

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE Division of Legislative Finance



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MEMORANDUM

DATE: January 13, 2021
TO: Legislative Budget and Audit Committee
FROM: Alexei Painter, Director
SUBJECT: Preparation for the January 18, 2021 LB&A Meeting

OMB submitted the following FY21 RPLs for consideration at the January 18, 2021 Legislative Budget and Audit Committee meeting. These RPLs, along with Legislative Finance comments, are posted on our web site at <http://www.legfin.akleg.gov>.

RPL#	Agency	Allocation/Program	Amount	Fund Source
04-2021-1066	DOR	COVID-19 Federal Housing and Homeless Stimulus / AHFC Ops	\$200,000,000	Federal Receipts (1002/1265) Operating
04-2021-1067	DOR	COVID-19 Housing and Homeless Stimulus Partnerships / AHFC Ops	\$6,500,000	Federal Receipts (1002/1265) Capital
05-2021-0189	DEED	U.S. Department of Education Consolidated Appropriations Act, COVID Relief / Student and Student Achievement	\$168,111,142	Federal Receipts (1002/1265) Operating
25-2021-4038	DOT	COVID-19 FHWA Grants - Re-opening of Silvertip, Chitina and Birch Lake Maintenance Stations / Central and Northern Region Highways/ Maintenance Stations	\$2,130,200	Federal Receipts (1002/1265) Operating

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 Housing Finance Corporation**

Subject of RPL: COVID-19 Federal Housing and Homeless Stimulus	ADN/RPL #: 04-2021-1066
Amount requested: \$200,000,000	Appropriation Authority: Sec 1 Ch 8 SLA 2020 Pg 32 Ln 14
Funding source: Federal Receipts (1002) FY2021 Operating	Statutory Authority: AS 18.55, AS 18.56

PURPOSE

President Trump signed the Consolidated Appropriations Act, 2021 into law on December 27, 2020. This bill contains approximately \$900 billion in new stimulus related spending as well as certain spending increases for existing programs.

The most notable of the housing-related provisions of the bill is an appropriation of \$25.0 billion in rental assistance allocated through the Coronavirus Relief Fund (CRF) and administered by the Department of Treasury. Given Alaska's population, the State expects to receive \$200 million. For these funds, 90% must be used for current and arrears rent, utility payments, and other housing-related assistance.

The Governor's Office has designated Alaska Housing Finance Corporation (AHFC) as the administrator of the rental assistance funds that come to the state. The funds will provide rental and utility payment assistance to households at risk of homelessness during the COVID-19 pandemic, administered under AHFC's Homeless Assistance Program (HAP). HAP provides services to individuals and families who are homeless or at risk of becoming homeless and therefore is an appropriate program to administer the CRF funding.

PREVIOUS LEGISLATIVE CONSIDERATION

There has not been previous legislative consideration for this newly available federal authority given the timing of the federal passage of the Consolidated Appropriations Act on December 27, 2020.

Legislative Fiscal Analyst Comment: HB 205 (SLA 2020), sec. 22(g) appropriated \$5 million in general funds to homelessness prevention, though the amount was vetoed by the Governor. Subsequently, RPL # 04-2020-1059, approved on May 11, 2020, added \$10 million of COVID-19-related federal receipt authority in FY20 for the Homelessness Assistance Program.

TIMING ISSUES

Per the terms set by the Federal Department of Treasury, the Municipality of Anchorage is entitled to directly apply for a portion of this grant. As of the date of submission of this

RPL it is not known if the Municipality will apply or receive some of these funds, and the amount of this RPL may be revised after the grant application date of January 12.

Neither AHFC nor the Legislature could have anticipated this need at the time the FY2021 budget was developed during the 2020 legislative session. The newly available funds will be made available as soon as practicable through the Alaska Housing Finance Corporation.

BUDGETARY ISSUES

The amount of additional federal receipts available in FY2021 exceeds the amount of federal receipt authority appropriated to AHFC.

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.

Legislative Finance recommends adding carryforward language to the FY22 operating budget to ensure adequate time to spend this grant.

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

**Department of Revenue
Alaska Housing Finance Corporation**

Subject of RPL: COVID-19 Federal Housing and Homeless Stimulus	ADN/RPL #: 04-2021-1067
Amount requested: \$6,500,000	Appropriation Authority: Sec 5 Ch 8 SLA 2020 Pg 67 Ln 4
Funding source: Federal Receipts (1002) FY2021 Capital	Statutory Authority: AS 18.55, AS 18.56

PURPOSE

The Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020 appropriated federal resources to the State of Alaska for COVID-19 pandemic response. The Alaska Housing Finance Corporation (AHFC) received additional Emergency Solutions Grant (ESG) and Housing Assistance for Persons with AIDS (HOPWA) funding. An additional \$6.5 million in federal authority is needed under the AHFC Federal and Other Competitive Grant Program for these funds.

The Emergency Solutions Grant (ESG) Program provides funding to: (1) engage homeless individuals and families living on the street, (2) improve the number and quality of emergency shelters for homeless individuals and families, (3) help operate these shelters, (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families/individuals from becoming homeless.

The Housing Opportunities for Persons with AIDS (HOPWA) Program addresses the housing needs of people living with HIV/AIDS. Under the HOPWA Program, HUD makes grants to local communities, states, and nonprofit organizations for projects that benefit low-income persons living with HIV/AIDS and their families.

PREVIOUS LEGISLATIVE CONSIDERATION

There has not been previous legislative consideration for this newly available federal authority because the awards were made after the end of the 2020 legislative session.

TIMING ISSUES

Neither AHFC nor the Legislature could have anticipated this need at the time the FY2021 budget was developed during the 2020 legislative session. The newly available funds will be awarded as soon as practicable through the Alaska Housing Finance Corporation.

Legislative Fiscal Analyst Comment: HB 205 (SLA 2020), sec. 22(g) appropriated \$5 million in general funds to homelessness prevention, though the amount was vetoed by the Governor. Subsequently, RPL # 04-2020-1059, approved on May 11, 2020, added

\$10 million of COVID-19-related federal receipt authority in FY20 for the Homelessness Assistance Program.

BUDGETARY ISSUES

The amount of additional federal receipts available in FY2021 exceeds the amount of federal receipt authority appropriated to AHFC.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. It increases federal authority in an FY21 capital project titled “AHFC Federal and Other Competitive Grants” from \$6 million to \$12.5 million. These additional grants fit into the original purpose of that appropriation.

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

**Department of Education and Early Development
Education Support and Administrative Services
Student and School Achievement**

Subject of RPL: U.S. Department of Education Consolidated Appropriations Act, COVID Relief	ADN/RPL #: 05-2021-0189
Amount requested: \$168,111,142	Appropriation Authority: Sec 1 Ch 8 SLA 2020 Pg 10 Ln 19
Funding source: Federal Receipts (1002) FY2021 Operating	Statutory Authority: AS 14.50.010 - .100, AS 14.07.020

PURPOSE

FY2021 federal authorization is required to expend increased federal revenues.

On December 27, 2020, the federal Consolidated Appropriations Act, 2021 (H.R. 133) was signed into law. This act includes a second allocation of COVID relief through the Elementary and Secondary School Emergency Relief (ESSER) Fund and Governor's Emergency Education Relief (GEER) Fund.

ESSER II Funds must be allocated to Local Education Agencies based on the Title I-A funding formula and may be used for any activity related to preventing, preparing for, and responding to COVID-19. In addition, funds may be used to address learning loss, preparing schools for reopening, testing, and repairing and upgrading projects to improve air quality in school buildings. Ten percent of the funding may be set aside for State Education Agency uses and activities related to COVID-19. The State of Alaska's allocation is \$159,719,422.

GEER II Funds are allocated into two categories:

- 1) Emergency grants to support education related entities within the state deemed essential for carrying out emergency educational services, or to Local Education Agencies that are significantly impacted by coronavirus – allocation of \$2,824,017.
- 2) Emergency assistance to non-public schools – allocation of \$5,567,703.

The State of Alaska's total allocation is \$8,391,720.

ESSER II Funds do not require an application; the U.S. Department of Education distributed funding to states on January 6, 2021. GEER II Funds may require submission of an application to the U.S. Department of Education. Instructions on the distribution or application process, the deadline for submitting the application, and reporting requirements for use of the funding is forthcoming from the U.S. Department of Education.

The total amount of funding that will be allocated to the State of Alaska is \$168,111,142. Expenditures are likely to cross into FY2022, and appropriation language included in the FY2022 Governor's Request allows the unspent balance to be used in the next fiscal year.

Agency Contact: Lacey Sanders, Administrative Services Director, (907) 465-8721
LFD Contact: Kelly O'Sullivan, Fiscal Analyst, (907) 465-5435

PREVIOUS LEGISLATIVE CONSIDERATION

On May 1, 2020, the Legislature approved an RPL 05-2020-0074 for additional \$44,911,411 for federal ESSER Funds and GEER Funds appropriated in the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. DEED's existing appropriation for federal authority is not sufficient to collect and distribute this new funding.

TIMING ISSUES

The Consolidated Appropriations Act, 2021 was passed by Congress and signed into law on December 27, 2020. The Alaska State Legislature recessed on March 29, 2020. Given the timing DEED did not have enough information to request an appropriation during the previous legislative process.

ESSER II Funds do not require an application and the U.S. Department of Education anticipates allocating funding to states on January 8, 2021. DEED is waiting for guidance on the GEER II Funds application and distribution process. Additional federal authority is necessary now to distribute funding to the Local Education Agencies as quickly as possible. These funds will be available until September 30, 2023.

BUDGETARY ISSUES

None.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. This appropriation has existing federal authority. The Student and School Achievement allocation has \$215.1 million of federal receipt authority in the FY21 budget. This consists of \$145.0 million enacted as a number section appropriation, plus \$70.1 million of unspent FY20 federal grants authorized to be spent in FY21 by a language appropriation. \$34.1 million of the unspent FY20 federal grant amount is from the \$44.9 million CARES Act RPL approved by the Legislature May 1, 2020.

The federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act enacted on December 27, 2020 included \$4 billion for the Governors Emergency Education Relief fund, \$22.7 billion for the Higher Education Emergency Relief fund, and \$54.3 billion for the Elementary and Secondary Emergency Relief fund. Based on federal guidance for this funding, this purpose is an appropriate use of these funds. The ESSER II fund may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. GEER II Funds could be allocated to either K-12 or higher education needs in the state.

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 RDU**

Subject of RPL: COVID-19 FHWA Grants - Re-opening of Silvertip, Chitina and Birch Lake Maintenance Stations	ADN/RPL #: 25-2021-4038
Amount requested: \$2,130,200	Appropriation Authority: Sec 1 Ch 8 SLA 20 Pg 35 Ln 20 Sec 1 Ch 8 SLA 20 Pg 35 Ln 22
Funding source: Federal Receipts (1002) 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

On December 27, 2020, Congress approved a Coronavirus Response and Relief Supplemental Appropriations relief package which allots \$10 billion for highway infrastructure programs. Funds are available to replace amounts lost as a result of the coronavirus for preventative maintenance, routine maintenance, operations, and personnel costs. These funds may also support typical Title 23 eligible activities (surface transportation capital projects) as well as tolling agencies and ferry systems.

Any future Federal Highway Administration (FHWA) grants will be used for operating, maintenance and equipment expenses related to reopening the highway maintenance stations.

Funding will be allocated as follows:

FY2021	\$2,130,200	Appropriation Authority
CR Highways & Aviation	\$950,000 (\$600,000 Capital Outlay)	Sec 1 Ch 8 SLA 20 Pg 35 Ln 20
NR Highways & Aviation	\$1,180,200 (\$677,000 Capital Outlay)	Sec 1 Ch 8 SLA 20 Pg 35 Ln 22

Funding for FY2022 operations will be put forward in Governor's budget amendments.

Legislative Fiscal Analyst Comment: At this time it is estimated that the State of Alaska may receive up to \$120M-\$150M from the FHWA, based on Alaska's share of the Fixing America's Surface Transportation Act (FAST) obligation limitation. The funding would need to be obligated by the department no later than September 30th, 2024.

PREVIOUS LEGISLATIVE CONSIDERATION

No previous RPLs have been requested for this purpose.

TIMING ISSUES

These federal funds are a result of the COVID-19 pandemic and were made available December 27, 2020.

BUDGETARY ISSUES

This funding is in addition to the current FY2021 Central and Northern Region Highways and Aviation operating appropriations. The funding will allow three maintenance stations to be re-opened, increasing safety for the traveling public. The three stations are: Silvertip along the Seward Highway, closed in 2019; Chitina along the Edgerton Highway, closed in 2016; and Birch Lake along the Richardson Highway, closed in 2016.

This request is directly aligned with the mission of the Department of Transportation and Public Facilities to keep Alaska moving through service and infrastructure.

Legislative Fiscal Analyst Comment: 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.