

Community Assistance Program

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What is the Community Assistance program?

The Community Assistance program (AS 29.60.850-879) provides funding to municipalities, unincorporated communities, and Native village councils in Alaska to support local government activities. The program has existed in various forms since 1985.

How does the program work?

All incorporated communities that provide services such as fire protection, water and sewer, public road maintenance, and solid waste management are eligible for Community Assistance payments. In addition, the Department of Commerce, Community and Economic Development designates an incorporated nonprofit entity or Native village council in other communities that can receive and spend payments. Unincorporated communities must have at least 25 residents to qualify.

How much do communities receive?

Until 2017, the program was designed to distribute \$60 million total per year (although actual amounts varied). SB 210, passed in 2016, reduced the target distribution to \$30 million and amended the formula.

AS 29.60.855 provides a base amount for boroughs and unified municipalities, and other communities have a base that is a fraction of that base. See the table to the right. A unified municipality receives both the borough base and the city base payments.

Community Type	Base Payment (for full distribution)
Borough	\$300,000
City	\$75,000 (1/4 base)
Unincorporated Outside Borough	\$25,000 (1/12 base)
Unincorporated Inside Borough	\$15,789 (1/19 base)

Example calculations

Anchorage: \$300,000 (borough base) + \$75,000 (city base) + 295,365 residents * \$14.16 per capita = \$4,557,777

Tok: \$25,000 (unincorporated outside borough base) + 1,234 residents * \$14.16 per capita = \$42,475

After paying out the base payments, the remaining distribution goes to all communities on a per-capita basis. The department calculates the amount remaining after paying the bases, and divides that by the total state population. In FY20, that amount was about \$14 per resident.

How is the Community Assistance program funded?

The total distribution each year equals one-third of the balance of the Community Assistance Fund on June 30 of the previous fiscal year. Per AS 29.60.850, the annual deposit into the fund may not exceed \$30 million or the amount necessary to bring the fund balance to \$90 million, whichever is greater. So if the program is fully funded, the legislature would deposit \$30 million into the fund each year and the balance of the fund on June 30 would be \$90 million. One-third of that balance would be \$30 million, so the distribution would be \$30 million. See the figure on the following page for an illustration of how this has worked in practice.

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Starting Balance	\$180.0	\$180.0	\$172.0	\$114.7	\$90.0	\$90.0	\$90.0	\$60.0
<i>Distribution (1/3 of balance)</i>	\$ 60.0	\$ 60.0	\$ 57.3	\$ 38.2	\$30.0	\$30.0	\$30.0	\$20.0
<i>Additional Distribution</i>	\$ -	\$ -	\$ -	\$ -	\$8.0	\$ 4.0	\$ -	\$ -
Total Distribution	\$ 60.0	\$60.0	\$57.3	\$38.2	\$38.0	\$34.0	\$30.0	\$20.0
Deposit to Fund	\$60.0	\$52.0	\$ -	\$13.6	\$30.0	\$30.0	\$ -	\$28.7
Ending Balance	\$180.0	\$172.0	\$114.7	\$ 90.0	\$90.0	\$90.0	\$60.0	\$68.7

What will the distribution be in FY21 and FY22?

The Governor vetoed a \$30 million capitalization of the fund in FY20 (Sec. 11, Ch. 2 SSSLA2019) that would have brought the balance of the fund to \$90 million. That appropriation would have resulted in a \$30 million distribution in FY21 and instead will approximately be \$20 million. The FY21 deposit to the fund was \$28.7 million from the PCE fund, bringing the balance of the fund to \$68.7 million and resulting in approximately \$23 million to be distributed in FY22 unless the legislature makes an additional capitalization of the fund through a supplemental appropriation for FY21. See the table below.

	FY21	FY22
Starting Balance	\$60.0	\$68.7
Distribution (1/3 of balance)	\$20.0	\$22.9
Deposit to Fund	\$28.7	?
Ending Balance	\$68.7	?

How is the Power Cost Equalization Endowment (PCE) Fund used to fund the Community Assistance program?

AS 42.45.085 provides that the Power Cost Equalization Endowment (PCE) Fund may be used as a funding source for this program if it has sufficient earnings. Per that statute, the legislature may appropriate 70% of the prior closed fiscal year's "excess" earnings above the cost of the PCE program (meaning that the legislature may appropriate 70% of excess FY20 earnings in the FY22 budget, since the legislature is making the appropriation in FY20). Up to \$30 million of the remainder may be appropriated to the Community Assistance Fund. For example, FY20 earnings totaled \$48.3 million. After subtracting the PCE program's cost (\$29.7) and administrative expenses (\$0.8 million), \$18.6 million remains. 70% of \$18.6 million is approximately \$13.0 million, so \$13.0 million is available from the PCE fund for Community Assistance. That amount may be deposited in the Community Assistance Fund in FY22 for a \$21.5 million distribution in FY23.

If there are no appropriations made into the Community Assistance Fund in FY22 the amount available to distribute to communities in FY23 would be approximately \$15.3 million. If only the \$13.0 million from PCE is deposited, the FY23 distribution would be \$19.6 million. If the Community Assistance Fund is capitalized with \$30 million from the PCE fund and other fund sources (e.g. UGF) in FY22, the FY23 Community Assistance distribution would be approximately \$25.3 million.