

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE Division of Legislative Finance



P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 465-1327
www.legfin.akleg.gov

MEMORANDUM

DATE: May 7, 2020
TO: Legislative Budget and Audit Committee
FROM: Pat Pitney, Director
SUBJECT: Preparation for upcoming Legislative Budget & Audit Meeting

OMB submitted 131 RPLs for consideration at the Legislative Budget and Audit (LB&A) Committee's meeting. All the RPL requests relate to the use of federal funds made available under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Of the May 1, 2020 RPL submission, 5 RPLs are included in this packet for consideration by the LB&A committee. The Department of Transportation RPLs were revised from those submitted on April 21st and May 1st, 2020 to address concerns identified in the original submissions.

The RPLs recommended for Legislative Budget & Audit approval are listed in the table below with backup attached and posted on our website at <http://www.legfin.akleg.gov/> :

RPL#	Agency	Subject	Amount	Fund Source
04-2020-1059	DOR	AHFC Homeless Assistance Program	\$10,000,000	Federal Receipts (1002) Operating
25-2020-8771	DOT&PF	Statewide Aviation and Rural Airport System CARES FAA Funding	\$49,000,000	Federal Receipts (1002) Operating
25-2020-8772	DOT&PF	MSCVC 5001(d) CARES Funding	\$1,350,000	Federal Receipts (1002) Operating
25-2020-8776	DOT&PF	Whittier Access and Tunnel 5001(d) CARES Funding	\$1,219,100	Federal Receipts (1002) Capital

RPL#	Agency	Subject	Amount	Fund Source
25-2020-8777	DOT&PF	Northern Region Highways & Aviation 5001(d) CARES Funding	\$465,000	Federal Receipts (1002) Operating

As currently proposed, the remaining 126 requests through the Department of Commerce, Community and Economic Development (DCCED) do not meet the criteria under AS 37.07.080(h) to be handled through the RPL process, including:

1. DCCED, Community Assistance Program: \$257,548,754 Federal Receipts
2. DCCED, Small Business Relief: \$290,000,000 Federal Receipts
3. DCCED, COVID-19 Economic Stimulus for Alaskan Fisheries: \$100,000,000 Federal Receipts
4. DCCED (123 individual RPLs), Community Direct Costs: \$311,024,132 Federal Receipts

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

**Department of Revenue
Alaska Finance Housing Corporation**

Subject of RPL: AHFC Homeless Assistance Program	ADN/RPL #: 04-2020-1059
Amount requested: \$10,000,000	Appropriation Authority: Sec1 Ch1 FSSLA2019 pg32 ln17
Funding source: Federal Receipts (1002) Operating	Statutory Authority: AS 18.56

PURPOSE

The Homeless Assistance Program (HAP) enables thousands of homeless and/or near homeless families to obtain or retain safe and sanitary shelter each year. The HAP serves youth, families, and victims of domestic violence throughout the state. The purpose of this federal authority is to provide grants to local communities/agencies to help develop support programs designed to reduce homelessness, provide services that prevent housing displacement, and assist the homeless to transition back to permanent housing. Other Alaska Housing Finance Corporation (AHFC) programs may be leveraged with these funds when appropriate.

PREVIOUS LEGISLATIVE CONSIDERATION

There has not been previous legislative consideration for federal authority given the timing of the federal passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Alaska Legislature's passage of appropriation bills this spring.

TIMING ISSUES

AHFC nor the Legislature could have anticipated this need at the time the FY2020 budget was developed in 2019 or through the supplemental budget process during the 2020 legislative session.

BUDGETARY ISSUES

This authority is in addition to the current FY2020 AHFC operating appropriation. The program will provide grants to assist nonprofit organizations, local governments, and regional housing authorities in addressing the emergency needs of homeless and near-homeless Alaskans.

Legislative Fiscal Analyst Comment: The existing Homeless Assistance Program appropriation is a capital project rather than an operating item. This added receipt authority will allow AHFC to make operating budget grants using this federal funding. There is existing federal authority in this allocation used for similar purposes such as rental assistance and homelessness prevention. This use of federal funds aligns with federal guidance. If funds are unable to be spent in FY20, additional authority may be needed for this purpose in FY21.

To enable legislative tracking, Legislative Finance will assign federal Covid-19 fund code 1265 to federal appropriations associated with Covid-19.

**Department of Transportation and Public Facilities
Highways, Aviation and Facilities and Administration & Support
Various Allocations**

Subject of RPL: Statewide Aviation and Rural Airport System CARES FAA Funding	ADN/RPL #: 25-2020-8771
Amount requested: \$49,000,000	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 36 Ln 6 (NR H&A) Sec 1 Ch 8 SLA 2020 Pg 35 Ln 22 (NR H&A) Sec 1 Ch 1 FSSLA 2019 Pg 35 Ln 24 (CR H&A) Sec 1 Ch 8 SLA 2020 Pg 35 Ln 20 (CR H&A) Sec 1 Ch 1 FSSLA 2019 Pg 36 Ln 8 (SR H&A) Sec 1 Ch 8 SLA 2020 Pg 35 Ln 24 (SR H&A) Sec 1 Ch 1 FSSLA 2019 Pg 33 Ln 25 (Statewide Aviation) Sec 1 Ch 8 SLA 2020 Pg 33 Ln 19 (Statewide Aviation)
Funding source: Federal Receipts (1002) FY2020 Operating and FY2021 Operating	Statutory Authority: <ul style="list-style-type: none"> • AS 37.20.010 Acceptance of federal grants and transfers of property • AS 44.42.060 Grants to the Department • 49 U.S.C. § 5301 Transportation • 23 U.S.C. § 101 Highways

PURPOSE

Federal authorization is required to expend increased federal revenues.

Approximately \$10 billion in grants for airports are available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Federal Aviation Administration (FAA) intends to award grants and obligate these funds on an expedited basis. CARES Act Airport Grants will be used for statewide aviation and rural airport system operating and maintenance expenses, where additional needs have occurred due to the COVID-19 public health emergency.

This funding will be used at State owned airports to prevent, prepare for, respond to, and reduce the adverse impacts of the current public health emergency. Funding allocated to the Regional Highways, Aviation and Facilities and Statewide Aviation components between fiscal years as follows:

FY2020	\$ 49,000.0
Statewide Aviation	\$ 1,000.0
CR Highways & Aviation	\$ 3,860.7
NR Highways & Aviation	\$ 5,951.0
SR Highways & Aviation	\$ 3,188.3
Balance for FY2021	\$ 35,000.0
Statewide Aviation	\$ 1,000.0
CR Highways & Aviation	\$ 10,617.0

NR Highways & Aviation	\$ 16,365.2
SR Highways & Aviation	\$ 7,017.8
Remaining Balance	\$ 0.0

*Central Region (CR), Northern Region (NR), and South Coast Region (SR)

PREVIOUS LEGISLATIVE CONSIDERATION

No previous consideration has been given by legislature.

TIMING ISSUES

The FAA encourages airport sponsors to spend funds expeditiously to reduce the adverse impacts of the current public health emergency. The funding is required to allow the rural airport system to continue maintenance and operations work while mitigating impacts from the COVID-19 public health emergency.

BUDGETARY ISSUES

This funding will allow for stability in the Statewide Aviation Program, as well as ensure continuity in the operations and maintenance of State-owned airports.

This RPL has been revised for clarity and technical changes.

Legislative Fiscal Analyst Comment: The original version of this RPL added this funding to the Commissioner's Office to be distributed to the four components referenced in the table. That version of the RPL was legally problematic because the existing appropriation to the Commissioner's Office had a different purpose than this RPL. The revised RPL directly increases the appropriations where the spending will occur. This is an improvement because each contains existing funding for the same purpose.

Only two of the four target components have existing federal authority to increase (the Northern and Southcoast Highways and Aviation components). While in the past, RPLs have added federal authority, the RPL statute may be intended only to increase existing receipt authority rather than adding new authority. Given the federal funding is for the same purpose as the existing appropriation and there is significant federal restrictions for allocation and use, LFD recommends the RPL process to allow acceptance and utilization of these funds.

The FAA has separate grants for State-owned international airports and for airports with non-State sponsors. The rural airport system relies primarily on general fund support, so it is not facing significant revenue loss (unlike the other two categories of airports, which face significant revenue loss). However, the State cannot transfer money from one federal allocation to another, so this amount can only be used by the 237 rural airports. The FAA guidance for this funding indicates that the expenditures do not need to be COVID-related.

To enable legislative tracking, Legislative Finance will assign federal Covid-19 fund code 1265 to federal appropriations associated with Covid-19.

**Department of Transportation and Public Facilities
Administration and Support
Measurement Standards & Commercial Vehicle Enforcement**

Subject of RPL: MSCVC 5001(d) CARES Funding	ADN/RPL #: 25-2020-8772
Amount requested: \$1,350,000	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 33 Ln 32 Sec 1 Ch 8 SLA 2020 Pg 33 Ln 26
Funding source: Federal Receipts (1002) FY2020 Operating and FY2021 Operating	Statutory Authority: <ul style="list-style-type: none"> • AS 37.20.010 Acceptance of federal grants and transfers of property • AS 44.42.060 Grants to the Department • 49 U.S.C. § 5301 Transportation • 23 U.S.C. § 101 Highways

PURPOSE

Federal authorization is required to expend increased federal revenues.

Funding will be used to cover unbudgeted and unanticipated personal services costs and expenditures related to ensuring continuity of operations and program delivery within these appropriations. Funding will be spread across two fiscal years as detailed in the below table. Measurement Standards and Commercial Vehicle Compliance (MSCVC) has responded to economic impacts by waiving annual permit fees. Funding will be allocated by fiscal year as follows:

FY2020	Amount
MSCVC	\$ 900,000.00
Total	\$ 900,000.00
FY2021	Amount
MSCVC	\$ 450,000.00
Total	\$ 450,000.00
Grand Total	\$ 1,350,000.00

PREVIOUS LEGISLATIVE CONSIDERATION

No previous consideration has been given by legislature.

TIMING ISSUES

The CARES act funding was not available until after the Legislature went into recess.

BUDGETARY ISSUES

This funding will allow for stability in the Program as well as ensure continuity in the operations.

This RPL has been revised for clarity and technical corrections.

Legislative Fiscal Analyst Comment: The original version of this RPL added this funding to the Commissioner's Office along with two other unrelated items. That version of the RPL was legally problematic because the existing appropriation to the Commissioner's Office did not contain

funding for any of the three purposes in the RPL. The revised RPL increases the appropriation where the spending will occur and is limited to a single purpose.

The target allocation of this RPL, Measurement Standards and Commercial Vehicle Compliance, does not have existing federal authority. While in the past, RPLs have added federal authority, the RPL statute may be intended only to increase existing receipt authority rather than adding new authority. Given the federal funding is for the same purpose as the existing appropriation and there is significant federal restrictions for allocation and use, LFD recommends the RPL process to allow acceptance and utilization of these funds.

This appears to be a proper use of CARES Act funds that is consistent with federal guidance. To enable legislative tracking, Legislative Finance will assign federal Covid-19 fund code 1265 to federal appropriations associated with Covid-19.

**Department of Transportation and Public Facilities
Surface Transportation Program
Whittier Tunnel – Maintenance and Operations**

Subject of RPL: Whittier Access and Tunnel 5001(d) CARES Funding	ADN/RPL #: 25-2020-8776
Amount requested: \$1,219,100	Appropriation Authority: Sec 1 Ch 2 4FSSLA 2016 Pg 17 Ln 28
Funding source: Federal Receipts (1002) FY2017 Capital	Statutory Authority: <ul style="list-style-type: none"> • AS 37.20.010 Acceptance of federal grants and transfers of property • AS 44.42.060 Grants to the Department • 49 U.S.C. § 5301 Transportation • 23 U.S.C. § 101 Highways

PURPOSE

Funding will be used to cover unbudgeted and unanticipated operating and maintenance costs and expenditures related to ensuring continuity of operations and program delivery within this appropriation. The Whittier Tunnel is a vital link to the City of Whittier and beyond via the Alaska Marine Highway System (AMHS) service, and provides needed access through the mountain for residents, and commercial freight services via cars, trucks, buses and train. Maintenance of the tunnel is important for safety of the traveling public as well as efficiency of operation.

Funding will be used to cover unbudgeted and unanticipated operating and maintenance costs related to ensuring continuity of operations and program delivery within this appropriation. The Department will also undergo a needs assessment to determine high priority deferred maintenance work that may be covered with these funds.

PREVIOUS LEGISLATIVE CONSIDERATION

No previous consideration has been given by legislature.

TIMING ISSUES

The CARES act funding was not available until after the Legislature went into recess.

BUDGETARY ISSUES

This funding will allow for stability in the Program as well as ensure continuity in the operations. This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division.

Legislative Fiscal Analyst Comment: The original version of this RPL added this funding to the Commissioner’s Office along with two other unrelated items. That version of the RPL was legally problematic because the existing appropriation to the Commissioner’s Office did not contain funding for any of the three purposes in the RPL. The revised RPL increases an FY17 capital appropriation of federal funds for the same purpose.

This appears to be a proper use of CARES Act funds that is consistent with federal guidance. To enable legislative tracking, Legislative Finance will assign federal Covid-19 fund code 1265 to federal appropriations associated with Covid-19. There are no technical issues with the revised RPL.

**Department of Transportation and Public Facilities
Highways, Aviation and Facilities
Northern Region Highways and Aviation**

Subject of RPL: NR H&A 5001(d) CARES Funding	ADN/RPL #: 25-2020-8777
Amount requested: \$465,000	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 36 Ln 6
Funding source: Federal Receipts (1002) FY2020 Operating	Statutory Authority: <ul style="list-style-type: none"> • AS 37.20.010 Acceptance of federal grants and transfers of property • AS 44.42.060 Grants to the Department • 49 U.S.C. § 5301 Transportation • 23 U.S.C. § 101 Highways

PURPOSE

Federal authorization is required to expend increased federal revenues.

Northern Region Highways & Aviation has changed maintenance staff shifts on the Dalton Highway to three weeks on, three weeks off to adapt to unpredictable airline schedules and COVID related travel guidelines. Funding will be used to cover unbudgeted and unanticipated personal services costs and expenditures related to ensuring continuity of operations and program delivery within the appropriation.

FY2020	Amount
*NR Highways & Aviation	\$ 465,000.00
Total	\$ 465,000.00

*Northern Region (NR)

PREVIOUS LEGISLATIVE CONSIDERATION

No previous consideration has been given by legislature.

TIMING ISSUES

The CARES act funding was not available until after the Legislature went into recess.

BUDGETARY ISSUES

This funding will allow for stability in the Program as well as ensure continuity in the operations.

This RPL has been revised for clarity and technical corrections.

Legislative Fiscal Analyst Comment: The original version of this RPL added this funding to the Commissioner's Office along with two other unrelated items. That version of the RPL was legally problematic because the existing appropriation to the Commissioner's Office did not contain funding for any of the three purposes in the RPL. The revised RPL increases the appropriation where the spending will occur and is limited to a single purpose. The Northern Region Highways and Aviation allocation has existing federal authority that will be increased by this RPL.

This appears to be a proper use of CARES Act funds that is consistent with federal guidance. To enable legislative tracking, Legislative Finance will assign federal Covid-19 fund code 1265 to federal appropriations associated with Covid-19.

There are no technical issues with this RPL.