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FINAL REPORT  
FOR PUBLIC RELEASE

# SEMIANNUAL REPORT TO THE CONGRESS

FY 2013 – SECOND HALF

OFFICE OF THE INSPECTOR GENERAL

DENALI COMMISSION

FINAL REPORT  
FOR PUBLIC RELEASE

DENALI COMMISSION OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT  
FOR  
SECOND HALF OF FY 2013

Section 5 of the Inspector General Act requires the Office of Inspector General (OIG) at the Denali Commission to prepare a semiannual report. The discussion below constitutes this report for the second half of FY 2013.

Parts of the Government are currently “shut down” for an undetermined period. However, due to a nuance of appropriation law, Denali remains open for business. Per the Inspector General Act, OIG’s semiannual report remains due at this time.

THE RED HERRING OF “REAUTHORIZATION”

The Denali Commission (Denali) is a small federal agency that makes grants to build public works in “bush” Alaska.<sup>1</sup> The late Senator Stevens created it to channel funding to remote settlements that otherwise would not receive congressional support.

A year ago, Alaska’s sole member of the House (Congressman Don Young) introduced H.R. 6478 (which the 112th Congress did not enact). The bill’s provision for “Reauthorization” suggested that Congress should give Denali perpetual life (and presumably perpetual funding):

*There are authorized to be appropriated to the Commission such sums as are necessary to carry out this title, in accordance with the purposes of this title, for fiscal year 2013 and each fiscal year thereafter.*<sup>2</sup>

This language perpetuates the popular misconception that the Denali Commission’s “authorization” to operate expired some years back and now needs to be renewed, or the agency will become extinct (or at least on the list of “endangered” agencies).

But GAO busted this myth in a 2012 ruling concerning another agency. The published decision<sup>3</sup> of the Comptroller General carefully explained the importance of distinguishing between Congress’ initial authorization of *a program itself* and Congress’ periodic authorization of the *appropriations* to fund the program. The decision reviewed enabling acts with the same type of language — that is, authorization of *appropriations* for specific blocks of five years — that Congress has included in Denali own “reauthorizations” from time to time.

GAO serves as Congress' "booth referee" for such calls, and we quote directly from GAO's published ruling:

*There is no general requirement, either constitutional or statutory, that an appropriation act be preceded by a specific authorization of appropriation. . .*

*[T]he enabling statutes establishing the . . . programs provide legal authority for the agency to carry out these programs despite the absence of authorizations of appropriations. Where an agency has statutory authority or a statutory requirement to carry out a particular activity, the presence or absence of an authorization of appropriations is not determinative. Because the program authority in the enabling statutes has not expired, and [the agency] has an appropriation that is available to cover the costs of these programs, we conclude that [the agency] has adequate authority to continue both programs.*

The Comptroller General thus reassures us that agencies like Denali aren't going anywhere until Congress either repeals their enabling acts or stops sending the "appropriations" (versus mere "authorizations") to fund them.

#### THE CASE AGAINST CONTINUING THE DENALI COMMISSION

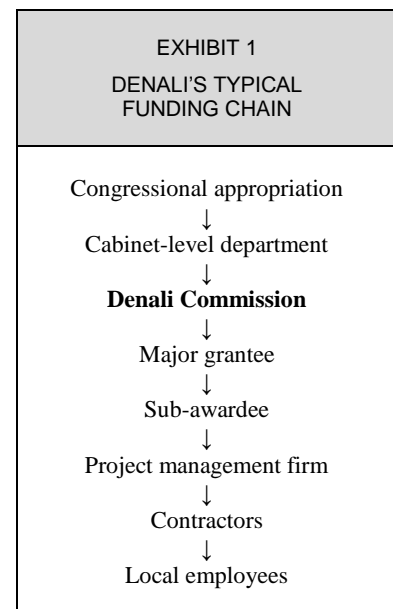
The Inspector General Act directs that OIG's semiannual report advise Congress as to ways that Denali's funding can be "put to better use."<sup>4</sup>

Congress' 15-year experiment with the Denali Commission has run its course, and OIG now recommends that Congress put its money elsewhere.

Despite Denali protests to the contrary, OIG's position is neither new nor a surprise. As detailed below, OMB, CBO, and OIG have over the years questioned the need for Denali as a pass-through layer and a "regional" commission that serves only the single state of Alaska.<sup>5</sup>

In fact, OIG's recent reports have recommended that Congress sunset Denali as a federal agency and convert it into a nonfederal entity under local law.<sup>6</sup> Congress would then transfer Denali's assets into state ownership (like the Alaska Railroad<sup>7</sup>) or into rebirth as a nonprofit corporation (an NGO like the Alaska Native Tribal Health Consortium<sup>8</sup>).

Denali's typical funding chain is shown in Exhibit 1.



*Denali's problematic paradigm:  
millions for "micro-settlements"*

Denali measures its success in terms of how many buildings it can complete in how many places,<sup>9</sup> before the money finally runs out.

However, one of Denali's most difficult and uncomfortable issues has been the size of community that warrants public support (versus self-support). While public lore may abstractly decry government projects in the middle of "nowhere," the choices are very real for families that must go without what most of America takes for granted in the 21st Century.

Denali's records show that it has spent \$200 million to build facilities in 81 places that have less than 250 people. Population records from the State show that these 81 places have a total of less than 10,000 people (that is, less than 2% of Alaska's population). Or, to put it another way, the \$200 million served around 3,500 households. And state records estimate that these 81 places have a total of just under 2,200 "persons in poverty."

The agency's original strategic plan idealistically aspired that "[a]ll Alaska, *no matter how isolated, will have the physical infrastructure necessary to protect health and safety and to support self-sustaining economic development.*"<sup>10</sup>

Denali's paradigm in practice has been to build three basic facilities in every "bush" settlement: (1) a powerhouse, (2) a tank farm, and (3) a medical clinic. Denali inherited lists of settlements that wanted such facilities, and the agency has responded by "wholesaling" its appropriations to several major grantees that do the actual construction.

EXHIBIT 2 SMALL SETTLEMENTS WITH DENALI-FUNDED POWERHOUSES AND TANK FARMS				
SETTLEMENT	POP. (2012)	HOUSE- HOLDS (2010)	"PERSONS IN POVERTY" (2011)	DENALI SPENDING THRU AUG. 9, 2013
Nikolski	16	13	8	\$ 3,164,057
Red Devil	19	12	2	675,000
Alatna	27	12	0	544,667
Lime Village	27	11	7	420,162
Elfin Cove	39	13	10	652,201
False Pass	39	15	0	1,141,761
Karluk	41	12	17	745,730
Pedro Bay	42	19	0	1,867,116
Stony River	42	20	33	1,700,000
Nelson Lagoon	46	22	10	1,972,044
Igiugig	52	16	13	2,446,667
Takotna	53	22	28	3,600,000
Clarks Point	59	24	18	1,102,981
Atka	64	24	5	6,100,533
Stevens Village	67	26	31	1,600,223
Chalkyitsik	68	24	16	231,845
Cheneg Bay	68	31	8	1,187,165
Pilot Point	68	27	2	2,834,442
Pelican	82	41	3	7,208,051
Sleetmute	84	36	15	(unknown)
Anvik	85	33	30	540,178
Akhiok	87	19	27	434,811
Eagle	87	41	12	3,109,387
Hughes	87	31	12	1,851,978
Levelock	88	27	31	217,828
Chignik	91	41	8	5,925,109
Larsen Bay	93	34	0	3,011,287
Nikolai	94	37	51	1,068,884
Koyukuk	95	42	63	4,568,571
Whitestone	99	22	17	2,071,584
Allakaket	106	44	26	1,544,593
Egegik	106	29	3	472,410
Perryville	112	38	46	659,305
Diomedede	121	38	84	3,538,963
Port Heiden	123	35	4	1,438,172
Chitina	139	52	19	3,295,870
Deering	142	44	10	3,832,977
Tenakee Springs	152	72	20	2,989,483
Port Graham	168	79	35	894,090
Kokhanok	170	52	39	2,420,246
Golovin	173	49	14	3,280,290
Arctic Village	178	65	15	3,619,114
Ouzinkie	178	56	68	623,579
Venetie	181	61	45	224,815
Ruby	185	62	65	5,772,560
Kaltag	186	70	47	3,693,732
White Mountain	188	65	53	2,398,558
Port Lions	201	77	24	853,980
Aleknagik	204	71	74	338,658
Nunam Iqua	206	43	58	596,737
Old Harbor	206	84	50	1,099,690
Mekoryuk	210	70	49	5,419,149
Koliganek	223	55	21	1,059,765
Tanana	233	100	31	2,267,859
Seldovia	242	121	24	2,983,419
<b>Totals</b>	6,242	2,279	1,401	\$ 117,312,276

Population data per State of Alaska community database  
at <http://commerce.alaska.gov>

Exhibits 2, 3, and 4 list tiny settlements (< 250 pop.) that have received facilities as Denali has continued to work its way through the long lists of local requests. All of this information was obtained from Denali's public website ([www.denali.gov](http://www.denali.gov)) and the State's online public database of settlement demographics.

But a "free" powerhouse, tank farm, or clinic isn't really "free" if a tiny place can't fund the fuel, upkeep, and staffing to make use of it. Denali assumes that the community will receive other government subsidies in the decades ahead to operate what Denali builds today.

*The persistent question of  
Denali's "value added"*

Beneficiaries sometimes challenge why their funding from Congress needs to be reduced by the administrative costs of running the Denali Commission. While beneficiaries understand that they must please Denali with simple reporting to get their money, those complaining don't perceive that they are getting significant services.

Their question is a good one that OIG hasn't been able to satisfactorily answer in our years of studying the little agency.

For instance, for powerhouses and tank farms, Denali receives transfers from the USDA Rural Utilities Service (RUS)<sup>11</sup> and then sends the money on to a state agency<sup>12</sup> and a large utility cooperative.<sup>13</sup> Both of these recipients are far more technically sophisticated than Denali's tiny staff (≈ 15 FTEs). Given the small number of projects involved,<sup>14</sup> both are capable of directly dealing with RUS without Denali as the middleman.

EXHIBIT 3 SMALL SETTLEMENTS WITH DENALI-FUNDED MEDICAL CLINICS				
SETTLEMENT	POP. (2012)	HOUSE- HOLDS (2010)	"PERSONS IN POVERTY" (2011)	DENALI SPENDING THRU AUG. 7, 2013
Alatna	27	12	0	\$519,000
False Pass	39	15	0	101,158
Igiugig	52	16	13	1,197,750
Clark's Point	59	24	18	1,491,044
Stevens Village	67	26	31	135,433
Chalkyitsik	68	24	16	1,724,080
Pilot Point	68	27	2	1,640,514
Kasaan	69	23	0	1,780,338
Shageluk	69	36	13	670,399
Twin Hills	83	29	23	1,104,056
Sleetmute	84	36	15	785,369
Akhiok	87	19	27	1,522,652
Beaver	87	36	28	546,963
Hughes	87	31	12	1,485,700
Levelock	88	27	31	1,493,719
Klukwan	93	41	2	287,237
Chistochina	95	36	18	1,492,659
Egegik	106	29	3	246,543
Perryville	112	38	46	3,340,128
Ekwok	118	37	35	1,833,405
Tetlin	118	43	11	979,579
Chuathbaluk	138	36	24	633,268
Chitina	139	52	19	1,046,620
Kobuk	141	36	59	1,615,383
Deering	142	44	10	786,424
Nondalton	169	57	104	2,263,084
Kokhanok	170	52	39	1,414,932
Tyonek	171	70	74	444,942
Golovin	173	49	14	1,150,157
Newhalen	178	50	28	3,586,283
Graying	178	55	52	792,195
Ouzinkie	178	56	68	1,606,934
Coffman Cove	181	89	6	758,989
Holy Cross	181	64	63	411,200
Kaltag	186	70	47	2,107,646
White Mountain	188	65	53	1,157,271
Port Lions	201	77	24	1,638,212
Aleknagik	204	71	74	1,717,888
Nunam Iqua	206	43	58	804,430
Old Harbor	206	84	50	1,993,986
Mekoryuk	210	70	49	847,399
Gakona	214	86	9	1,360,095
Koliganek	223	55	21	2,460,898
Minto	223	65	43	1,194,450
<b>Totals</b>	<b>5,876</b>	<b>2,001</b>	<b>1,332</b>	<b>\$56,170,412</b>

Population data per State of Alaska community database  
at <http://commerce.alaska.gov>

A further example of this fragmented approach is the funding that Denali sends the State for the “emerging energy technology fund,” a creation of the Alaska Legislature.<sup>15</sup> Though Denali has one seat on the State’s panel that scores the grant applications, this use already exists as a state program independently of Denali.

When Congress sends Denali the funding to build bush clinics, the appropriation flows to Denali through the U.S. Department of Health and Human Services. Denali usually sends it on to (1) the state health department, (2) regional health corporations that operate hospitals, or (3) the Alaska Native Tribal Health Consortium (a nonprofit created by Congress).<sup>16</sup> Again, these recipients are far more technically sophisticated than Denali’s tiny staff. And, again, these recipients are quite capable of directly dealing with the cabinet-level funder without Denali as a broker.

Congress has sometimes funded a training program at Denali, who has usually sent this money on to the state labor department or the University of Alaska.<sup>17</sup> Once again, the State is capable of directly receiving this money without Denali as an intermediary.

And sometimes Congress has funded a transportation program at Denali through the USDOT appropriation.<sup>18</sup> The projects have then been selected by a board appointed by Alaska’s governor, a board that could directly be hosted by the State rather than Denali. For half of the selected projects,<sup>19</sup> Denali has sent its funding on to the State or another federal agency to do the actual construction (such as the Corps of Engineers or FHWA). This circular delivery system signals a further question as to what Denali’s layer adds to the process.

EXHIBIT 4				
SMALL SETTLEMENTS WITH DENALI-FUNDED ROADS AND DOCKS				
SETTLEMENT	POP. (2012)	HOUSE-HOLDS (2010)	“PERSONS IN POVERTY” (2011)	DENALI SPENDING THRU AUG. 9, 2013
Elfin Cove	39	13	10	\$263,046
False Pass	39	15	0	1,912,803
Igiugig	52	16	13	466,107
Takotna	53	22	28	272,910
Atka	64	24	5	1,123,118
Port Alexander	66	22	6	767,519
Stevens Village	67	26	31	1,161,514
Chenega Bay	68	31	8	1,971,566
Pilot Point	68	27	2	165,000
Northway	77	27	37	500,000
Pelican	82	41	3	1,044,962
Tatitlek	83	36	12	367,000
Akhiok	87	19	27	208,794
Eagle	87	41	12	1,167,083
Pitkas Point	102	31	48	434,395
Perryville	112	38	46	238,332
Circle	113	40	37	769,814
Manley Hot Sprgs	116	41	21	1,963,313
Diomedede	121	38	84	600,000
Gulkana	122	36	0	1,800,000
Kobuk	141	36	59	252,993
Nondalton	169	57	104	218,378
Kokhanok	170	52	39	264,285
Ouzinkie	178	56	68	1,000,000
Coffman Cove	181	89	6	1,764,028
Nunam Iqua	206	43	58	1,172,364
Old Harbor	206	84	50	2,200,000
Cantwell	207	104	10	604,249
Mekoryuk	210	70	49	571,450
Gakona	214	86	9	1,648,032
Seldovia	242	121	24	345,164
<b>Totals</b>	3,742	1,382	906	\$ 27,238,219

Population data per State of Alaska community database  
at <http://commerce.alaska.gov>

*Displacement of nonfederal funders*

A state economist reported that Alaska ranks first in the nation in its per capita receipt of federal grants, and fourth in federal contracts.<sup>20</sup>

However, a year ago Congress expanded Denali's flexibility to tap funding from nonfederal sources — such as the State, charitable foundations, and Alaska Native corporations.<sup>21</sup> Though OIG's reports have recommended that Congress add this flexibility,<sup>22</sup> Denali has so far made little progress in diversifying its funding beyond federal sources.

At this point, OIG recommends that Congress no longer send Denali an annual “base appropriation.” This will give Denali an incentive to leave the federal nest and chart its own course as a non-federal entity.

This will also give the State of Alaska an incentive to find and fund its own solutions for the residents of “bush” Alaska — as it should. Alaska has an oil-based savings account whose earnings help fund the state government.<sup>23</sup> Alaska has no personal income tax and no state sales tax.

In contrast to taxation, Alaska pays every resident an annual “dividend” that has so far ranged up to \$2,069.<sup>24</sup> And this is significant to Denali's projects, since these dividend payments are considered politically “untouchable” as a potential match to Denali grants in even the smallest of unincorporated settlements. OIG has written before that national support for Denali might be more encouraged by projects in “micro-settlements” that are perceived as local “barn-raisings,” rather than as entitlements or seasonal cash injections.<sup>25</sup>

EXHIBIT 5

KEY QUESTIONS FROM  
DENALI'S DECADE AND A BILLION

Are better clinic buildings resulting in better health care?

Are Denali-provided power plants resulting in cheaper “bush” electricity?

Are Denali-provided tank farms resulting in cheaper “bush” fuel?

Is training for construction projects resulting in long-term careers?

Are Denali-provided facilities reducing — versus extending — the dependence on future federal funding?

Has Denali pioneered “silver bullet” solutions applicable to other states?

Do projects function as capacity-building “barn raisings” (versus mere short-term cash infusions)?

Has Denali leveraged rural schools as the major local facility?

Has Denali effectively partnered with the military as the state's largest employer?

Has Denali effectively leveraged federal single audits as a grants monitoring tool?

Has Denali strengthened regional hubs as an alternative to urban migration?

Has Denali pioneered interventions for troubled projects (versus just adding money)?

Is Denali helping coastal communities benefit from the opening of new arctic shipping routes?

Have Denali projects preserved “priceless” qualities of Alaska that are valued by the rest of the nation?

THE CASE FOR CONTINUING  
THE DENALI COMMISSION

The strongest argument for continuing the agency occurred with little fanfare in the final weeks of FY 2013. The CFO negotiated \$6 million of interagency agreements in which Denali will sell its expertise to four other federal agencies. And OMB's documentation of this transferred funding now shows it as an available resource, rather than mere brainstorming and good intentions.<sup>26</sup>

The CFO's eleventh-hour success in securing these transfers is consistent with both the Economy Act and Denali's expanded authority for diversified funding that Congress authorized a year ago.<sup>27</sup> It also shows that Denali can indeed find self-support — should Congress choose to eliminate the disincentive of the annual “base appropriation” that Denali has learned to expect.

THE LORE OF THE LAYER

Despite Denali protests to the contrary, OIG's position is neither new nor a surprise. OMB, CBO, and OIG have over the years questioned the need for Denali as a pass-through layer and a “regional” commission that serves only the single state of Alaska.

A tedious dose of string quotations is the best way to show readers the longstanding debate over Denali's future.

Nine years ago

Nine years ago, two conditions caused OMB to rate Denali as merely “adequate” in the publicly-reported PART evaluation:

*The program lacks adequate evaluations that assess program impact.*

*[T]he program's activities are duplicative of other federal programs that address the same needs and provide the same types of assistance.<sup>28</sup>*

Six years ago

Six years ago, OIG posed the following question in our *Semiannual Report to the Congress*:<sup>29</sup>

*The federal system is populated with many small, specialized agencies. Implicitly lurking in GAO [government-wide] discussions is the perennial issue of whether it would be more efficient and effective “governance” for any given task to be directly accomplished by a cabinet-level department. . .*

*By the end of 2007, Congress will have funded its Denali Commission experiment with close to \$1 billion. The omnipresent question thus looms as to what Alaskans have received through this experiment that they would otherwise have gone without. In other words, what outcomes made the commission more than a ceremonial layer?*



Four years ago

Four years ago, OMB issued its report of recommended “Terminations, Reductions, and Savings.”<sup>30</sup> Of the 57 “discretionary terminations” on OMB’s national list (page 2), three specifically targeted the Denali Commission:

*Denali Access, Department of Transportation*  
*Denali Job Training, Department of Labor*  
*Denali Commission, Department of Health and Human Services*

The report section entitled “*Termination: Denali Access*” (page 20) asserts OMB’s position as follows:

*This program is duplicative of other highway formula funding that can be used for the same activities. Regional set asides such as this one are over and above formula allocations that allow States to set their own priorities and address local and regional needs.*

And the report section entitled “*Termination: Denali Job Training*” (page 21) asserts OMB’s position as follows:

*This narrow-purpose funding is redundant and unnecessary, and there is no evidence that Denali Commission training programs improve employment outcomes for participants. . .*

*The Denali earmark is duplicative of funding that Alaska receives through other Federal workforce development programs. . .*

*Furthermore, there is little accountability for job training activities funded through this earmark. Unlike other Department of Labor programs, the Denali Commission job training initiatives are not required to report on the employment outcomes of participants, so there is little information to determine whether these initiatives are producing positive results.*

Also four years ago, the Congressional Budget Office (CBO)<sup>31</sup> issued a report that explicitly identifies elimination of the Denali Commission as an option for the reduction of federal spending.<sup>32</sup> CBO described the argument in support of this option as follows:

*The federal government provides annual funding to three regional development agencies: the Appalachian Regional Commission (ARC), the Denali Commission, and the Delta Regional Authority. . .*

*The three agencies’ programs are intended, among other things, to create jobs, improve rural education and health care, develop utilities and other infrastructure, and provide job training. However, it is difficult to assess whether such outcomes can be attributed to those programs rather than to the work of other governmental and nongovernmental organizations or to market forces and*

*the effects of general economic conditions.*

*An argument in favor of this option is that ending federal funding of the agencies would shift more responsibility for supporting local or regional development to the states and communities whose citizens benefit most from that development. Another rationale is that Appalachia, rural Alaska, and the Mississippi Delta are three among many needy regions in the United States, and they should not have a special claim to federal support. In that view, any federal development aid they do receive should come from nationwide programs, such as those overseen by the Economic Development Administration.*

CBO above cites the argument for increased state and local contributions. This is a particularly sensitive issue for Denali's defenders since its federal funding hasn't historically been leveraged with state money to the degree found at other major regional commissions.<sup>33</sup>

### Three years ago

Three years ago, OIG wrote the following in our *Semiannual Report to the Congress*:<sup>34</sup>

*[T]he Denali Commission's "most serious management and performance challenge" at the moment is to justify to Congress why the agency should continue to exist. . .*

*Alaskans sometimes argue that facilities have been constructed that would still be missing but for Denali's presence on the scene. While there is no question that Denali has built many buildings in many remote places, this also misses the real question.*

*To draw upon the popular saw, whether a little agency is "doing things right" (correctly moving money) differs from the tougher question as to whether an agency is "doing the right things" (solving long-term public problems).*

*The most critical public questions may be the dozen or so listed in Exhibit 5. . .*

Exhibit 5 from that semiannual report is reprinted above at page 6.

### EPILOGUE

Reports that a federal experiment has run its course are difficult, and unpopular, ones for any inspector general to write. The resistance of Denali's beneficiaries to these reports, while understandable, reflects the classic scenario of shooting the messenger, tackling the referee, or berating the pathologist who has to convey the news one would prefer not to hear.

The scenario is also reminiscent of Stephen Covey's parable from the popular management culture of the 1980s:

*[E]nvision a group of producers cutting their way through the jungle with machetes. They're the producers, the problem solvers. They're cutting through the undergrowth, clearing it out.*

*The managers are behind them, sharpening their machetes, writing policy and procedure manuals, holding muscle development programs, bringing in improved technologies and setting up working schedules and compensation programs for machete wielders.*

*The leader is the one who climbs the tallest tree, surveys the entire situation, and yells, "Wrong jungle!"*

*But how do the busy, efficient producers and managers often respond? "Shut up! We're making progress." <sup>35</sup>*

In summary, OIG recommends that Congress eliminate Denali's annual "base appropriation" as the beginning of its needed transition into a locally-controlled, nonfederal status.

MIKE MARSH  
INSPECTOR GENERAL  
DENALI COMMISSION

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### Notes

<sup>1</sup> See [www.denali.gov](http://www.denali.gov).

<sup>2</sup> See section 6 of H.R. 6478 from the 112th Congress.

<sup>3</sup> See GAO, *Social Security Administration—Work Incentives Planning and Assistance Program (WIPA) and Protection and Advocacy for Beneficiaries of Social Security Program (PABSS)*, # B-323433 (Aug. 14, 2012), at [www.gao.gov](http://www.gao.gov).

<sup>4</sup> See Inspector General Act sec. 5(a)(6).

<sup>5</sup> See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 35-37, 40-42, at [www.oig.denali.gov](http://www.oig.denali.gov); "Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission" in the *2009 Performance and Accountability Report*; OMB's recommended "Terminations, Reductions, and Savings," pages 2, 20, 21, 33 in the *Budget of the U.S. Government, Fiscal Year 2010* at [www.gpo.gov](http://www.gpo.gov); OMB, *Program Assessment of Denali Commission*, at <http://georgewbush-whitehouse.archives.gov/omb/expectmore/detail/10002338.2004.html> (PART assessment from 2004); Congressional Budget Office, *Budget Options*, vol. 2 (August 2009), sec. 450-5, page 106, at [www.cbo.gov](http://www.cbo.gov).

<sup>6</sup> See Denali OIG, *Semiannual Report to the Congress* (May 2012), page 5, and Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 9-10. Both are published at [www.oig.denali.gov](http://www.oig.denali.gov).

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<sup>7</sup> See 45 USC 1203-1204.

<sup>8</sup> Congress initiated the Alaska Native Tribal Health Consortium in section 325 of P.L. 105-83, and the entity then organized as a nonprofit corporation under Alaska law.

<sup>9</sup> See the Denali Commission's *Budget Justification* for FY 2011, FY 2012, FY 2013, and FY 2014.

<sup>10</sup> *Denali Commission Five Year Strategic Plan (2005-2009)*, page 3 (emphasis added).

<sup>11</sup> Per 7 USC 918a(a)(2), Congress authorizes the USDA Rural Utilities Service to transfer funding to the Denali Commission "to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities" in communities with high energy costs. While such transfers lie within USDA's discretion, Denali has historically received them as a substantial source of its funding.

<sup>12</sup> The Alaska Energy Authority. See [www.akenergyauthority.org](http://www.akenergyauthority.org).

<sup>13</sup> The Alaska Village Electric Cooperative. See [www.avec.org](http://www.avec.org).

<sup>14</sup> See the Denali Commission's *Budget Justification* for FY 2011, FY 2012, FY 2013, and FY 2014.

<sup>15</sup> See Alaska Statutes 42.45.375, which establishes the State's "emerging energy technology fund."

<sup>16</sup> Per Denali's online public database of its projects, Denali's grants for 346 out of its 376 "primary care" projects (92%) went to these three types of grantees. See [www.denali.gov](http://www.denali.gov) (accessed June 22, 2013).

<sup>17</sup> Per Denali's online public database of its projects, Denali's grants for 274 out of its 309 training projects (89%) went to these two grantees. See [www.denali.gov](http://www.denali.gov) (accessed June 22, 2013).

<sup>18</sup> Congress amended Denali's enabling act to authorize transportation projects based upon selection by a panel of experts appointed by the state's governor. See Denali Commission Act sec. 309, as amended by P.L. 109-59 sec. 1960, 119 Stat. 1144, 1516.

<sup>19</sup> Per Denali's online public database of its projects, Denali's funding for 119 out of its 235 transportation projects (51%) was sent on to these recipients. See [www.denali.gov](http://www.denali.gov) (accessed June 22, 2013).

<sup>20</sup> See Neal Fried, "Federal Spending in Alaska," *Alaska Economic Trends* (Feb. 2012), pages 4-8, available online at <http://labor.state.ak.us/trends/feb12.pdf>.

<sup>21</sup> See section 1520 of P.L. 112-141.

<sup>22</sup> See Denali OIG, *Semiannual Report to the Congress* (May 2012), pages 1-2, 5-7, and Denali OIG, *Semiannual Report to the Congress* (Nov. 2011), page 17. Both are published at [www.oig.denali.gov](http://www.oig.denali.gov).

<sup>23</sup> The Alaska Permanent Fund — see [www.apfc.org](http://www.apfc.org).

<sup>24</sup> See <http://pfd.alaska.gov/DivisionInfo/SummaryApplicationsPayments>.

<sup>25</sup> See Denali OIG, *Semiannual Report to the Congress* (May 2007), page 6, at [www.oig.denali.gov](http://www.oig.denali.gov).

<sup>26</sup> OMB approved Denali's final SF 132 apportionment for FY 2013, which shows \$6,650,000 in spending authority from anticipated collections and reimbursements.

<sup>27</sup> See section 1520 of P.L. 112-141.

<sup>28</sup> OMB, *Program Assessment of Denali Commission*, at <http://georgewbush-whitehouse.archives.gov/omb/expectmore/detail/10002338.2004.html> (PART assessment from 2004).

<sup>29</sup> See Denali OIG, *Semiannual Report to the Congress* (Nov. 2007), pages 17-18, at [www.oig.denali.gov](http://www.oig.denali.gov).

<sup>30</sup> See "Terminations, Reductions, and Savings," (May 11, 2009), pages 2, 20, 21, 33 in *Budget of the U.S. Government, Fiscal Year 2010* at [www.gpo.gov](http://www.gpo.gov).

<sup>31</sup> The Congressional Budget Office (CBO) is the professional staff agency in Congress that advises the body on budgetary options.

<sup>32</sup> See Congressional Budget Office, *Budget Options*, vol. 2 (August 2009), sec. 450-5, page 106 at [www.cbo.gov](http://www.cbo.gov).

<sup>33</sup> Appalachian Regional Commission and Delta Regional Authority.

<sup>34</sup> See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 35, 42, at [www.oig.denali.gov](http://www.oig.denali.gov).

<sup>35</sup> See Stephen Covey, *The Seven Habits of Highly Effective People* (New York: Simon and Schuster, 1989), page 101.