

ALASKA STATE LEGISLATURE

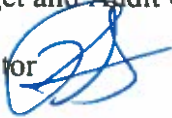
LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



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MEMORANDUM

DATE: May 1, 2020
TO: Legislative Budget and Audit Committee
FROM: Pat Pitney, Director 
SUBJECT: Replace RPL Packet for May 1, 2020 Legislative Budget & Audit Meeting

On April 29, Legislative Finance submitted 6 RPLs to the Legislative Budget & Audit (LB&A) Committee for consideration at LB&A's May 1st, 2020 meeting.

Subsequently, OMB provided revised RPLs with clarity for authority requested by fiscal year and revised funding amounts for two of the Department of Education and Early Development requests. The following six revised RPLs, along with Legislative Finance comments, are attached to this memo as well as posted on our web site at <http://www.legfin.akleg.gov/> for committee members to review.

RPL#	Agency	Subject	Amount	Fund Source
05-2020-0074	Department of Education and Early Development	U.S. Department of Education CARES Act	\$44,911,411 <i>(revised from \$48 million)</i>	Federal Receipts (1002) Operating
05-2020-0075	Department of Education and Early Development	U.S. Department of Agriculture FFCRA and CARES Act	\$41,869,617 <i>(revised from \$5 million)</i>	Federal Receipts (1002) Operating
05-2020-0076	Department of Education and Early Development	National Endowment for the Arts CARES Act	\$421,500 <i>(provided FY clarification)</i>	Federal Receipts (1002) Operating

12-2020-4049	Department of Public Safety	USDOJ Byrne-JAG CARES Act	\$3,585,351 <i>(provided FY clarification)</i>	Federal Receipts (1002) Operating
25-2020-8766	Department of Transportation and Public Facilities	FY2020 COVID-19 Federal Transit Administration 5311 Grants	\$29,000,000 <i>(no change)</i>	Federal Receipts (1002) Capital
45-2020-0002	University of Alaska	Coronavirus Aid, Relief and Economic Security (CARES) Act Federal Funding Opportunities	\$5,000,000 <i>(provided FY clarification)</i>	Federal Receipts (1002) Operating

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

Subject of RPL: U.S. Department of Education CARES Act	ADN/RPL #: 05-2020-0074
Amount requested: \$44,911,441	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 11 Ln 11
Funding source: Federal Receipts (1002) FY2020 Operating	Statutory Authority: AS 14.50.010 - .100, AS 14.07.020

PURPOSE

FY2020 federal authorization is required to expend increased federal revenues.

On March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act. This act includes funding for Elementary and Secondary School Emergency Relief Funds and Governor’s Emergency Education Relief Funds.

The Education Stabilization funds must be used by Local Education Agencies for any activity authorized by the Elementary and Secondary Education Act (ESEA), Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, the Perkins Career and Technical Education Act, or the McKinney-Vento Homeless Assistance Act, in addition to a list of other allowable uses of funds. Ten percent of the funding may be set aside for State Education Agency uses and activities related to coronavirus. The State of Alaska’s allocation is \$38,407,914.

The Governor’s Emergency Education Relief Fund must be used for emergency grants to Local Education Agencies that are significantly impacted by coronavirus, or to support other education related entities within the State deemed essential for carrying out emergency educational services. The State of Alaska’s allocation is \$6,503,527.

Both portions of funding require applications for funding be submitted to the U.S. Department of Education. Instructions on the 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 \$44,911,411. Expenditures are likely to cross into FY2021; however, appropriation language included in HB205 allows the unspent balance to be used in the next fiscal year.

PREVIOUS LEGISLATIVE CONSIDERATION

The Legislature has not considered a federal appropriation for Elementary and Secondary School Emergency Relief Funds and Governor’s Emergency Education Relief Funds from the CARES Act. DEED’s existing appropriation of federal authority is not sufficient to collect and distribute this funding. There are no previous RPLs for this activity.

TIMING ISSUES

The CARES Act was passed by Congress and signed into law on March 27, 2020. The Alaska State Legislature recessed on March 29, 2020. Given the timing and lack of guidance provided by the U.S.

Department of Education, DEED did not have enough information to request an appropriation during the current legislative process.

The funds are anticipated to become available on or after April 24, 2020 based on an approved application. These funds will be available for obligation through September 30, 2021. Additional federal authority is necessary now to distribute funding to the Local Education Agencies as quickly as possible.

BUDGETARY ISSUES

This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. This appropriation has existing federal authority. Based on federal guidance for this funding, this purpose is an appropriate use of these funds. The Student and School Achievement allocation has \$155 million in existing federal receipt authority in the FY20 budget.

The department intends to allocate, by school district, the estimated \$38.4 million in Elementary and Secondary School Emergency Relief Funds (ESSERF) based on Title I-A funding formula, as well as, \$3.7 million of the Governor's Emergency Education Relief Funds (GEER). Approximately \$3.7 million of the total estimated available \$6.5 million from the State of Alaska's allocation of GEER will be distributed to 35 districts, through the foundation formula, in order to ensure all districts receive funding equal to or greater than the allocation of the \$30 million one-time funds vetoed by the Governor. The remaining \$2.8 million of authority for the GEER has not yet been allocated by the Governor. In theory, it could go 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 Education and Early Development
Education Support and Administrative Services
Child Nutrition**

Subject of RPL: U.S. Department of Agriculture FFCRA and CARES Act	ADN/RPL #: 05-2020-0075
Amount requested: \$41,869,617	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 11 Ln 10
Funding source: Federal Receipts (1002) FY2020 Operating	Statutory Authority: AS 14.50.010 - .100, AS 14.07.010

PURPOSE

FY2020 federal authorization is required to expend increased federal revenues.

On March 18, 2020, Congress passed Phase 2, HR 6201, known as the Families First Coronavirus Response Act or the FFCRA. This Act included increased funding for the Commodity Assistance Program. Specifically, \$450 million for the Emergency Food Assistance Program (TEFAP) including \$150 million for costs associated with the distribution of commodities. The Department of Education & Early Development (DEED) acts as the Distributing Agency for the USDA Commodity Program. Eligible outlets include schools and residential childcare institutions participating in the National School Lunch Program, child care centers participating in the Child Care Food Program, approved sponsors of a Summer Food Service Program, food banks, food pantries, soup kitchens, etc.

In addition, on March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act. This act included funding for the Domestic Food Programs Food and Nutrition Service Child Nutrition Programs. Specifically, \$8.8 billion nationally in additional funds through September 30, 2020 to support federal child nutrition programs to ensure students receive meals when school is not in session. These programs include the National School Lunch and Breakfast Programs, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP), all of which have received additional flexibilities and are seeing increased demand in response to the coronavirus.

School nutrition programs across Alaska are meeting the unexpected feeding needs in their communities. School districts are providing meals to students regardless of the student's eligibility. The feeding of all students during this health pandemic helps both families and communities who are facing many economic issues as a result of the coronavirus.

Based on the attached grant award document, the Department of Education and Early Development (DEED) is receiving \$41,869,616.46 in Child Nutrition Programs CARES Grants to States. Funds will be distributed directly to local education agencies and other sponsor agencies based on their claims for reimbursement of meals served.

PREVIOUS LEGISLATIVE CONSIDERATION

The Legislature has not considered a federal appropriation for the Commodity Assistance Program from the FFCRA or the Domestic Food Programs Food and Nutrition Service Child Nutrition Programs from the CARES Act. DEED's existing appropriation of federal receipt authority is not sufficient to collect and distribute this funding. There are no previous RPLs for this activity.

TIMING ISSUES

The FFCRA was passed by Congress and signed into law on March 18, 2020. In addition, the CARES Act was passed by Congress and signed into law on March 27, 2020. The Alaska State Legislature recessed on March 29, 2020. Given the timing and lack of guidance provided by the U.S. Department of Agriculture (USDA), DEED did not have enough information to request an appropriation during the current legislative process.

The funds are anticipated to become available during FY2020 and will be available for obligation through September 30, 2021. Additional federal receipt authority is necessary now to distribute funding to the Local Educational Agencies as soon as the distribution amount is known. The full amount will be obligated in FY2020, however sub grantees may be able to expend those funds in FY2021.

BUDGETARY ISSUES

This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division and to update the grant award amount. Distribution of funding will be allocated based on participation rates in each school district. No new positions will be added, and funding will not be used to pay for existing positions within DEED.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. This appropriation has existing federal authority. Based on federal guidance for this funding, this purpose is an appropriate use of these funds. The Child Nutrition allocation has \$77 million in existing federal receipt authority in the FY20 budget.

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
Alaska State Council on the Arts
Alaska State Council on the Arts

Subject of RPL: National Endowment for the Arts CARES Act	ADN/RPL #: 05-2020-0076
Amount requested: \$421,500	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 pg 11 ln 26
Funding source: Federal Receipts (1002) FY2020 Operating	Statutory Authority: AS 44.27.050, AS 44.27.052

PURPOSE

FY2020 federal authorization is required to expend increased federal revenues.

On March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act. With the \$75 million appropriated to the National Endowment for the Arts (NEA) through the CARES Act, the nonprofit arts industry is recognized as an important sector of America's economy.

This NEA funding will be used for grants to community arts organizations, local arts agencies, and network arts partners for emergency relief in response to COVID-19 to sustain operations and allow for modification and adaptation of delivery of services. As part of this important investment, the NEA has designed a plan to expedite the distribution of critical funds to the national, regional, state, and local levels to help retain as many jobs as possible, as quickly as possible. These funds are intended to help save jobs in the arts sector and keep the doors open to the thousands of organizations that add value to America's economy and the creative life of our communities.

Use of these funds is limited to any or all of the following: (1) salary support, full or partial, for one or more positions that are critical to an organization's artistic mission; (2) fees for artists and/or contractual personnel to maintain or expand the period during which such persons would be engaged; and/or 3) facilities costs such as rent and utilities.

For the Alaska State Council on the Arts (ASCA), since the grant permits, a portion will be used to fund a vacant ASCA Fine Arts Administrator position to help administer this significant increase in grant activity, in addition to ASCA's existing grants portfolio.

The Alaska State Council on the Arts will receive the funds as an amendment to their current NEA Partnership agreement which is in year two of a three year cycle. Reporting requires separate tracking of CARES Act expenditures.

The ASCA is expecting \$421,500 in federal CARES Act funding from the NEA.

PREVIOUS LEGISLATIVE CONSIDERATION

ASCA's existing appropriation of federal authority is not sufficient to collect and distribute this funding as this is an addendum to ASCA's FY2020 federal partnership agreement (federal fiscal year 2019). There are no previous RPLs for this activity or project that have been proposed by ASCA.

TIMING ISSUES

The CARES Act was passed by Congress and signed into law on March 27, 2020. The Alaska State Legislature recessed on March 29, 2020. Given the timing and lack of guidance provided by the NEA, ASCA did not have enough information to request an appropriation during the current legislative process. Documentation of the amount of funding became available in an email to the Executive Director from the State Arts Director at the NEA on April 8, 2020. The award packet will follow in a few weeks. The funds are imminent as State Arts Agencies across the nation are also receiving similar funding and are listed as such on the NEA's website. Funds will be available to draw down before June 30, 2020. The funds do not lapse, and they can be extended until spent if not expended by September 30, 2022. The Council will attempt to obligate the full amount in FY2020; however, sub grantees may be expend those funds in FY2021 and FY2022.

If disapproved, Alaska's portion of federal relief funds will be redistributed to other states and Alaska's creative sector and jobs, which are linked with tourism, education, and other sectors, will struggle to recover.

BUDGETARY ISSUES

This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division. These federal funds do not affect the general funds, because they do not require a match. They are not a replacement for the general funds.

This is a one-time request for receipt authority in response to COVID-19 relief funds. There are no indirect cost recovery or fees for services or other considerations in addition to this request.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. This appropriation has existing federal authority. The Alaska State Council on the Arts allocation has \$806 thousand in existing federal receipt authority in the FY20 budget.

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

**Department of Public Safety
Alaska State Troopers
Special Projects**

Subject of RPL: USDOJ Byrne-JAG CARES Act	ADN/RPL #: 12-2020-4049
Amount requested: \$3,585,351	Appropriation Authority: Sec 1 Ch 8 SLA 2020 Pg 28 Ln 28, Sec. 1 Ch 1 FSSLA 2019 Pg 28 Ln 24
Funding source: Federal Receipts (1002) FY2020 Operating and FY2021 Operating	Statutory Authority: AS 44.41.020 – Powers and duties of Department AS 18.65.010 – AS 19.65.110 (State Troopers) AS 18.65.010 – AS 18.65.086 (Law Enforcement Duties)

PURPOSE

Federal authorization is required to expend increased federal revenues. Funding will be expended as follows:

- \$1 million to local law enforcement agencies on a rolling reimbursement request basis
- \$1 million to state criminal justice agencies. Agencies to apply to DPS for funding
- \$1.6 million retained by the Department of Public Safety (DPS) to address increased operational costs due to COVID-19

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides assistance to State and local law enforcement to assist in preparing for and responding to COVID-19. Specifically, the Act includes \$850 million for the Byrne-Justice Assistance Grant Program (Byrne-JAG). The JAG Program provides States, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, crime victim and witness initiatives, and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

Of the total RPL amount, \$750,000 will be expended in FY2020 and \$2,835,351 will be expended in FY2021.

PREVIOUS LEGISLATIVE CONSIDERATION

There have been no previous RPLs or any other legislative consideration of this request, as funding was made available in response to the COVID-19 pandemic and was not included in the Department’s budget request.

TIMING ISSUES

This funding was unanticipated, as were the severity and extensive ramifications of the COVID-19 pandemic. An application to the US Department of Justice (USDOJ) is in progress. Award details are currently developing. Due to the immediate nature of the circumstances, approval is needed as soon as possible.

BUDGETARY ISSUES

This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division. This funding is anticipated to be relatively short-term in nature, but it supports the

Department's core mission to protect the life, health, and safety of Alaskans, and recognizes that there will likely be an increased demand for service.

Legislative Fiscal Analyst Comment: This appropriation has existing federal authority. DPS routinely manages Byrne JAG grants and on April 27, 2020, received the requested grant funds. The Edward Byrne Memorial Justice Assistance Grant (JAG) Program is the primary provider of federal criminal justice grant funding to states and units of local government, and in recent years has averaged \$810.0 in grants through DPS annually.

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
Statewide Federal Programs
COVID-19 Federal Transit Administration 5311 Grants**

Subject of RPL: FY2020 COVID-19 Federal Transit Administration 5311 Grants	ADN/RPL #: 25-2020-8766
Amount requested: \$29,000,000	Appropriation Authority: Sec 1 Ch 3 FSSLA 19 Pg 8 Ln 23
Funding source: Federal Receipts (1002) Capital	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 March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act or the CARES Act. This act includes funding for Federal Transit Administration grants to non-urbanized areas.

The Department of Transportation & Public Facilities (DOT&PF) is requires \$29,000,000 in additional Federal Receipt authority to cover costs associated with the Federal Transit Administration programs incurred due to the COVID-19 pandemic for non-urbanized Areas.

CARES Act funds are available for operating expenses for all Federal Transit Administration 5311 recipients (non-urbanized areas), including administrative leave for transit workers. Operating expenses are those costs necessary to operate, maintain, and manage a public transportation system.

The Alaska Marine Highway System (AMHS) is eligible to receive a portion of the funding from the Federal Transit Authority from the CARES Act (anticipated at \$10.0 million). These funds will be used to pay for COVID-19 eligible costs incurred starting March of 2020. Funds are to prevent, prepare and respond to COVID-19 with a focus on operational expenses. This funding will cover employee's leave charged as COVID-19 admin leave and will pay salaries for employees who are not required to work due to reductions in service levels. Funding can also be used to purchase cleaning and sanitizing supplies and personnel protection equipment. There is no match required for these funds when used for operating expenses.

PREVIOUS LEGISLATIVE CONSIDERATION

No previous RPLs have been requested for this purpose. The FY2020 Statewide Federal Program budget appropriation includes \$10,000,000 for Federal Transit Administration Grants.

TIMING ISSUES

These federal funds are a result of the COVID-19 pandemic and were made available after the Legislature recessed.

BUDGETARY ISSUES

This request is directly aligned with the mission of DOT&PF to keep Alaska moving through service and infrastructure. These funds are one-time only funds made available to help states deal with the expenses as result of the COVID-19 pandemic. There will be no future budgets impacts because of this request.

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

Based on the federal guidance for this funding, this purpose is an appropriate use of these funds. This RPL increases the federal appropriation made in an FY20 capital project from \$10 million to \$39 million. These grants go to non-urbanized transit systems, which in Alaska includes municipalities other than Anchorage and Fairbanks (those two transit systems receive federal funds directly). The Alaska Marine Highway System is not typically a recipient, but the Inter-Island Ferry Authority does typically receive a portion of these funds.

There are no technical issues with this RPL.

**University of Alaska
Systemwide Budget Reductions/Additions**

Subject of RPL: Coronavirus Aid, Relief and Economic Security (CARES) Act Federal Funding Opportunities	ADN/RPL #: 45-2020-0002
Amount requested: \$5,000,000	Appropriation Authority: Sec 1 Ch 1 FSSLA 2019 Pg 37 Ln 24
Funding source: Federal Receipts (1002) FY2020 Operating	Statutory Authority: Article VII, Sec 2, Alaska State Constitution, AS 14.40

PURPOSE

FY2020 federal authorization is required to expend increased federal revenues.

The Coronavirus Aid, Relief and Economic Security (CARES) Act created the Education Stabilization Fund. The Higher Education Emergency Relief Fund (section 18004(a)(1)), under the Education Stabilization Fund, provides grants directly to higher education students and institutions.

The University of Alaska (UA) received notification of the availability of the first 50% (\$3,940,000) of the total funds (\$7,885,000) UA campuses (UA Anchorage, UA Fairbanks and UA Southeast) will be receiving directly from the Higher Education Emergency Relief Fund. This first 50% can only be used for emergency financial aid grants to UA students, and cannot be used for any institutional costs or to recoup student aid already provided by institutions. The other 50% of UA's allocation is not expected for several more weeks and additional guidance on eligible uses is expected at that time.

PREVIOUS LEGISLATIVE CONSIDERATION

The increased need for federal receipt authority was not anticipated during the legislative session, thus not requested.

TIMING ISSUES

Additional federal funds are expected from the U.S. Department of Education directly to UA and to students through UA via the federal student aid grant system. In order to receive and expend these funds, UA requests an additional \$5 million in federal receipt authority in FY2020.

BUDGETARY ISSUES

This budget request relates directly to UA's ability to receive needed federal aid and provide federal aid to students suffering losses due to the current pandemic. There will be no on-going cost related to this temporary increase to UA's federal receipt authority. This RPL is being resubmitted with technical and conforming changes requested by the Legislative Finance Division.

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. This appropriation has existing federal. Based on federal guidance for this funding, this purpose is an appropriate use of these funds. The University of Alaska appropriation has \$123 million of existing federal receipt authority in both the FY20 budget. The university has excess federal authority that can be used to cover part of the anticipated funding through the CARES act, however, a large portion of their potential excess federal authority is located in the Community Campuses appropriation and therefore cannot be used for this purpose.

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

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