

SENATE FINANCE COMMITTEE

May 18, 2020

3:01 p.m.

3:01:30 PM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 3:01 p.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Caroline Schultz, Staff, Senator Natasha von Imhof; Pat Pitney, Director, Legislative Finance Division; Senator Cathy Giessel; Senator Peter Micciche; Representative Lora Reinbold.

PRESENT VIA TELECONFERENCE

Neil Steininger, Office of Management and Budget, Juneau; Alan Weitzner, Alaska Industrial Development and Export Authority (AIDEA), Anchorage; Lucy Nelson, Mayor, Northwest Arctic Borough, Kotzebue; Laurie Wolf, Foraker Group, Anchorage; Rory Watt, Municipal Manager, City and Borough of Juneau, Juneau; Stephanie Queen, City Manager, City of Soldotna, Soldotna; Pat Branson, Mayor of Kodiak, Kodiak; Nils Andreassen, Executive Director, Alaska Municipal League, Juneau; Vince Tutiakoff, Mayor, City of Unalaska, Unalaska; Jomo Stewart, Self, Fairbanks; Clay Walker, Mayor, Denali Borough, Healy.

SUMMARY

SB 243 RATIFYING RPLS/COVID-19 FUNDING

SB 243 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Senate Finance Committee and Various Departments.

#sb243

SENATE BILL NO. 243

"An Act approving and ratifying the actions of the governor and executive branch in expending certain federal receipts and of the Legislative Budget and Audit Committee in approving the expenditure of certain federal receipts during fiscal years 2020 and 2021; and providing for an effective date."

[3:01:59 PM](#)

Co-Chair Stedman discussed the modified protocol of the committee. He noted that the capitol required facemasks, but the committee members maintained a reasonable distance between them. He felt that the other people in the committee room should keep their masks in place He stressed that note passing should be kept to a minimum. He remarked that the legislator had assigned staff that could provide notes.

Co-Chair von Imhof explained that RPL stood for "Revised Program Legislative." She explained that RPLs were given by the Executive Branch to the Legislative Budget and Audit Committee.

Co-Chair Stedman explained the history of the RPL process.

[3:08:57 PM](#)

CAROLINE SCHULTZ, STAFF, SENATOR NATASHA VON IMHOF, explained the bill. She stated that the bill only had five sections and four pages. She explained that Section 1 began with a timeline of legislative findings outlining the response to the Covid-19 pandemic. She looked at page 2, line 10, which detailed the RPL process.

[3:12:34 PM](#)

PAT PITNEY, DIRECTOR, LEGISLATIVE FINANCE DIVISION,
discussed the RPL Summary (copy on file):

05-2020-0074

Department of Education and Early Development Student
and School Achievement 44,911.4

05-2020-0075

Department of Education and Early Development Child
Nutrition 41,869.6

[3:14:23 PM](#)

Senator Hoffman queried the administration of the grants.

Ms. Pitney replied that the grants were distributed based
on an already prescribed formula related to Title 1.

Ms. Pitney continued to discuss the RPL Summary:

05-2020-0076

Department of Education and Early Development Alaska
State Council on the Arts 421.5

12-2020-4049 Department of Public Safety Alaska State
Troopers 3,585.4

[3:15:58 PM](#)

Senator Olson wondered whether any money would go to the
Village Public Safety Officer (VPSO) program.

Ms. Pitney did not know the answer to that question.

Ms. Pitney continued to discuss the RPL Summary:

25-2020-8766

Department of Transportation and Public
Facilities Statewide Federal Programs 29,000.0

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RECONVENED

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Ms. Pitney explained the use of the money for the transit system outside of the urban areas.

Senator Bishop recalled that the funds could be used for the villages.

Senator Olson wondered what other systems were available for the money directly related to rural Alaska.

Ms. Pitney replied that communities with elder van transportations, but she did not know of any transportation outside of vans and bus systems that would qualify for the money.

Senator Olson surmised that rural Alaska would not receive much money from the allocation.

Ms. Pitney replied that they would receive money if they have an existing transportation program.

Co-Chair von Imhof noted that there was approximately \$10 million going to 13 grantees across the state including bus systems, caravans, interisland ferries, and reserves.

[3:20:34 PM](#)

Ms. Pitney continued to discuss the RPL Summary:

45-2020-0002 University of Alaska Systemwide 5,000.0

08-2020-0250

Department of Commerce, Community, and Economic
Development Community Assistance Program 257,548.8

Senator Wilson queried the difference between the years.

Ms. Pitney explained that the governor had outlined a schedule of distribution.

Senator Hoffman remarked that it was initially anticipated that the first cash flow would be distributed on May 1. He wondered whether the administration was prepared to send the money out as soon as the governor signed the bill, and how soon the governor would take action.

Ms. Pitney replied that the governor was gearing up as quickly as possible.

[3:25:08 PM](#)

NEIL STEININGER, OFFICE OF MANAGEMENT AND BUDGET, JUNEAU (via teleconference), explained that distributions could be made by the end of the week.

Senator Wielechowski wondered why the indicators of economic activity was used rather than the projected costs.

Mr. Steininger replied that a handful of different factors were considered, but stressed that each community was made up very differently.

Senator Wielechowski noted some concern from some communities. He remarked that there were some major discrepancies in the distributions of funding.

Mr. Steininger replied that the distribution was not entirely based on population, which is why there was a disparity for per capita cost.

Senator Wielechowski queried what would occur should the communities not use the funds.

Mr. Steininger replied that they would be required to return the money to the state.

[3:30:17 PM](#)

Co-Chair von Imhof surmised that there were approximately 125 communities on the list. She stated that between now and July 1, communities must show that they had substantially spent down their first tranche.

Senator Olson wondered whether there was a consideration for how expensive the rural communities live.

Mr. Steininger replied that that it was considered in all funding. The economic metrics included that variable.

Senator Olson assumed that the formula would continue to be used in the determination of funds.

Mr. Steininger replied that they would continue that consideration.

Senator Bishop noted that the Fairbanks Hospital was in a bind for funding. He stressed that Fairbanks was the frontline defense.

[3:35:00 PM](#)

Senator Wielechowski wondered whether a local municipality could provide grants to businesses or individuals.

Mr. Steininger replied that the communities were only limited by the federal guidance.

Senator Wielechowski wondered whether the funds could be used for grants for businesses and individuals.

Mr. Steininger replied that the part of the state's plan was for grants and businesses, so he replied in the affirmative.

Co-Chair von Imhof explained that there was a provision that allowed for the government to assist individuals under certain guidelines.

Ms. Pitney continued to discuss the RPL Summary:

08-2020-0251

Department of Commerce, Community, and Economic
Development Small Business and Non-profit Relief
290,000.0

Senator Wielechowski wondered whether Alaska Industrial Development and Export Authority (AIDEA) could also provide relief, if the business had received these funds.

[3:39:10 PM](#)

Ms. Pitney deferred to Mr. Weitzner.

ALAN WEITZNER, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA), ANCHORAGE (via teleconference), replied that the focus was on the timing of the program, and was not looking to exclude parties that had received state funding.

Senator Wielechowski queried the required documentation for the application of grants.

Mr. Weitzner replied that there would be a definition of eligible expenses for businesses that apply for the grants.

Senator Wielechowski wondered whether there would be enough funds for all small businesses that needed the funding.

Mr. Weitzner replied that there would be \$150 million to establish the program. He felt that the initial valuation on the need of the businesses that could not receive other assistance, AIDEA had quantified the need of between \$100 million to \$150 million.

Co-Chair von Imhof remarked that 20 percent of the funds would be held for communities with a population of 5000 or less.

[3:46:04 PM](#)

Senator Hoffman wondered whether there was a website to look at the application process.

Mr. Steininger explained that each RPL would have a different constituency, so each department was working on the information.

Mr. Weitzner explained that the program descriptions were currently on the Department of Commerce, Community and Economic Development (DCCED) website. He remarked that there was a phone number for specific contacts and follow up.

Senator Hoffman wondered how advertisements would be made to ensure that Alaskans know this money would be available.

[3:50:53 PM](#)

Co-Chair Stedman surmised that the agencies should look beyond the internet to reach out.

Senator Hoffman agreed.

Mr. Weitzner stated that AIDEA was planning to provide information through a press release.

Senator Wielechowski asked about the third party contractor and the program operator.

Mr. Weitzner replied that there was notice of intent to award Credit Union One for the existing RFP.

Ms. Pitney continued to discuss the RPL Summary:

25-2020-8771
Department of Transportation and Public Facilities
Rural Airport System 49,000.0

Senator Olson queried whether the funds could be used for capital or maintenance projects.

Ms. Pitney replied the money was prescribed for operation and maintenance.

[3:55:09 PM](#)

Ms. Pitney continued to discuss the RPL Summary:

25-2020-8772
Department of Transportation and Public Facilities
Measurement Standards and Commercial Vehicle
Enforcement 1,350.0

25-2020-8776
Department of Transportation and Public Facilities
Whitter Tunnel 1,219.1

25-2020-8777
Department of Transportation and Public Facilities
Northern Region Highways and Aviation 465.0

08-2020-0260 through -0382
Department of Commerce, Community, and Economic
Development Community Direct Cost Allocation 311,024.1

08-2020-0054
Department of Commerce, Community, and Economic
Development Fisheries Assistance 100,000.0

Ms. Pitney noted that it was unsure whether that money would arrive. She explained that the distribution may come through the Pacific Fisheries.

Senator Olson wondered whether the reference was for the licensees of the limited entry permits.

Ms. Pitney replied in the affirmative, and some could be fishing guides.

Senator Olson wondered whether someone with a limited entry permit living outside of Alaska could be eligible for the funds.

Ms. Pitney felt that the question was best for Commissioner Lange.

[4:00:01 PM](#)

Co-Chair Stedman remarked that the funding may not materialize, and might be unlikely that the dollar amount would be cut in half.

Senator Hoffman noted that there was a discrepancy between 2 percent and 3 percent. He wanted the response in writing.

Mr. Steininger agreed to provide a written response for why they believe there would be a difference in percentages.

Senator Wielechowski wondered why the funds were going to the Department of Commerce, Community and Economic Development (DCCED) and not Department of Fish and Game (DFG).

[4:01:56 PM](#)

Ms. Pitney replied that DFG did not administer grants.

Senator Wielechowski wondered whether the National Oceanic and Atmospheric Administration (NOAA) had final review authority over the proposed party list.

Ms. Pitney replied in the affirmative.

Senator Wielechowski wondered whether small business that received these funds would also be eligible to receive funds through the AIDEA program.

Ms. Pitney replied that the definition of the distribution were all in question in the fisheries line.

Co-Chair von Imhof recalled that the funds might need some time.

Senator Hoffman wondered whether the fishermen would be able to apply for their fees and licensees paid, because of their inability to participate in the fishery.

Ms. Pitney deferred to the commissioner of DFG.

Senator Wielechowski wondered who would pay back the unused money.

Mr. Steininger replied that any money from the CRF that was used outside of the federal guidelines must be paid back by the state.

[4:06:05 PM](#)

Ms. Pitney continued to discuss the RPL Summary:

04-2020-1059 Department of Revenue AHFC Homeless Assistance Program 10,000.0

Total CARES Act funding authorized in RPLs \$1,145,394.9

Senator Wielechowski wondered whether there was a plan to audit the distributed funds.

Mr. Steininger replied that there was a monthly reporting requirement.

Senator Wielechowski wondered whether the reports would be publicly available.

Mr. Steininger replied that the reports would be available to the committee after the review of the reports.

Co-Chair Stedman queried any responsibility of tracking and reporting to the legislature.

Ms. Pitney stated that there was a tremendous audit expectation of the federal government. She felt that transparency was necessary.

[4:11:12 PM](#)

LUCY NELSON, MAYOR, NORTHWEST ARCTIC BOROUGH, KOTZEBUE (via teleconference), spoke in support of the bill. She explained the hardships faced by her community. She shared that the community was slowly reopening.

[4:13:57 PM](#)

LAURIE WOLF, FORAKER GROUP, ANCHORAGE (via teleconference), spoke in support of the bill. She felt that the funding should be distributed as quickly as possible.

[4:16:08 PM](#)

RORY WATT, MUNICIPAL MANAGER, CITY AND BOROUGH OF JUNEAU, JUNEAU (via teleconference), spoke in support of the bill. He explained that many of the businesses in Juneau were experiencing increased costs and loss of revenue.

[4:16:58 PM](#)

STEPHANIE QUEEN, CITY MANAGER, CITY OF SOLDOTNA, SOLDOTNA (via teleconference), testified in support of the bill. She echoed the comments of previous testifiers. She remarked that every city department would redesign how they serve the public. She remarked that she had closely reviewed the Federal Treasury Guidelines.

[4:19:24 PM](#)

PAT BRANSON, MAYOR OF KODIAK, KODIAK (via teleconference), spoke in support of the bill. She looked forward to receiving the much needed funds. She remarked that Kodiak would be efficient and prudent in their distribution of the funds. She encouraged quick distribution of the funding.

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NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, JUNEAU (via teleconference), spoke in support of the bill. He thanked the committee for reconvening and acting quickly. He stressed that it was critical to distribute the funding as quickly as possible. He remarked that the crisis had sparked collaboration.

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VINCE TUTIAKOFF, MAYOR, CITY OF UNALASKA, UNALASKA (via teleconference), spoke in support of the bill. He explained that his community was experiencing unexpected costs as a result of the pandemic. He remarked that there would continue to be significant loss of revenue. He stated that the funding would support the efforts to recover from the crisis. He encouraged the committee to pass the bill quickly.

[4:23:45 PM](#)

JOMO STEWART, SELF, FAIRBANKS (via teleconference), expressed discomfort in the allocation of funds. He felt that there should be a mechanism to distribute surplus funds. He encouraged the committee to enact a mechanism to reallocate surplus funds to those communities that did not receive the guarantees on the front end of distribution.

[4:25:51 PM](#)

CLAY WALKER, MAYOR, DENALI BOROUGH, HEALY (via teleconference), spoke in support of the bill. He stated that the program was not the "silver bullet" to cure the pandemic impacts, but felt that it would be a tremendous service to his residents.

Senator Wielechowski would have preferred to see a full appropriation bill. He wanted to see more money go to individual Alaskans.

[4:30:25 PM](#)

Senator Hoffman commented that people may not be aware that the funds would exist. He hoped that the administration would distribute the information on all the different RPLs and provide assist businesses and individuals in rural Alaska to apply for the funds.

Co-Chair Stedman furthered that there was a concern at the speed at which the areas could respond, and the timing of the distribution of funds.

Co-Chair von Imhof looked at the fiscal note, which had zero fiscal impact.

[4:34:03 PM](#)

Co-Chair von Imhof MOVED to REPORT SB 243 from committee with individual recommendations and the attached zero fiscal note. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman said that the following day's meeting would most likely be cancelled.

SB 243 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Senate Finance Committee and Various Departments.

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ADJOURNMENT

4:35:21 PM

The meeting was adjourned at 4:35 p.m.