

State of Alaska

Office of Management and Budget

Senate Finance SB 128 ARP Budget Bill Overview

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Office of Governor
MIKE DUNLEAVY

American Rescue Plan (ARP) - State Agency Program Specific Grants

Education & Early Development – included in the bill

- Institute of Museum and Library Services Funds \$2.2 million
- National Endowment for the Arts Funding \$758.7 thousand (estimate)

Education & Early Development – not included in the bill

- Emergency Education Relief Funds – awaiting state maintenance of effort guidance; received 4/19 and currently under evaluation
- Child Nutrition Program – awaiting funding and program information

Environmental Conservation – not included in the bill

- Low Income Household Water Assistance Program Funds – awaiting funding and program information

Health & Social Services – included in the bill

- CDC Funding for COVID-19 Testing (primarily school and underprivileged testing) \$22.0 million
- CDC Funding for COVID-19 Vaccinations \$32.4 million
- ACF Funding for Pandemic Emergency Assistance \$3.4 million



ARP - State Agency Program Specific Grants continued

Health & Social Services – included in the bill (continued)

- WIC Benefit Improvements \$1.2 million (estimate)
- Child Care Development Fund Grants \$28.4 million (estimate)
- Child Care Stabilization Grants \$45.5 million (estimate)
- Child Abuse Prevention Funding \$291.0 thousand (estimate)
- Mental Health Block Grant Funding \$3.0 million (estimate)
- Substance Abuse Block Grant Funding \$4.7 million (estimate)
- LIHEAP Program Funding \$23.7 million (estimate)
- Supporting Older Americans and their Families Funding \$7.0 million (estimate)
- Pandemic EBT Administrative Grant \$768.4 thousand (estimate)

Health & Social Services – not included in the bill

- Child Care Assistance – awaiting state match requirement guidance
- Home and Community-Based Services Enhanced Federal Participation – awaiting state match requirement guidance
- Supplemental Nutrition Assistance Program Administrative Grant Increase – awaiting funding and program information



ARP - State Agency Program Specific Grants continued

Labor & Workforce Development – included in the bill

- Higher Education Emergency Relief Funds to AVTEC \$441.0 thousand (estimate)
- Unemployment Insurance System Modernization Funds \$6.0 million (estimate)

Military & Veterans Affairs – included in the bill

- Emergency Management Grant \$882.3 thousand (estimate)

Revenue – not included in the bill

- Alaska Housing Finance Corporation (AHFC) Grants – previously submitted as amendments

Transportation & Public Facilities – included in the bill

- Federal Transit Administration Grants \$6.6 million

Transportation & Public Facilities – not included in the bill

- Federal Aviation Administration Airport Grants – awaiting funding and program information

University of Alaska – included in the bill

- Higher Education Emergency Relief Funds to UA \$30.8 million (estimate)



ARP – Coronavirus State & Local Fiscal Relief Fund (CSLFRF)

Capital Projects Funding \$112.3 million

- This is a placeholder appropriation included in the Governor’s ARP package to be refined as further guidance is made available, anticipated by May 10th.
- Act states, “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID–19).”
- Use of these funds require application to the Treasury for specific projects.
- Initial indications that Treasury may limit this to broadband projects.

Commerce – Community Pass-Thru Funding \$185.4 million (estimate)

- Grants to Alaska communities defined as “nonentitlement local governments and counties” that will pass through Commerce
- Funding is based on a formula established in the Act and clarified by Treasury, anticipated by May 10th.



ARP CSLFRF State Funding Uses and Restrictions

The American Rescue Plan specified that these funds can be used to cover expenses —

- A. to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts;
- B. to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers performing such essential work;
- C. for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year; and
- D. to make necessary investments in water, sewer, or broadband infrastructure.

Restrictions include—

- A. direct or indirect offsets to a reduction in net tax revenue resulting from changing law, regulation, or administrative interpretation during the covered period that reduces or delays the imposition of any tax or tax increase;
- B. deposits into any pension fund.

ARP CSLFRF State Funding Categories

Category	%	Amounts
Protecting Alaskans	8%	\$80,000.0
Emergency response costs including addressing the Domestic Violence impacts of COVID-19 (\$6 million), portable equipment, and individual security including food security and fishermen COVID-19 coverage.		
Alaska Tourism Revitalization	15%	\$150,000.0
Industry relief to promote tourism and adapt services for potential loss of cruise ship season.		
Economic Recovery and Innovation	32%	\$325,000.0
Relief to businesses and organizations impacted by the pandemic and preparing Alaska's economy for investment as we reach the end of the pandemic and a return to normal life.		
Build Alaska – Infrastructure Investment	32%	\$325,000.0
Water, sewer and broadband infrastructure investments; leverage local and other funding using matching grant programs.		
General Fund Offset – Up to \$1,019,259.4	14%	\$139,259.4
Under section C of the Federal guidance, provision of government services to the extent of COVID related revenue losses with the intent of offsetting existing general fund expenditures.		
Total		\$1,019,259.4

- The full amount of ARP funding could be utilized to offset existing UGF spending to retain revenues in the general fund.
- Funding should be directed towards one-time or short duration projects and programs and should not create future financial obligations for the state.



ARP CSLFRF Special Provisions

General Fund Offset — Section 1 (f), (g), and (i)

- (f) and (i) offset \$120 million in UGF expenditures with ARP funds in FY21 allowing for deposit to the general fund or CBR.
 - Structured as unallocated budget items, allocation will be made based on allowability criteria from the Federal Treasury.
 - Federal fund increase will be offset by general fund decrease in the same budget line items to ensure no net change to program funding.
- (g) offsets \$19.3 million in DGF or other restricted fund expenditures with ARP funds over FY21-FY24.
 - Priority will be given to areas with significant fund balance issues caused by COVID.

Disallowed Appropriation Backfill Language — Section 9

- Utilizes the general fund offset concept to ensure that a program, if found unallowable, can continue without interruption.

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