ALASKA STATE LEGISLATURE

Session:
State Capitol Building
Room 500
Juneau, Alaska 99801-2186
Phone (907) 465-3004
Toll Free: (877) 465-3004

Interim:
1292 Sadler Way, Ste. 308
Fairbanks, Alaska 99701
Phone: (907) 452-1088
Toll Free: (877) 465-3004

REPRESENTATIVE STEVE THOMPSON
DISTRICT 3

M E M O R A N D U M

Date: Monday, March 17, 2014

To: Representative Bill Stoltze
               House Finance Co-Chair

From: Rep. Steve Thompson

RE: House Bill 306

Thank you for the opportunity to respond to certain requests and questions asked on Wednesday, March 12th, 2014 regarding HB 306, "Evaluation of Indirect Expenditures; Tax Credits".

CCED Responded to Representative Edgmon's and Representative Guttenberg's question/comments on Unincorporated Communities:

The legislature appropriates the funds; the Department only administers the disbursement of the funds to the grantee based upon the project title, and amount stated in the appropriation. In the grant agreement, the paragraph that states:

"In the event funding from the state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Grant Agreement and prior to normal completion, the Department may terminate the agreement, reduce funding, or re-negotiate subject to those new funding limitations and conditions. "

The legislature may reappropriate the funding made to any grantee be it municipality, named recipient, or unincorporated community. The reappropriation can be at any time of the grant, not just in the last year of the grant. The practice has been that grants are only reappropriated

E-mail Representative_Steve_Thompson@akleg.gov

when a grantee requests it, but there have been a few cases where funds were reappropriated either without the grantee being aware, or over the objections of the grantee. The power to appropriate or reappropriate funds lies with the legislature. To facilitate the reappropriation process, the Department sends the notice to grantee's (municipalities, named recipients, and unincorporated communities) offering them the chance to request an extension if substantial ongoing work is occurring, or to make them aware of the timeframe to expend the remainder of the funds. We also prepare a listing of all grants that will be lapsing at the end of the current fiscal year (June 30th), and provide this list to legislators at the beginning of the legislative session. The list is updated every two weeks throughout the legislative session.

CCED is current administering approximately 1,600 grants that under AS 37.05.315-.317.

From the most current lapsing grant spreadsheet provided by CCED, there are 102 of these grants that are going to lapse on June 30, 2014 if no further action is taken.

Of these 102 grants:
  85 (83.3%) are to Municipalities (AS 37.05.315)
  13 (12.7%) are to Named Recipients (AS 37.05.316)
   4 (3.9%) are to Unincorporated Communities (AS 37.05.317).

Grantee's have 5 years to expend the funds. DCRA's grant administrator's contact all grantee's throughout the life of the grant reminding them of the grant, and requesting progress reports. The grant administrator increases this contact in the year prior to any funding lapsing. There are a variety of reasons that a grantee may not have fully expended funding. It may have to do with other anticipated funding not materializing as planned, scope changes, cost changes, personnel changes. In determining if a grant extension should be executed, the Department is sympathetic to the grantee. If a grantee can reasonable demonstrate that the project is ongoing or will get built within an additional 12 months, DCRA execute an extension. It is very uncommon for the department to close out a grant over the grantee's objection. The majority of grants are either reappropriated, have small left over amounts of funding that are lapsed because the grantee completed the project, or the grantee agrees the project cannot be completed

Scott Ruby, the Division Director of Community and Regional Affairs provided these responses and will be available to the House Finance Committee to answer additional questions.