



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Office of the Governor

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The Honorable Senator Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 518
Juneau, AK 99801

The Honorable Senator Bishop
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 516
Juneau, AK 99801

Dear Co-Chairs Stedman and Bishop,

Thank you for inviting the Office of Management and Budget (OMB) to present on Coronavirus (COVID-19) funding to the Senate Finance Committee on Tuesday, February 9th and Wednesday, February 10th. Responses to questions and requests for follow-up information from the committee hearing are included below:

Senators von Imhof and Bishop asked how much of the federal stimulus funding received has been put into savings. The U.S. Bureau of Economic Analysis has developed a website on COVID-19 spending using payment card transactions: <https://www.bea.gov/recovery/estimates-from-payment-card-transactions>, and they also have monthly personal savings rate information available online at: <https://www.bea.gov/data/income-saving/personal-saving-rate>. BEA does not have Alaska-specific information. The Alaska Institute of Social and Economic Research (ISER) might be able to conduct an analysis specific to Alaska.

Senator Wilson asked for an estimate of unrestricted general fund (UGF) savings resulting from federal COVID-19 stimulus funding. As mentioned during the presentation, the UGF lapse at the end of fiscal year (FY) 2020 was \$135 million, which is significantly higher than a normal fiscal year lapse of between \$20-50 million. Part of the reason for the increased lapse was a significant constriction on travel and other program activities that resulted in reduced spending. Another contributor was the federal COVID-19 funding received, which included \$34.5 million from increased federal participation in Medicaid expenses in FY2020.

Chair Stedman, you asked for an estimate of how much was paid out to the average Alaskan in stimulus payments and unemployment and housing assistance. All federally eligible Alaskans would have been eligible to receive the Coronavirus Aid, Relief, and Economic Security (CARES) Act economic stimulus payments of \$1,200 per adult and \$500 per child and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act economic stimulus payments of \$600 per adult and child.

The Department of Labor and Workforce Development paid unemployment assistance benefit payments to 101,000 recipients, and the average weekly amount of benefits paid in FY2020 (including all COVID-related CARES Act and FEMA payments) was \$543.00.

The Alaska Housing Finance Corporation served 13,266 people (4,700 households) through their CARES Act funded rental and mortgage relief program and paid an average of \$1,934.00 per household served. The emergency rental assistance program funded from the CRRSA Act has not paid out any funds yet. Tuesday, February 16th was the first day that Alaskans could fill out applications for the program.

Senator Hoffman asked for additional information on burial assistance provided by the State to Alaskans impacted by COVID-19 deaths. Burial assistance is part of the general relief program run by the Department of Health and Social Services, Division of Public Assistance (DPA). DPA does not record the cause of death related to burial assistance so DPA cannot say if any of the assistance provided in FY2020 was to Alaskans impacted by COVID-19 deaths. The number of requests for assistance has been declining since FY2018. In FY2018 burial assistance was provided for 294 requests, in FY2019 it was 220 requests, in FY2020 it was 194 requests, and to date in FY2021 it is 97 requests.

During an at ease, Senator Hoffman requested information on the distribution of the \$50 million in Fisheries Relief funding to the Department of Commerce, Community, and Economic Development. Attachment 1 is a one-page guidance document from the Alaska Department of Fish and Game (ADF&G) for fisheries participants regarding the CARES Act relief funding. This funding is being administered by the Pacific States Marine Fisheries Commission (PSMFC). That plan has been forwarded to NOAA Fisheries for review and approval. According to the PSMFC website, applications for Alaska will become available on Monday, March 1, 2021.

Here is a link to PSMFC's website:

<https://www.psmfc.org/cares-act-the-coronavirus-aid-relief-and-economic-security-act>

Here is a link to the spending plan that ADF&G submitted:

https://www.adfg.alaska.gov/static/home/news/hottopics/pdfs/cares_act_spendingplan_120920.pdf

The committee requested additional information on unemployment assistance including the average amount provided in benefits per recipient, fraud comparisons pre-COVID to now and between Alaska and other states, and the number of individuals that have refused to return to work. There were 101,000 individuals who received unemployment assistance, and the average weekly amount paid per recipient in FY2020 (including all COVID-related CARES Act and FEMA payments) was \$543.00. This was significantly higher than prior year weekly averages of \$251.00 in FY2019, \$243.00 in FY2018, and \$265 in FY2017.

The Department of Labor and Workforce Development has significantly increased investigation of potentially fraudulent claims due to the proliferation of criminal rings whose sole goal is to defraud COVID-related unemployment assistance. In FY2020, the department audited 52,975 claimants as compared to 17,423 in FY2019, 32,298 in FY2018 and 25,289 in FY2017. In FY2020, the department's fraudulent claims rate was 0.10% and the amount paid in fraudulent claims was \$864,637. This compares to 1.91% and \$1,596,785 in FY2019, 1.70% and \$1,686,750 in FY2018, and 1.58% and \$1,873,370 in FY2017.

Nationwide for 2020, the majority of fraud activities occurred in the Pandemic Unemployment Assistance (PUA) program. Unlike most states, Alaska implemented fraud detection tools early in the state's roll-out of the PUA program. While this slowed implementation of the program, it helped identify fraudulent claims and prevent them from being paid. Because Alaska instituted precautions early on, fraud rings were largely unsuccessful in Alaska. Individual state fraud rates are not publicly available so we cannot compare Alaska's experience to other states.

Individuals receiving unemployment assistance are required to accept work when offered, and must report work refusals when filing their weekly certification. A refusal to return to work is investigated. Employers also have several methods available to report work refusals. In 2020, 34.43% of claims which included work refusals were denied and not paid.

Senator von Imhof requested information on the amount of COVID-19 funding that went directly to broadband providers. CRRSA included funding for three different broadband programs: \$3.2 billion for an Emergency Broadband Benefit Program to reimburse participating carriers for providing low-income households discounts on broadband Internet access and certain connected devices; \$1 billion for the Tribal Broadband Connectivity Program to expand access to broadband on Tribal land or to provide remote learning, telework, or telehealth resources during the COVID-19 pandemic; and \$300 million for Broadband Infrastructure Deployment Grants for Unserved Areas, which will be distributed through competitive grants. The funding for these programs has not yet been distributed.

Senator Wielechowski asked about a website where a member of the public could go to find information on the funding for the various relief programs and its distribution. OMB has updated its website to include the reports the administration provided the legislature on federal Coronavirus relief funds provided to the state and how it was allocated. The site includes links to other relief programs and information on how those program funds have been distributed.

Here is a link to the updated website:

<https://omb.alaska.gov/information/omb-monthly-covid-19-reports/>

Senator Hoffman asked for additional information on the \$35.6 thousand the Alaska Vocational Technical Center (AVTEC) received for students including where that funding has gone, if it has been spent, and if so on what. This funding was distributed as grants to students to offset the cost of expenses incurred as a result of the disruption of campus operations. AVTEC awarded 73 students \$489.31 each, for a total of \$35,719.63. These awards were for food, housing, course materials, health care, childcare, technology-related expenses, and transportation. Students enrolled in online or part-time courses were not eligible for these grants. There are no remaining funds to be distributed.

Senator Hoffman asked for additional information on allowable uses of the Federal Highway Administration (FHWA) funding from CRRSA. The Department of Transportation and Public Facilities is awaiting definitive guidance from FHWA on the usage of this funding. Attachments 2 and 3 include the correspondence received to date on this CRRSA funding. Here are some key points:

- Alaska received \$124.4 million
 - \$113.1 million for any area
 - \$11.3 million for Urbanized Areas with a Population Over 200,000
 - \$2.1 million has been allocated via RPL in FY2021 to reopen maintenance stations
- The federal share is 100% - no additional match is needed
- These funds are available until September 30, 2024
- These funds carry similar eligibility as Surface Transportation Block Grants, to include ineligible on local/minor collectors - this eligibility requirement does not apply to:
 - Preventive maintenance
 - Routine maintenance
 - Operations
 - Personnel salaries of employees (including those placed on administrative leave)

- Debt service payments
- Availability payments
- Coverage for revenue losses

Senator Bishop asked for a list of where the Federal Transit Administration (FTA) CARES Act \$18.8 million for Non-Urbanized Area Transit was distributed. Attachment 4 provides the requested distribution of the \$18.8 million on FTA funds received from the CARES Act.

Chair Stedman, you asked for a list of the communities that received funding through the State's Community Relief Grants program along with a breakdown of how much has been allocated, distributed, and expended. Attachment 5 provides the Community Relief Grant program details requested.

Chair Stedman, you asked for a breakdown of the State's lost program revenue estimates by fiscal year. Attachment 6 provides the lost revenue estimates information requested.

Don't hesitate to reach out to my office if you have further questions.

Sincerely,



Neil Steininger
Director

cc: Miles Baker, Legislative Director, Office of Governor Mike Dunleavy
Alexei Painter, Director, Legislative Finance Division