



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Office
of the Governor

OFFICE OF MANAGEMENT AND BUDGET
Pat Pitney, Director

Court Plaza Building
240 Main Street, Suite 802
Juneau, Alaska 99811-0020
Main: 907.465.4660
Fax: 907.465.2090

February 16, 2018

The Honorable Paul Seaton
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Neal Foster
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99801-1182

Dear Co-Chair Seaton and Co-Chair Foster:

Thank you for the opportunity to present the Governor's FY 2018 supplemental budget overview before the House Finance committee on February 1, 2018. The following is in response to questions posed by the committee during the overview for distribution to the members.

Representative Gara: Does the \$6.5 million in federal receipts for the Public Assistance cost allocation plan require a match? What is the link between the Public Assistance cost allocation plans and this appropriation to the Office of Children's Services?

The \$6.5 million in federal receipts does require expenditure of state funds to be received. The relationship between state spending and federal receipts within the Office of Children's Services for Title IV-E is not a set match rate. The amount of federal receipts is based on the number of eligible children in state custody and if activities performed by OCS staff meet certain criteria.

Federally financed programs administered by state public assistance agencies are required to have an approved public assistance cost allocation plan as per the federal code of regulations. The plan is required for state public assistance agencies that administer Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Nutrition Assistance Program (SNAP), Child Support Enforcement, Adoption Assistance and Foster Care, and Social Services Block Grant. The plan is approved and applied to all administrative costs (direct and indirect) in the department.

Representative Pruitt: Why are child support collections declining?

There is no one single reason why these collections are declining but contributing factors include lower Permanent Fund Dividend (PFD) garnishment amounts as the yearly PFD amount has declined, as well as the general state of the economy and high unemployment in Alaska. These factors lower the amount of money that can be either paid by, or garnished from, noncustodial parents.

Representative Guttentberg: Is the Maintenance of Effort an across-the-board requirement or is it more narrowly focused on a single program?

The Department of Health and Social Services uses a variety of sources to meet the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirements. This includes spending within the department as well as spending by non-state entities. See the below list for detail on the spending used to meet MOE.

Agency/Program	FFY 2016	FFY 2017	FFY 2018 Projection
Division of Public Assistance Funding			
Tribal Assistance Program Component UGF Authority	\$14,095.2	\$14,641.1	\$16,912.0
SFY 2019 Q1 Tribal Assistance Program			\$1,732.2
Alaska Temporary Assistance Component UGF Authority	\$13,901.0	\$6,901.0	\$1,267.5
<i>SFY 2018 Alaska Temporary Assistance Supplemental Request</i>			\$2,000.0
SFY 2019 Q1 Alaska Temporary Assistance			\$1,267.5
Child Care Benefits Component UGF Authority	\$2,739.3	\$3,544.8	\$3,554.8
Public Assistance Field Services Component UGF Authority	\$10.2	\$697.8	\$932.7
Work Services Component UGF Authority		\$26.1	
PFD Hold Harmless PFD Fund Authority	\$1,966.9	\$1,855.9	
Alaska Heating Assistance Program	\$966.9		
Sub-Total	\$33,679.5	\$27,666.7	\$27,666.7
3rd Party/Separate State Program Funding			
AHFC: Empowering Choice Housing Program	\$190.3	\$256.4	\$256.4
AHFC: Family Self Sufficiency Program Classes		\$4.0	\$4.0
AHFC: Resident Services - Summer Camp Scholarships	\$35.9	\$32.0	\$32.0
Cook Inlet Tribal Council Fraud Unit	\$221.7		
AHFC: Resident Services - Adult Scholarships		\$10.0	\$10.0
Big Brothers Big Sisters		\$455.7	\$455.7
Boys & Girls Clubs Alaska		\$4,571.8	\$4,571.8
Food Banks Claims	\$2,482.8	\$2,757.8	\$2,757.8
OCS: Emergency Family Relief Support		\$416.8	\$416.8
OCS: Foster Care Special Needs		\$145.4	\$145.4
United Way of Anchorage- 2-1-1		\$74.6	\$74.6
United Way of Anchorage- Grants		\$218.9	\$218.9
Sub-Total	\$2,930.7	\$8,943.5	\$8,943.5
Combined Total	\$36,610.2	\$36,610.2	\$36,610.2

Representative Gara: Is the \$2.0 million appropriation to the Temporary Assistance to Needy Families program a penalty? What is the penalty that we paid for not meeting our Maintenance of Effort?

Subsequent to notification of failure to meet MOE requirements the department was able to avoid a penalty by applying state fiscal year 2018 appropriations to the federal fiscal year 2017 MOE. The \$2.0 million appropriation will prevent further penalties in federal fiscal year 2018.

Representative Pruitt: Provide a detailed explanation on the \$4.3 million ratification request for the Department of Public Safety.

This administration inherited an unresolved ratification (overspend) dating back to 2009-2011. Included in this year's FY2018 supplemental bill (SB168/HB321) is a proposal to clear this unauthorized spending.

In 2009 the State of Alaska established the Bureau of Highway Patrol to combat DUI incidents on our state's highways. This new office was funded by a grant from the National Highway Traffic Safety Administration (NHTSA) and for each of the years between 2009 and 2011 NHTSA approved the state's annual Highway Safety Performance Plan (HSPP). During the NHTSA review of the HSPP, ample data was provided including payroll records, dispatch logs, and citation data. NHTSA approved the HSPP each year without objection to the activities being performed.

It was not until three years later that NHTSA, during a management review, reversed course and decided that because the Department of Public Safety Bureau of Highway Patrol provides both DUI and non-DUI enforcement activities, certain expenditures were disallowed for federal reimbursement. Findings in the NHTSA management review included assertions that grant funding was used for dignitary security when Governor Palin was campaigning for vice president. However, these costs were clearly funded with general funds rather than through grant funds. NHTSA also claimed that court appearances for public safety officers to testify against DUI offenders should not be reimbursed in the grant agreement.

The state maintains that the management review was not performed accurately, nevertheless, NHTSA has not accepted the Department's rebuttals to their findings and the Department is left with \$4.3 million in overspending. This represents general funds that were spent in advance of receiving federal funds from NHTSA that were subsequently disallowed. The shortfall in this appropriation remained on the books while the state attempted to reach an agreement with NHTSA. Although state funding was provided to DPS in FY2013-2014 in order to allow program operations to continue, the original shortfall was not properly removed from the records in AKSAS/IRIS. This error resulted in audit findings for revenue shortfall. The department is not asking for additional funding – this is a technical fix to eliminate the shortfall in IRIS and resolve related audit findings.

Please let me know if you have additional questions.

Also attached are University of Alaska collective bargaining unit agreements for your review. They have no budgetary impact.

The Honorable Paul Seaton
The Honorable Neal Foster
February 16, 2018
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Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Steininger', with a stylized, flowing script.

Neil Steininger
Chief Budget Analyst

Enclosures
University of Alaska collective bargaining unit agreements

cc: David Teal, Director, Legislative Finance
Darwin Peterson, Director, Governor's Legislative Office
Pat Pitney, Director, Office of Management and Budget