.S. Senator Ted Stevens drafted the Denali Commission Act of 1998, signed into law by President Bill Clinton in October 1998. The Commission was established as an independent federal agency focusing on the development of basic infrastructure, economic development, and workforce training needs for rural Alaska in collaboration with federal, state, local, tribal, and private partners.

There are more than 200 remote Alaska communities not connected by a road network that are often served by individual diesel-powered electrical systems and some may not have access to community water and sewer systems, or basic community infrastructure as compared to many of their peers in rural “Lower 48” states.

The vision for the Commission is to operate efficiently and effectively while continuing to adapt the agency’s working model to lead the way in the innovative delivery of essential programs and services. This is evident by the footprint of the Commission investments across Alaska, including primary care health services, critical energy infrastructure, road and waterfront transportation improvements, workforce training, and new initiatives like the Village Infrastructure Protection and broadband programs, which focus on the built environment in rural Alaska communities threatened by erosion, flooding, and permafrost degradation.

The Denali Commission Act of 1998 established that the Commission is composed of seven members appointed by the Secretary of Commerce to create and approve the annual Work Plan for the Denali Commission. The Act designates Commissioners represent the State of Alaska, the University of Alaska, Alaska Municipal League, Alaska Federation of Natives, AFL-CIO Alaska, Associated General Contractors, and the Federal Co-Chair of the Denali Commission.

The Commission is committed to a public and transparent process in both the development and execution of programs, projects, and activities. It is led by a Federal Co-Chair and a guiding body of six Commissioners, including the Governor of Alaska who has delegated to the current Deputy Chief of Staff to serve as the State Co-Chair.

This Strategic Plan capitalizes on the unique authorities in the Commission’s authorizing statute; assumes the Commission will complement and not duplicate other federal agencies and programs; challenges management to eliminate barriers so staff can efficiently implement programs and initiatives; and encourages a paradigm shift to emphasize investments that extend the lifespan of publicly funded infrastructure in rural Alaska.

In September 2015, President Obama tasked the Commission as the lead federal agency for building climate resilience in Alaska. The assignment envisioned that the agency would play a lead coordinator role for the federal, state, tribal, local government regional and non-profit partners to assist communities in developing short- and long-term solutions to address the impacts of erosion, flooding, and permafrost degradation.

The Commissioners

Garrett Boyle

Federal Co-Chair, Denali Commission

Mr. Boyle serves as the Federal Co-Chair and in that position acts as the meeting chair during Commission meetings, and as Chair of the Transportation Advisory Committee.

Tyson Gallagher

State Co-Chair, Deputy Chief of Staff at the Office of the Governor of Alaska

Mr. Tyson Gallagher serves as the State Co-Chair for the Denali Commission and is the Deputy Chief of Staff at the Office of the Governor of Alaska.

Alicia Amberg

Executive Director, Associated General Contractors of Alaska

Ms. Alicia Amberg serves as a Commissioner representing the Associated General Contractors of Alaska.

Julie E. Kitka

President, Alaska Federation of Natives

Ms. Julie Kitka serves as a Commissioner representing the Alaska Federation of Natives.

Nils Andreassen

Executive Director, Alaska Municipal League

Mr. Nils Andreassen serves as a Commissioner representing the Alaska Municipal League.

Pat Pitney

President, University of Alaska

Ms. Pat Pitney serves as a Commissioner representing the University of Alaska.

Joelle Hall

Executive President, Alaska AFL-CIO

Ms. Joelle Hall serves as a Commissioner representing the Alaska AFL-CIO.

Budget Summary

Please see the table below that enumerates the budgeted line items for FY 2023 in accordance with our requested \$15.1 million. In addition to annual appropriations, the Commission also receives receipts from TAPL, which are estimated to be \$3.5 million in 2023. The funding proposed will be used to leverage investments from other federal agencies and coordinate activities to address climate change impacts in rural Alaskan villages.

FY 2023 Budget Summary						
Budget Category	FY 2021 Enacted		FY 2022 Annualized Continuing Resolution		FY 2023 Request	
	Discretionary	Trans-Alaska Pipeline Liability	Discretionary	Trans-Alaska Pipeline Liability	Discretionary	Trans-Alaska Pipeline Liability
10 Personnel Compensation and Benefits	2,385,104	156,633	2,500,000	200,000	2,500,000	200,000
20 Contractual Services and Supplies	2,592,396		2,565,000		2,475,000	
30 Acquisition of Assets	22,500		35,000		25,000	
40 Grants and Reimbursable Agreements	10,000,000	2,976,032	10,000,000	3,300,000	10,100,000	3,300,000
Total	15,000,000	3,132,665	15,100,000	3,500,000	15,100,000	3,500,000

Some example investments follow to provide a spectrum of likely Commission work:

- Complete “global” environmental reviews for village relocations and protect in place solutions that will allow other federal agencies to use the Commission’s work to shorten the time and effort to complete NEPA reviews,
- Provide cost share match to other federal agencies to meet required local match requirements, thus leveraging additional federal resources,
- Work with the local communities to complete Hazard Mitigation Plans and other Federal Emergency Management Administration (FEMA) documents so that the communities can be eligible for FEMA resources,

FY 2023 Congressional Budget Justification

- Work with the State of Alaska, the local communities, and other stakeholders in developing realistic project scoping, budgeting, and scheduling documents for proposed protect in place solutions,
- Developing a project level prioritization process for Environmentally Threatened Communities projects and activities that can then be used by the family of federal agencies to identify resources through their own Congressional authorities and appropriations to carry out the proposed projects and activities, and
- Develop a web-based repository for Village vulnerability assessments and other data collection as a dashboard to see progress on mitigating environmental threats.

Work Plan

Commissioners identified and approved general program funding levels for the FY 2022 Work Plan based on anticipated appropriations and an estimate of the 2021 allocations from the Trans-Alaska Pipeline Liability Fund (TAPL). The Bulk Fuel program is largely funded through an annual interest allocation from TAPL, which has ranged from \$2 to \$11 million over the last 22 years. Annual TAPL funding is estimated to be \$3.5 million in FY 2022 and FY 2023. The proposed FY 2023 Work Plan is pending approval.

The approved FY 2022 Work Plan included \$4.925M for the Energy Program, \$2.2M for the Bulk Fuel Program, and \$.5M for the Village Infrastructure Protection Program. Like the FY 2021 Work Plan, this Work Plan also included some of the Commission's legacy programs. The full FY 2022 approved Work Plan totals can be found in the table below.

The Infrastructure Investment and Jobs Act (IIJA) appropriated \$75M to the Commission in November 2022, and \$7.25M of this amount was pre-approved by the Commissioners for three key programs in FY 2022, listed in the table below. The proposed FY 2023 contains spending allocations for the remainder of IIJA funds.

In addition to annual appropriations and receipts from TAPL, the Commission expects to receive \$15 million from the State of Alaska, through the Federal Highway Administration, in FY 2022 for planning, design, and construction of road and other surface transportation infrastructure in Alaska Native villages and rural communities.

Over \$1.4 billion invested to date has leveraged over \$1.1 billion from other federal, state, tribal, and non-profit sources to match the federal investment for infrastructure.

Work Plan Budget by Program			
Program	FY 2022 Approved		
	Discretionary	Trans-Alaska Pipeline Liability	Infrastructure Investment and Jobs Act
Energy Reliability and Security	4,925,000		
Bulk Fuel Safety and Security		2,200,000	
Village Infrastructure Protection	500,000		5,000,000
Transportation	1,000,000		
Sanitation	1,500,000		
Health Facilities	750,000		
Housing	500,000		
Broadband	750,000		250,000
Workforce and Economic Development	1,075,000	600,000	2,000,000
Total	11,000,000	2,800,000	7,250,000

Programs

Energy Reliability and Security/Bulk Fuel Safety and Security

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's rural communities; the Denali Commission has made energy and bulk fuel its primary infrastructure theme since it was created in 1998. The types of projects currently being funded include the design and construction of replacement bulk fuel storage facilities, upgrades to community power generation and distribution systems (including interties), and energy efficiency related initiatives. The Commission primarily works with the Alaska Energy Authority (AEA), Alaska Village Electric Cooperative (AVEC), and Alaska Native Tribal Health Consortium to prioritize projects based on need. Other key partners include the US Department of Energy – Office of Indian Energy, US Department of Agriculture – Rural Utilities Service, State of Alaska Department of Commerce, Community and Economic Development, and Rural Alaska Fuel Services.

Village Infrastructure Protection

The goal of the VIP Program is to mitigate the impact of erosion, permafrost thaw, and flooding threats with respect to safety, health, and the protection of infrastructure. In fiscal years 2016 through 2020 the agency invested a total of just under \$40 million of its discretionary program funds for VIP related initiatives; primarily in support of the four most vulnerable communities identified in GAO Report 09-551 (Newtok, Kivalina, Shaktoolik, and Shishmaref). Program development funding has also been allocated to statewide initiatives such as establishing the technical-assistance Center for Environmentally Threatened Communities (CETC), conducting a coastal infrastructure erosion vulnerability assessment, hazard mitigation plans (HMPs), project designs stemming from HMPs, emergency drills & exercises, and publishing a Catalog of Federal Programs. The Commission has worked directly with 18 communities on VIP efforts - and 13 other communities assisted through Dept of Homeland Security and Emergency Management (DHS&EM/DMVA) for Hazard Mitigation and Small Community Emergency Response Planning, seven more through YKHC for health clinic permafrost-affected foundation repair, and other statewide mapping, reporting, and prototype efforts.

Transportation

The Transportation Program aids rural Alaskan communities in developing or improving transportation infrastructure. The roads portion of the program targets basic roads and trail projects, drainage, bridge, and safety development and improvements. The waterfront portion of the program addresses port, harbor, barge landings and other rural waterfront needs. The Commission's Transportation Advisory Committee (TAC) is the body that advises the Federal Co-Chair on transportation needs in rural Alaska and evaluates project applications.

Sanitation

The Indian Health Service, Environmental Protection Agency, and State of Alaska Department of Environmental Conservation have historically been the lead agencies for the design and construction of sanitation facilities in rural Alaska. However, over the years the Commission has contributed approximately \$34 million for various projects, primarily village washeterias.

Health Facilities

The Health Facilities program funds the design, construction, and improvements of primary care clinics throughout rural Alaska and has supported other new hospital projects in Nome and Barrow, behavioral health facilities, and rural Emergency Medical Services.

Housing

The Housing program funds the design and construction of senior housing, long term-care facilities, teacher housing, domestic violence shelters, and adolescent residential treatment facilities.

Broadband

The Broadband program intends to implement, expand, and extend infrastructure to reduce the cost of connecting unserved and underserved areas in Alaska, as well as coordinate efforts on strategy, plans, and asset mapping for increasing eligibility of the state.

Workforce and Economic Development

The Workforce and Economic Development program supports construction training with the intent to increase local hire on capital projects being funded by the Commission and others, leading to improved economic conditions in rural villages. Developing administrative and technical capabilities in rural communities increases long term employment opportunities, and such training extends the useful life of infrastructure constructed in rural Alaska. This program also focuses on projects and initiatives that support overall economic conditions in rural communities.

Transfer Authority

In FY 2023 the Commission anticipates using its unique transfer authority (Section 311 of the Denali Commission Act of 1998, as amended) to issue grants on behalf of the following federal agencies. Amounts noted indicate anticipated or completed grant/program obligations of transferred funds and not administrative/overhead fees.

Centers for Disease Control (DHHS/CDC) (\$30,000 FY23)

The CDC intends to continue support of a research coordinator in Bethel through a Commission grant to the Yukon-Kuskokwim Health Corporation. Prior fiscal year grants are ongoing.

Department of Energy (DOE-AE) (\$100,000 FY23)

The DOE-AE intends to begin a collaborative investigation of best practices to build and maintain local capacity for effective management of small, independent electric utilities in isolated, rural Alaska communities through a Commission grant.

Department of Justice (DOJ/OVC) (\$1,300,000 PY)

In partnership with the DOJ/OVC, the Denali Commission will continue the work to distribute \$6.5 million (previously received) in grants to Alaska's Tribal Communities. Grantees will implement services for persons who have experienced crimes.

Environmental Protection Agency (EPA) (\$1,000,000 PY)

Denali Commission will continue implementation through prior-year EPA funding of a regional backhaul multi-year program that will serve greater than or equal to at least 60% Federally Recognized Tribes.

USDA-Rural Utility Services (RUS) (\$1,090,000 FY23)

RUS intends to continue transferring funding to the Commission to issue High Energy Cost Grants (7 U.S.C. Section 918a). The Commission combines these direct grant RUS funds with our own appropriations and Trans-Alaska Pipeline Liability (TAPL) allocations for energy related projects. In many cases the RUS and Commission dollars are used to leverage additional contributions from other partners such as the State of Alaska.

US Forest Service (USFS) (\$1,000,000 FY23)

The USFS intends to continue transferring funds to the Commission to fund 'shovel-ready' wood energy projects in rural Alaska. USFS and Commission dollars also leverage contributions from other partners like the State of Alaska and recipients.

Denali Commission Program Partners

- Alaska Center for Energy and Power (ACEP)
www.uaf.edu/acep
- Alaska Department of Labor and Workforce Development
<http://labor.state.ak.us>
- Alaska Department of Transportation and Public Facilities
www.dot.state.ak.us
- Alaska Energy Authority
www.aidea.org/aea
- Alaska Native Tribal Health Consortium
www.anthc.org
- Alaska Village Electric Cooperative
www.avec.org
- Community Development Quota Organizations
www.wacda.org
- Construction Education Foundation Associated General Contractors of Alaska
www.agcak.org
- First Alaskans Institute
www.firstalaskans.org
- National Renewable Energy Laboratory (NREL)
www.nrel.doe.gov
- State of Alaska Village Safe Water Program
www.dec.state.ak.us/water/vsw/index.htm
- U.S. Army Corps of Engineers
www.poa.usace.army.mil
- U.S. Bureau of Indian Affairs
www.doi.gov/bia
- U.S. Department of Agriculture Rural Utilities Service
www.usda.gov/rus/electric
- U.S. Department of Agriculture US Forest Service
www.fs.usda.gov
- U.S. Department of Energy
www.doe.gov
- U.S. DOT Federal Highway Administration
www.fhwa.dot.gov
- U.S. DHHS Center for Disease Control and Prevention
www.cdc.gov
- U.S. Dept of Housing and Urban Development (HUD)
www.hud.gov
- U.S. DOT Western Federal Lands Highway Division
www.wfl.fhwa.dot.gov
- U.S. Environmental Protection Agency
www.epa.gov
- U.S. Indian Health Service
www.ihs.gov
- U.S. Department of Labor
www.dol.gov
- University of Alaska
www.alaska.edu