

HOUSE FINANCE COMMITTEE
April 2, 2019
1:30 p.m.

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CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 1:30 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

None

ALSO PRESENT

Lacey Sanders, Budget Director, Office of Management and Budget; Laura Cramer, Deputy Director, Office of Management and Budget; Shelly Willhoite, Capital Budget Coordinator, Office of Management and Budget; Hanna Lager, Division Operations Manager, Division of Administrative Services, Department of Commerce, Community and Economic Development.

SUMMARY

HB 38 APPROP: CAPITAL BUDGET

HB 38 was HEARD and HELD in committee for further consideration.

Co-Chair Wilson reviewed the meeting agenda.

#hb38

HOUSE BILL NO. 38

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

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LACEY SANDERS, BUDGET DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, provided a PowerPoint presentation titled "HB 38 - FY2020 Capital Overview," dated April 2, 2019 (copy on file). She began on slide 3 and discussed that the governor's FY 20 capital budget request included deferred maintenance projects, federal matching requirements, and maximization of federal funding for project grants. She reported that the original project request had totaled \$1,261,259,300, comprised of \$143 million General Funds (GF), \$90 million in other funds, and \$1.027 billion in federal funds. She elaborated that amendment packages had been submitted to the legislature on March 14 and March 27, which included an increase of \$10 million in other receipts and a decrease of \$12.5 million in federal funds. The total amended [capital] budget was \$1,258,818,000.

Vice-Chair Ortiz asked why there had been a \$12.5 million reduction in federal funds.

Ms. Sanders replied that the decrement in the amendments was related to the National Petroleum Reserve-Alaska (NPR-A) impact grants. The Department of Commerce, Community and Economic Development (DCCED) had submitted two amendments to the legislature. The first was for a supplemental that distributed grant funding received in 2019. The second amendment trued up the same grant projects for FY 20. She detailed that the estimate had been approximately \$19 million in the initial budget, but the actual federal funding received had been closer to \$6 million.

Vice-Chair Ortiz asked if the NPR-A revenues were less than anticipated.

Ms. Sanders replied in the affirmative. She detailed there may be an additional grant process later in FY 20 if

additional federal revenue was received. At present, approximately \$6.5 million had been received and was allocated in the FY 20 budget.

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Ms. Sanders moved to a bar chart on slide 4 showing a historical summary of capital requests by funding source. The blue portion of the bars reflected unrestricted general fund (UGF) appropriations from FY 16 through FY 20. The bars also included designated general funds (DGF) [in orange], other funds [in gray], and federal receipts [in yellow].

Ms. Sanders turned to slide 5 and relayed the presentation was intended as an overview of the governor's capital budget request. The slide provided a budget breakdown by agency and included both amendment packages put forward in March for a total of \$1.2 billion.

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Ms. Sanders advanced to slide 6 that highlighted items included in the budget. The first increment was for a Department of Transportation and Public Facilities (DOT) federal highway surface transportation project. The project consisted of \$690 million in federal receipts and \$35 million UGF state highway match. The total required amount for the federal funding was \$60 million. She explained that a reappropriation was requested in the capital budget that would use \$25 million from the Tustumena replacement for the federal highway match to meet the FY 20 federal match requirement.

Vice-Chair Ortiz addressed the reappropriation related to the Tustumena. He asked how much money there had been in federal funds for the Tustumena vessel replacement if it went forward.

Ms. Sanders replied \$220 million in federal receipts.

Vice-Chair Ortiz asked how close the \$220 million and the state match came to paying for the vessel replacement.

Ms. Sanders replied that she knew there had been some work done on design, but she did not know how far along the project had progressed.

LAURA CRAMER, DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, replied that the federal funds and state match would have fully funded the Tustumena replacement.

Vice-Chair Ortiz asked for verification the administration was requesting a reappropriation of \$690 thousand [\$690 million] in federal funds to go towards the federal highway program.

Ms. Sanders clarified the move only took the GF portion that was matching the Tustumena project and reappropriated the funds to the capital project for federal highway surface transportation. The request did not move federal receipts allocated for the [Tustumena] project - the receipts still resided with that project.

Co-Chair Wilson clarified the figure was \$690 million, not \$690 thousand.

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Co-Chair Wilson referenced the \$690 million in federal funds and noted her understanding that the number may be as high as \$750 million. She wondered about the possibility of the number increasing. She believed some states had not used all of their funding the previous year and there had been a "round two" of federal funding distributed. She was trying to determine what the odds were the state would get more than \$690 million.

Ms. Sanders replied the \$690 million was the maximum amount that would be received in FY 20. She had not received additional information from DOT specifying an additional allocation would be made.

Co-Chair Wilson wanted to ensure the state was matching available federal funds.

Representative Josephson believed Ms. Sanders had stated the sizeable federal match for the Tustumena replacement would remain in that account effectively. He asked about the administration's ultimate intent for the funds, given the its belief that the state should not have a purely government backed role in the Alaska Marine Highway System (AMHS).

Ms. Sanders replied the intent was currently to bring on a marine consultant to determine what the future of AMHS would look like. The match funding allocated in the capital budget would be reappropriated to the federal highway surface transportation project. Until a study by a marine consultant was completed, the project would not move forward.

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Ms. Sanders directed attention to the second item under DOT on slide 6. The airport improvement program totaled \$198.7 million, comprised of \$187.2 million in federal receipts and \$11.5 million in other receipts. She reported the item had been amended in the March 14th submission of amendments to increase the other receipts by a total of \$21.5 million. She moved to an increment for statewide federal programs, which consisted of \$38.5 million in federal receipts, \$10 million in other receipts, and \$238.3 million UGF.

Ms. Sanders advanced to the last item on slide 6 and relayed that the NPR-A impact grant program had been amended in the March 14 packet. She detailed the increment had initially been put forward as an estimate of \$19 million in federal receipts and it had been reduced to approximately \$6.5 million. Additionally, the amendment packet had allocated the funding to the individual grants based on the department's grant solicitation process.

Ms. Sanders moved to slide 7 and addressed the Department of Environmental Conservation Village Safe Water Projects totaling \$64.830 million, comprised of \$52.250 million in federal receipts, \$12.080 million in UGF, and \$500 thousand in other receipts (typically statutory designated program receipts that communities contributed towards projects).

Co-Chair Wilson asked how much the projects had been the previous year; how much had been spent; and whether the state met its federal matching funds obligation, or whether the state used more UGF than federal funds.

Ms. Sanders did not have the expenditure detail on hand. She would follow up on the question.

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Co-Chair Wilson asked what the department could do to make sure villages were able to maintain systems once they were installed. She believed where maintenance funds came from had become a substantial issue. She explained that most areas did not have large populations or tax base.

Ms. Sanders agreed to provide the information.

Ms. Sanders highlighted the South Denali Visitor's Center under the Department of Natural Resources (DNR) on slide 7. The project would utilize \$4.5 million from the Alaska Housing Finance Corporation (AHFC) dividend and \$10.3 million from the Alaska Industrial Development and Export Authority (AIDEA) dividend (the dividends were returned to the state on an annual basis, were classified as UGF, and were available for appropriation). Additionally, the project would use \$10.2 million in AIDEA receipts.

Vice-Chair Ortiz asked about how the AIDEA dividends and receipts had been used in previous budget cycles.

Ms. Sanders answered that the dividend funds could be used at the discretion of the legislature and were classified as UGF. She explained the funds could be and had been used on a variety of projects. The AIDEA receipts had historically been used in the operations of the AIDEA corporation.

Vice-Chair Ortiz asked Ms. Sanders to repeat her answer.

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Ms. Sanders replied that AIDEA receipts had typically been used in the operations of the AIDEA corporation.

Vice-Chair Ortiz asked if it was the department's understanding that AIDEA did not need the receipts to run the corporation in the upcoming year.

Ms. Sanders answered that she could not speak to the details of the analysis done by the Department of Revenue (DOR). It was her understanding there were excess AIDEA receipts available for appropriation. There were two increments in the governor's proposed budget that utilized AIDEA receipts.

Vice-Chair Johnston discussed where the AIDEA receipts came from. She used the Red Dog Mine as an example, where she

believed the bonds had likely been paid off and there was still a lease agreement. She asked if AIDEA receipts came from the lease agreement.

Ms. Sanders replied that she would follow up in writing. She noted the scenario provided by Co-Chair Johnston was not her understanding of the receipts. She reported the receipts were utilized by the corporation for investing in projects.

Vice-Chair Johnston stated that receipts were one thing and fund balances were another. She asked for verification Ms. Sanders was specifically saying receipts and not fund balances.

Ms. Sanders answered that AIDEA receipts was a fund code outlined for the AIDEA corporation funding. She would follow up to provide clarity on the receipt source.

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Representative LeBon asked for verification that AIDEA receipts were a combination of return on investment and earnings from participation and direct loans made by AIDEA.

Ms. Sanders would follow up to ensure the information provided to the committee was accurate.

Representative LeBon believed his statement was correct. He explained that the receipts were the earnings of investments made by AIDEA - some were participation loans with banks; some were direct loans by AIDEA and some were investments. He elaborated that AIDEA used some of its earnings for the purpose. He detailed that dividends were paid under a different formula. He explained that drawing on AIDEA's capital was another path of utilizing AIDEA for different purposes. He believed the project would be a reasonable use of AIDEA earnings. He reported that in the participation loan world, AIDEA used earnings from other investments (prior years' returns) to fund bank participation loans. He clarified that AIDEA did not go to the bond market every time a bank did a participation loan.

Vice-Chair Ortiz asked how close the combined sources of funds came to paying for the South Denali Visitor's Center.

Ms. Cramer replied that the last updated estimates for the project were \$27 million. The total for the project on slide 7 was about \$25 million due to the possibility of federal and private funds. She elaborated that phase one of the project had been completed using state, federal, and private funds. The department was confident it could achieve the \$27 million mark with those additional [federal and private] funds.

Vice-Chair Ortiz asked if the South Denali Visitor's Center was a state park.

Ms. Cramer answered in the affirmative. She did not know whether it was designated as a state park - she believed it was. She explained that part of the issue was the high traffic currently experienced by the Denali National Park. The center would divert some of the traffic and save wear and tear on the national park roads.

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Co-Chair Wilson wondered who wanted the project. She stated the Denali and Mat-Su Boroughs did not want the project.

Ms. Cramer answered the project had been put forward by the department for years. She elaborated that phase one of the project had been completed and it had been a department priority for many years.

Co-Chair Wilson asked what phase one was and what revenue it brought in.

Ms. Cramer complied. She detailed that phase one had been the buildout of some trails, camping spots, electrical, and roads. She did not have the amount that had been funded on hand. She believed the initial revenue projections for phase one had been around \$48,000; however, the estimate had been exceeded and annual revenue was approximately \$75,000.

Co-Chair Wilson pointed out that the cost for phase one had not been provided; therefore, the committee did not know the expense to revenue ratio.

Ms. Cramer did not have the data on hand. She would follow up with the information.

Representative Josephson surmised dividends were not synonymous with receipts. He asked if they meant to use the word dividend or receipt on slide 7.

Ms. Sanders answered that the AIDEA and AHFC dividend funds were intended to be used for the project. She elaborated there were available dividends that had been made to the state. Additionally, the use of \$10.2 million in AIDEA receipts was also intentional. She clarified they were separate funding sources.

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Vice-Chair Ortiz was supportive of projects enhancing and assisting the tourism industry statewide. He asked if there was a projection for the ongoing and maintenance costs of the project. He used the state museum as an example of a project that had been shown to require some significant ongoing maintenance costs. He asked about expected revenue projections.

Ms. Cramer replied that revenues were anticipated to exceed \$1 million by the fifth year of operation, which would fully cover operating costs for phase two of the project.

Representative Carpenter asked who would own and operate the visitor's center.

Ms. Cramer answered the state would own and operate the facility. She noted that the federal government had tentatively committed to running some of the park operations at no cost to the state.

Representative Carpenter asked for a repeat of the information.

Ms. Cramer answered that the state would own and operate the visitor's center.

Co-Chair Wilson asked for verification the UGF funds could be used for other projects if they were not used on the visitor's center project.

Ms. Cramer replied in the affirmative.

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Ms. Sanders addressed deferred maintenance components on slide 7. She noted there was a significant backlog in the state's deferred maintenance projects. The first increment was \$4.5 million from the Public Building Fund, administered by the Department of Administration (DOA). She explained that state agencies contribute to the fund, which was used for deferred maintenance projects on state-owned buildings. The second request was \$2.7 million UGF for the Court System, which received its own money for deferred maintenance projects. The third increment was \$26.6 million DGF from the Alaska Capital Income Fund for the Office of the Governor. She explained the intention was to have a single project where the Office of the Governor worked with DOT and its facilities maintenance group to identify and prioritize the projects for all state agencies (she noted the process had been used the preceding year as well). She elaborated that instead of having individual projects throughout the agencies, there would be one project that allowed for flexibility in responding to deferred maintenance projects that may move up on the priority list.

Ms. Sanders moved to the fourth deferred increment, which was for the Department of Education and Early Development (DEED) K-12 major maintenance project totaling \$7.4 million DGF from the Capital Income Fund. The amount would fund the first project on the K-12 major maintenance list. The fifth project was \$5 million DGF from the Capital Income Fund for the University.

Co-Chair Wilson asked for an explanation of the Capital Income Fund and how it was funded.

Ms. Sanders explained that the Alaska Capital Income Fund received receipts from the Amerada Hess settlement on an annual basis. She elaborated that the previous session the legislature passed legislation designating the fund for use of deferred maintenance.

Co-Chair Wilson asked if there was other money deposited into the fund when projects had money left over.

Ms. Sanders answered that in recent history there had been other UGF deposits made to the fund by the legislature from gaming and gambling. The primary source of funds was from the Amerada Hess settlement.

Co-Chair Wilson asked for the current fund balance.

Ms. Sanders answered there were two appropriations - one in the supplemental budget and one in the capital budget - utilizing the full fund balance for deferred maintenance. She would follow up with the total.

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Representative LeBon asked if the \$10.2 million in AIDEA receipt funds was being treated as an investment or grant.

Ms. Sanders answered the funds would be an appropriation to DNR specifically for the [South Denali Visitor's Center] project. She clarified that the funds were not a grant and not a loan.

Representative LeBon surmised the funds were an investment into the project.

Ms. Sanders replied affirmatively.

Vice-Chair Ortiz asked for the current balance of the state's growing deferred maintenance obligation.

SHELLY WILLHOITE, CAPITAL BUDGET COORDINATOR, OFFICE OF MANAGEMENT AND BUDGET, answered the amount was about \$9 billion [note: this figure was revised later in the meeting].

Vice-Chair Ortiz asked for verification that theoretically the legislature could use the \$10 million in AIDEA receipts and \$4.5 million in [AHFC] receipts for deferred maintenance as well as the particular project. He asked if that was a legal use of the funds.

Ms. Sanders replied in the affirmative.

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Vice-Chair Ortiz asked if it was also true deferred maintenance costs would continue to increase if the maintenance was not addressed.

Ms. Sanders agreed. She elaborated that the reason for the supplemental and capital budget requests was to prioritize deferred maintenance.

Representative Josephson looked at the statewide prioritized deferred maintenance increment of \$26.6 million. He asked if Ms. Sanders had stated that the method of the governor's office making prioritizing decisions for various agencies was something the previous administration had done as well.

Ms. Sanders answered that OMB had been working on developing a comprehensive system that outlined the deferred maintenance prioritization. She expounded that in the past individual agencies came forward with their priorities, while there may have been other priority needs that were more pressing. She explained the idea was a single allocation where DOT and the governor's office worked together to prioritize needs.

Representative Josephson asked if the previous administration had used the same process.

Ms. Sanders replied affirmatively.

Representative Tilton asked if the administration was also identifying assets the state may be better off selling.

Ms. Sanders answered in the affirmative. She detailed that the administration had put forward a governor's directive to work through divesting any state owned facilities that may no longer be necessary.

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Representative Carpenter asked what the annual cost for deferred maintenance would be if the state were to keep up with the \$9 billion total cost.

Ms. Sanders did not have information on the growth at the time. She suggested the possibility of asking DOT experts to address the committee to explain how they valued assets and what the growth was over time.

Representative Carpenter considered the \$9 billion as an unfunded liability. He did not know whether current spending was keeping up with the cost, but he suspected it was not. He wanted a better idea of how bad the situation was.

Ms. Sanders believed that four to five years earlier there had been some information on a plan to keep up with deferred maintenance growth.

Representative Carpenter assumed the state had not kept with the plan referenced by Ms. Sanders.

Ms. Sanders replied that based on the state's financial downturn, the budget had not maintained the amount necessary to keep up with the figure determined in the past plan.

Representative Carpenter remarked that he guessed that was the case considering the deferred maintenance cost was \$9 billion. He did not believe that had been a good plan.

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Representative LeBon stated that in the business world, replacement and reserves was 3 to 5 percent, which equated to \$300 million to \$500 million.

Co-Chair Wilson referenced the Public Building Fund under DOA. She surmised someone was putting money away because there was \$4.5 billion that could be utilized in the fund. She wondered why they were not doing the same thing in the statewide priority list. She thought it sounded like the courts were doing the same thing. She recalled that Ms. Sanders had said the UGF funds for the courts (on slide 7) were funds the courts had put away.

Ms. Sanders answered there were certain state-owned buildings that fell under the Public Building Fund. She detailed that the court's buildings, University buildings, and schools did not fall under that fund; therefore, those entities did not contribute to the fund.

Co-Chair Wilson expressed confusion and asked if the Public Building Fund was used for buildings that were not state-owned.

Ms. Sanders clarified the funds went to state-owned buildings.

Co-Chair Wilson asked for verification that state-owned buildings were underneath the fund, but the University and courts were not.

Ms. Sanders answered that the University and the Court System had and maintained their own buildings.

Co-Chair Wilson asked if the University put any money away for deferred maintenance.

Ms. Sanders answered that she did not know what University was putting away for its own buildings. She reported the University had come to the governor with a request for deferred maintenance funding.

Co-Chair Wilson asked for verification that the legislature could make the \$5 million for the University into matching funds to find out whether it put funding away for its buildings.

Ms. Sanders deferred the question to the University.

Co-Chair Wilson directed remarks to the committee and relayed they could choose to designate the funds as matching funds to ensure money was put in by the University. She asked for a list of where the \$26 million had been spent the previous year. She thought there was a priority list that was much newer than the five-year old list [mentioned by Ms. Sanders]. She furthered that the priority list was supposed to include buildings the state was going to sell and which it would utilize. She asked OMB to try to find more current information.

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Ms. Sanders clarified she had been referring to a proposal on a plan to move forward with deferred maintenance several years ago. She had information to provide to the committee on the current prioritization list.

Co-Chair Wilson communicated her preference for the list to also include buildings the state was trying to sell and consolidate.

Representative Carpenter cited FY 13 as a year where state revenues were high. He asked if there had been a deferred maintenance list at the time or whether the state had been fully funding its maintenance requirements. He was trying to gauge how long the state had been deferring maintenance.

Ms. Sanders replied that OMB would follow up. She believed there had always been a deferred maintenance backlog.

Representative Sullivan-Leonard asked when the Public Building Fund and Alaska Capital Income Fund had been established and what the intent had been for the funds. She believed they had been around for some time.

Ms. Sanders answered that she could not provide a history on the Public Building Fund. She relayed that the Alaska Capital Income Fund had existed for a significant amount of time. She detailed the fund had typically been utilized for capital projects. She reiterated her earlier testimony that the previous session the legislature had designated the fund specifically for deferred maintenance projects.

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Representative Carpenter stated it would be helpful to know which projects had been deferred the longest.

Ms. Sanders replied that OMB would provide a spreadsheet with the list of deferred maintenance projects. She did not know whether the list included the date a project had been added.

Ms. Sanders reported that the presentation had concluded.

Co-Chair Wilson shared that a detailed list had been provided to committee members [summary sheet titled "Governor's Capital Budget - Appropriations and Allocations (by department) (1196)," provided by OMB and released on February 13, 2019 (copy on file)]. She referenced DNR's Arctic Strategic Transportation and Resources (ASTAR) program, to which the legislature had allocated funding the previous year. She asked for a description of the program, its status, and how much money had been spent to date.

Ms. Cramer replied that the legislature had allocated \$10 million to ASTAR the previous year. She explained the program was to "build out" the North Slope by connecting communities and exploring resource development projects and opportunities. She reported that the increment in the proposed capital budget was \$3 million. She detailed the request from DNR had initially been \$5 million, but the administration had asked the department to revise the

amount based on its true needs for FY 20, which had resulted in the \$3 million request.

Co-Chair Wilson asked for the status of the program. She wondered if any roads had been built or if the projects were at an impact study phase.

Ms. Cramer replied that numerous studies had taken place and there had been work with local communities to determine potential impacts on the communities. She relayed her understanding there was roughly \$1.5 million remaining from the appropriation made the previous year, which was expected to be spent by July 1.

Co-Chair Wilson asked if any of the NPR-A funds for the region could be utilized to move the project forward more quickly.

Ms. Cramer answered in the negative. She expounded that the DNR commissioner was exploring the idea, but it would require a federal change to the NPR-A grant process.

Representative Josephson requested transaction sheets and expenditure information on ASTAR's funding to date.

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Ms. Cramer agreed to provide the information.

Co-Chair Wilson asked about a \$7.4 million increment for the Alaska Travel Industry Association (ATIA). She highlighted \$1.5 million from the increment designated to assuring direct flights from to priority international markets. She asked for detail.

Ms. Sanders answered that the ATIA capital project was \$7.4 million grant to a named recipient. She detailed the money went to ATIA and was primarily used for flyers and handouts, the website, and visitors guide. She was not familiar with the increment highlighted by Co-Chair Wilson. She noted the department was also available for questions.

Co-Chair Wilson asked if the state was subsidizing any flights.

Ms. Sanders would follow up.

Ms. Sanders made clarifying remarks related to the deferred maintenance liability. She elucidated that the \$9 billion number provided earlier in the meeting was the replacement value of the assets. The current deferred maintenance backlog was approximately \$1.9 billion. She would follow up with any additional information.

Co-Chair Wilson explained the reason for the different colored sheets in member's capital budget binders; paper colors changed as different amendments were added. She noted that the NPR-A funds had not been included in the budget until March 27. She asked if the item had come in late and if it was normal to receive the funds.

Ms. Sanders answered that OMB received an estimate when the governor's budget was released each year. Once the grant application period was closed and grant awards were identified, OMB submitted amendments to the legislature breaking out the allocations.

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Representative Josephson remarked that DCCED had some oversight [related to the NPR-A grant process], but he wondered whether there was a sense the funds were proforma because it was federally required.

Ms. Sanders answered that the grant process had very specific guidelines; grant applications were ranked, and funding was allocated. She relayed there was not significant discretion in the process.

Vice-Chair Johnston asked about the \$1.5 million [to ATIA] to prioritize international markets (i.e. China). She thought it may be necessary to hear directly from ATIA. She was aware of a minimum of three other efforts to obtain the direct flights. She hoped there was a coordination of efforts.

Co-Chair Wilson replied that would be nice. She relayed that her office would reach out to ATIA.

Representative Sullivan-Leonard noted the budget included a \$6 million and \$60 thousand increment for community block grants. She asked for detail on the grants and recipients.

Ms. Sanders answered that the request was received annually. She elaborated the request included \$6 million in federal receipts and \$60 thousand in matching funds. She detailed the community services block grant had one nonprofit called the Rural Alaska Community Action Program that received a portion of the funding. She believed RuralCap was receiving funding from the community development block grants.

Co-Chair Wilson wondered why the state, not communities, was matching the federal funds.

Ms. Sanders deferred the question to DCCED.

HANNA LAGER, DIVISION OPERATIONS MANAGER, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, replied that half of the \$6 million in federal funds went to Ruralcap as a grant. The community action association was a federal designation and was the only entity in the state that could receive the funds. The remaining \$3 million and the required \$60 thousand state match went out through a competitively awarded grant program. The recipients were not listed in the bill because they had not yet been identified; the information would be available over the next year as the grants were awarded.

Co-Chair Wilson asked why the state was matching the funds. She believed there were other federal funds that communities were responsible for matching.

Ms. Lager answered the \$60 thousand was a required state match to receive the federal funding.

Co-Chair Wilson asked for verification that the state could not make the communities match the funds. Alternatively, she wondered if it did not matter who provided the matching funds.

Ms. Lager answered it was her understanding that the state was required to provide matching funds in order to receive the federal funds.

Co-Chair Wilson requested to see the document specifying that the state could not allow others [i.e. communities] to participate.

Representative Tilton asked if there were metrics showing the effectiveness of the programs receiving grant funding.

Ms. Lager replied that DCCED required periodic grant reporting once a grant was awarded. She did not have any detail on hand and would follow up with the information.

HB 38 was HEARD and HELD in committee for further consideration.

Co-Chair Wilson reviewed the schedule for the following day.

#

ADJOURNMENT

[2:21:06 PM](#)

The meeting was adjourned at 2:21 p.m.