DENALI COMMISSION
CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2025

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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 microgrids 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 provided 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 that 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 Deputy Director of the State of Alaska Division of Commerce, Community, and Economic Development to serve as the State Co-Chair.

This Budget Justification 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.

The Commissioners

Jocelyn Fenton

Interim Federal Co-Chair, Denali Commission

Serves as the Interim Federal Co-Chair and in that position acts as the meeting chair during Commissioner meetings, and as Chair of the Transportation Advisory Committee.

Micaela Fowler

State Co-Chair, Deputy Commissioner for the State of Alaska

Ms. Micaela Fowler serves as the State Co-Chair for the Denali Commission and is the Deputy Commissioner for the State of Alaska Division of Commerce, Community, and Economic Development.

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 branch of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).

Budget Summary

The table below enumerates the budgeted line items for 2025 in accordance with the requested $17 million. In addition to annual appropriations, the Commission also receives receipts from TAPL, which are estimated to be $3 million in 2025. The funding proposed will be used to leverage investments from other federal agencies and coordinate activities to advance infrastructure improvements and support economic development, while addressing climate change impacts in rural Alaskan villages.

FY 2025 Budget Summary

Budget Category	FY 2023 Enacted		FY 2024 Annualized Continuing Resolution		FY 2025 Request	
	Discretionary	Trans-Alaska Pipeline Liability	Discretionary	Trans-Alaska Pipeline Liability	Discretionary	Trans-Alaska Pipeline Liability
10 Personnel Compensation and Benefits	2,053,486		1,619,899		1,382,707	
20 Contractual Services and Supplies	688,047	176,451	1,866,110	200,000	1,858,110	200,000
30 Acquisition of Assets	20,906		35,000		27,500	
40 Grants and Reimbursable Agreements	13,813,900	3,352,562	13,000,000	2,800,000	13,000,000	2,800,000
Office of the Inspector General	423,661		478,991		731,683	
Total	**17,000,000**	**3,529,013**	**17,000,000**	**3,000,000**	**17,000,000**	**3,000,000**

Summary of Resources*

	Enacted/ Requested	Carryover	Total Resources	Obligations	Net Outlays
2023 Appropriation	17,000,000	71,969,605	88,969,605	53,839,455	29,741,704
2024 Annualized Continuing Resolution	17,000,000	64,741,214	81,741,214	54,000,000	56,000,000
2025 President's Budget	17,000,000	61,000,000	77,000,000	53,000,000	55,000,000
Change from 2024	**0**	**(4,741,214)**	**(4,741,214)**	**0**	**0**

*Summary of Resources table reflects resources in the Denali Commission account and excludes the TAPL account. The table also excludes transfers to the Denali Commission.
** 2023 Carryover excludes $2 million in recoveries. 2024 Carryover excludes an estimated $3 million in recoveries, and 2025 Carryover excludes an estimated $3m in recoveries.

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

- Work with the State of Alaska, the local communities, and other energy stakeholders in developing new or refurbished powerhouses, tank farms, and renewables for increased energy security and reliability,
- Provide cost share match to other federal agencies to meet required local match requirements, thus leveraging additional federal resources,
- Develop a workforce ready for the implementation of public infrastructure investment dollars,
- 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,
- Provide technical assistance through the Center for Environmentally Threatened Communities on grant applications and management for planning, partnership, and construction efforts to manage strategic movements of infrastructure to safer environments while also protecting communities in place,
- Address the multifaceted challenges of the housing shortage and overcrowding in rural Alaska by devising innovative solutions,
- Collaborate with water and sanitation partners to ensure essential services reach communities that have long been neglected or underserved,
- Enhance broadband buildout understanding and extend its reach through the strategic utilization of technical assistance planning grants, and
- Work with the Denali Access System Transportation Advisory Committee to consider and publish priority lists for Alaska projects, in addition to annual review and funding of rural surface and waterfront transportation improvement projects.

Work Plan

Commissioners identified and approved general program funding levels for the FY 2024 Work Plan based on anticipated appropriations and an estimate of the 2023 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 million to $11 million over the last 24 years. Annual TAPL funding is estimated to be $3 million in FY 2024 and FY 2025. The proposed FY 2025 Work Plan is pending approval.

The approved FY 2024 Work Plan included $5.9 million for the Energy Program, $2.2 million for the Bulk Fuel Program, and $500 thousand for the Village Infrastructure Protection Program. Like the FY 2023 Work Plan, this Work Plan also included some of the Commission's legacy programs. The full FY 2024 approved Work Plan totals can be found in the table below.

The Infrastructure Investment and Jobs Act (IIJA) appropriated $75 million to the Commission in November 2022, and $7.25 million of this amount was pre-approved by the Commissioners for three key programs in FY 2022. The FY2022 - 2026 IIJA Work Plan was approved by Department of Commerce on July 19, 2022. This Work Plan allocates $12.75 million per year for fiscal years 2022 through 2026. The breakdown by program is listed in the table below.

In addition to annual appropriations from the Energy and Water Development Subcommittees, and receipts from TAPL, the Commission anticipates receiving $20 million via transfer from the Federal Highway Administration's Highway Infrastructure Programs account in FY 2024 for planning, design, and construction of road and other surface transportation infrastructure in Alaska Native villages and rural communities.

The Work Plan is contingent upon and will be finalized after the enactment of appropriations. 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.

FY2024 Work Plan Budget by Program			
Program	FY 2024 Approved		
	Annual Appropriation	Trans-Alaska Pipeline Liability	Infrastructure Investment and Jobs Act
Energy Reliability and Security	5,900,000		1,000,000
Bulk Fuel Safety and Security		2,200,000	
Village Infrastructure Protection	500,000		1,000,000
Sanitation	1,500,000		
Community Facilities	1,500,000		
Broadband	250,000		
Workforce/Economic Development	1,300,000	600,000	250,000
Flexible Funding	2,050,000		
Infrastructure Fund			10,000,000
Emergency Fund			500,000
Total	**13,000,000**	**2,800,000**	**12,750,000**

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 (VIP)

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 2023 the agency invested a total of just under $50 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 & Community Facilities

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.

Office of Inspector General

Mission and Functions of the OIG

The mission of the Office of the Inspector General (OIG) is to promote and preserve the effectiveness, efficiency, and integrity of the Denali Commission (Commission).

The Inspector General Act of 1978, as amended, requires the Office of Inspector General to be an independent office that performs the following functions:

1. Determine the policies and procedures for Office of Inspector General operations;
2. Conduct and supervise audits of Commission programs and operations, including recommendations for corrective action and reporting deficiencies in implementing such corrective actions;
3. Conduct administrative, civil, and criminal investigations of fraud, waste, and abuse related to Commission programs and operations; and coordinate with outside entities, such as the Department of Justice, other Federal Inspector General Offices, and the Office of Government Ethics, when appropriate;
4. Review legislation and regulations for impact on the economy and efficiency of Commission programs and operations;
5. Coordinate Commission Office of Inspector General activities with other agencies' Offices of Inspector General;
6. Keep the Commissioners and Congress fully and currently informed about problems and deficiencies relating to the programs and operations of the Commission through statutory and non-statutory reports, including the Semiannual Report to Congress, and
7. Follow and support all agency-wide functions including equal opportunity, ethics, audit follow-up, property management, records management, and information security.

Projected Workload

The Office of the Inspector General (OIG) provides audit, inspection, and investigative support services covering all Commission programs and operations. The OIG is required by statute to conduct the following seven mandatory reviews:

1. Financial Statement Audit
2. Federal Information Security Management Act Assessment
3. Charge Card Risk Assessment
4. Improper Payments Reporting
5. Peer Review
6. Enhanced Personnel Security Program Review (if ODNI guidance is provided and the requirement is not repealed)
7. Report on Management and Performance Challenges

This annual workload outlines ongoing and planned work for the coming fiscal year that the OIG will undertake to assist the Commission in fulfilling its mission. Our statutory mandates are our highest priority. With our remaining resources, we will take a risk-based approach to focus on the programs and operations most in need of attention. In particular, there is a need for grant audit work for those grants determined to present the greatest risk.

The OIG will conduct investigations when appropriate. It also manages a hotline where allegations of fraud, waste, abuse, or mismanagement, as well as other violations of Federal laws, rules, and regulations can be reported. Upon receipt of a hotline complaint, the OIG may take any of a variety of actions, including:

- Open an investigation;
- Refer the matter internally for potential audit, evaluation, or inspection;
- Refer the matter to the Commission for appropriate review and action, or
- Refer the information to another Federal agency, including other Offices of Inspector General.

We may perform unanticipated work based on Congressional or agency requests, OIG hotline complaints, new legislative mandates, and other input. The OIG's effectiveness depends on the flexibility to address other priorities as they arise.

The OIG budget request is $731,682 for 2025 and has been certified by the Inspector General. This request includes salaries and benefits for full-time OIG employees. Details of the FY 2025 budget are provided below.

Category	2025 OIG Budget Request
Staffing (Salaries & Compensation)	$ 602,406
Contract Services	$ 98,890
Equipment and Supplies	$ 8,000
Software Acquisition and Maintenance	$ 7,500
CIGIE Support	$ 2,927
Training	$ 3,960
Travel	$ 8,000
Total	**$ 731,682**

Staffing Requirements/ Salaries & Compensation

There is a critical need for additional personnel to conduct oversight work, particularly grant audits. While some audit work may be contracted out, grant work presents a challenge in that independent public accounting firms do not have the same breadth or depth of knowledge and understanding of Commission programs and mission objectives in conducting grant audits that dedicated OIG staff have. Towards this end, the Budget requests one senior auditor to serve as Assistant Inspector General for Audit (up to a GS-15 or equivalent).This would enable the OIG to undertake audits, evaluations, and non-GAGAS or Blue Book reviews as potential risks or concerns are discovered, or requests are made by the Commissioners or members of Congress.

Filling this audit position would allow the OIG to perform its mandated functions of oversight and establish a more robust risk-based audit work plan. At this level, in addition to the mandatory review work, the OIG would be able to conduct two to three risk-based audits or reviews of Commission grants, programs, and operations each year, through which the OIG would identify potential problems and deficiencies and fulfill our responsibility to keep the Commission and Congress fully informed. The salaries and benefits for 2025 are estimated at up to $602,406.

Contract Services

The OIG requests $98,890 in 2025 for contracting services for the audit of the agency's financial statements, FISMA, audit management software, and information technology support.

Later in 2024, the OIG will put out a multiyear statement of work for FISMA and the agency financial statement audits. In addition, the OIG may enter into a blanket purchase agreement for audit services. If the requested staff are approved, the need for supplemental contracts to conduct oversight audits will be greatly reduced.

Equipment, Supplies, & Telecommunications

The OIG requests $8,000 in 2025 for technical equipment to support our operations. The amount is to provide equipment for new staff.

Software Acquisition and Maintenance

The OIG requests $7,500 in 2025 for software acquisition and maintenance. The addition of staff will require acquiring appropriate software to ensure compliance with applicable auditing standards.

CIGIE Support

The Inspector General Act established CIGIE. The Commission's Inspector General is a member of the Council and is required to support the activities of the Council by paying an annual assessment. The estimated fee for 2025 is $2,927.

Training & Travel

The OIG requests training and travel budgets to meet the continuing professional education (CPE) requirements for leadership, technical knowledge, and skills. OIG staff are required to receive a minimum of 80 hours of CPE every two years. Additionally, COR duties on OIG contracts require a minimum of 80 hours every two years. The training request assumes the staffing levels we have requested. The travel includes travel for oversight work. The Inspector General certifies that the amount requested satisfies all training requirements for 2025.

Travel:	FY 2025 - $8,000	Training:	FY 2025 - $3,960

Transfer Authority

In 2025 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 FY25)
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 FY25)
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) ($6,000,000 FY25)
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 FY25)
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) ($750,000 FY25)
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

FY2025 ADDENDUM: LEGISLATIVE REQUESTS

The Denali Commission (Commission) requests the following legislative proposals for changes to authorizing language.

AUTHORIZING LANGUAGE PROPOSALS

The 2025 Presidential Budget Request includes the following:

Reauthorization of Appropriations (Section 312 of the Denali Commission Act): The Commission requests authorization language to reauthorize the agency through 2030.

Reauthorization of the Energy Policy Act of 2005 (P.L. 109-58): The Commission requests to that its statute be amended to codify its authority to carry out energy programs through 2030. Under current law, the Commission has authority to carry out a variety of energy projects, pursuant to Section 356(b) and (d) of P.L. 109-58. While the Commission currently carries out energy projects using funding from annual appropriations, the codification and authorization for energy programs is vital to the Commission's mission.

Independence from the Department of Commerce (Section 303 of the Denali Commission Act): The Commission requests amending its statute to become fully independent from the Department of Commerce (DOC) Economic Development Administration (EDA) in order to eliminate human resources (HR) redundancies, improve efficiencies, and more closely align the Commission's governance structure with other regional commissions. The Commission requests to remove the requirement that the Secretary of Commerce appoint the Commission's 7 members, which includes the Federal Co-Chair (FCC) position, and amend the statute for the FCC position to be presidentially appointed and Senate confirmed, consistent with analogous FCC positions at other regional commissions. Under current law, the Commission's FCC is appointed by the Secretary of Commerce as serves as an employee of the DOC. Though the DOC funds the salaries and benefits of the FCC, the Commission reimburses the DOC for those expenses, so only Commission funding supports the FCC position.