

HOUSE FINANCE COMMITTEE  
February 3, 2022  
1:34 p.m.

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Co-Chair Foster called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Kelly Merrick, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter via teleconference  
Representative Bryce Edgmon  
Representative DeLena Johnson  
Representative Andy Josephson  
Representative Bart LeBon via teleconference  
Representative Sara Rasmussen via teleconference  
Representative Adam Wool

MEMBERS ABSENT

Representative Neal Foster, Co-Chair  
Representative Steve Thompson

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Paloma Harbour, Fiscal Management Practices Analyst, Office of Management and Budget, Office of the Governor; Miles Baker, Infrastructure Investment Coordinator, Office of the Governor.

PRESENT VIA TELECONFERENCE

Micaela Fowler, Commerce, Community, and Economic Development, Director of Admin Services, Juneau; Bryan Butcher, Chief Executive Officer and Executive Director, Alaska Housing Finance Corporation, Department of Revenue; Sylvan Robb, Assistant Commissioner Health and Social Services, Juneau; James Marx, Director of Statewide Program Development: Transportation, Department of Transportation and Public Facilities.

SUMMARY

PRESENTATION: COVID-19 FEDERAL FUNDING UPDATE BY THE OFFICE OF MANAGEMENT AND BUDGET

PRESENTATION: INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) OVERVIEW BY THE OFFICE OF THE GOVERNOR

Co-Chair Merrick reviewed the agenda for the day.

^PRESENTATION: COVID-19 FEDERAL FUNDING UPDATE BY THE OFFICE OF MANAGEMENT AND BUDGET

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NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, introduced the PowerPoint Presentation: "COVID-19 Federal Funding Update" (copy on file). He relayed that he could provide additional detail on any of the information covered in the presentation. The pertinent items using COVID Relief funding in the FY 2023 budget was from relief money not yet appropriated. He reminded the committee that the federal COVID relief bills were intended for addressing emergency situations arising from pandemic response. He countered that the federal infrastructure bill that would be discussed later was a standard federal programmatic bill. He noted that the COVID relief funding was unique, and he emphasized the distinction between the two types of federal funding.

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Co-Chair Merrick indicated that the committee had been joined by Representative Carpenter on Teams.

PALOMA HARBOUR, FISCAL MANAGEMENT PRACTICES ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, began with Slide 2 titled "Federal Fiscal Response." She explained that the diagram showed the 6 federal bills passed by Congress in response to the pandemic. She listed the bills that offered the majority of the federal funding:

Coronavirus Aid, Relief and Economic Security (CARES) Act  
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)  
American Rescue Plan (ARP) Act

Ms. Harbour indicated that the presentation would focus primarily on the three bills.

Co-Chair Merrick relayed that Representative Johnson had joined the meeting.

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Ms. Harbour moved to slide 3 titled "Federal Funding to Alaska." She related that the pie chart depicted how the federal funding was distributed to Alaska. She reported that \$5.1 billion was distributed directly to Tribes and tribal organizations, \$2.5 billion was allocated to businesses, \$1.8 billion was distributed directly to individuals in the form of economic impact payments. In addition, \$3 billion was enhanced funding distributed to individuals through State Agency Programs. She furthered that \$1.8 billion was discretionary funding to the state to address the pandemic strategically statewide.

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Ms. Harbour moved to slide 4 titled "Federal Funding through State Agencies," which provided a more detailed pie chart on the funding distribution to state agencies. She elaborated that of the \$3 billion allocated to and administered by state agencies, \$1 billion was distributed as federally funded Unemployment Compensation and Assistance to individuals in addition to existing state unemployment payments.

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Representative Edgmon asked if most of the money had been spent. Ms. Harbour responded in the affirmative. A majority had been spent or obligated.

Representative Wool referred to slide 3. He asked for an exact number of the total federal relief funding to Alaska. He deduced that it was close to \$15 billion. Ms. Harbour confirmed that the total was about \$15 billion.

Ms. Harbour addressed slide 5 titled "AK Housing Finance Corporation Programs:"

- AHFC is administering \$363.4m in federal housing relief and another \$84.6m in funding from tribes and cities
- 77% of the relief funding has been awarded to date
- The rent relief program has paid out \$235m to over 26,000 households across the state housing 66,000 plus Alaskans
- Program partners are beginning work on a stabilization program for homeless Alaskans and persons who are victims of domestic violence or human trafficking with the remaining rent relief funds
- The mortgage relief program was recently approved by the US Treasury and AHFC hopes to release details this month

Co-Chair Merrick indicated Representative Rasmussen had joined the meeting on Teams.

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Ms. Harbour moved to slide 6 titled "Education & Early Development Programs:"

- DEED is administering \$621.5m in federal education relief funds
- 91% of the relief funding has been obligated to date - sending \$517.5m to school districts across the state
- Last week the department released a COVID SmartSheet dashboard with details on all the COVID Federal Relief passed through DEED
- The different pages include: details on all 54 school districts; DEED State Education Agency set-aside; Governor's funding; and non-public schools funding
- This is a work in progress, with the department making modifications to present information in a visually appealing way

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Ms. Harbour advanced to slide 7 titled "Commerce Administered Programs:"

CARES Act funding

- Closing out Coronavirus Relief Fund grants with communities
- \$3m has not yet been disbursed; \$1.6m related to communities that never entered into an agreement with the State

ARPA CSLFRF funding

- Business Relief Program awarded \$45.9m to 363 businesses
- Nonprofit Relief Program awarded \$10.8m to 99 nonprofits
- Second round of applicant solicitation closes February 16th
- Electric Utility Relief Program applications in process totaling \$4.9m
- Local Government Relief Program first round awards this month

Ms. Harbour pointed out that regarding the relief programs administered by the Department of Commerce, Community and Economic Development (DCCED), most were discretionary programs, which meant the department was tasked with creating many new programs. She indicated that the department enlisted the help of partners such as the Alaska Municipal League and the programs were successful.

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Representative Josephson relayed that the Cares Act passed almost two years ago. He wondered why local relief was just being awarded. Ms. Harbour responded that Cares Act community relief ended in December 2021. The local government relief funding listed at the end of the slide was ARPA funding that was recently awarded.

Representative Johnson asked about the \$3 million in community relief that had not been disbursed. Ms. Harbour replied that most of the \$3 million would be released to communities closing out their grants. The undisbursed \$1.6 million would require an appropriation to an eligible expense that was incurred before December 31, 2021.

Co-Chair Merrick asked what some of the reasons were for some communities not entering into an agreement with the state. Ms. Harbour replied that some communities could not deal with the stipulations of the grant and the reporting requirements.

Representative Edgmon remarked that there was a significant amount of planning in terms of the disbursement of funding and he commended DCCED and other departments for their good work. He asked if there was any kind of tracking or enforcement in place. He relayed a story of a business that was sold immediately after receiving relief funding. Ms. Harbour could not speak to the representative's specific example. However, there was a cap of \$100,000 on the small business program administered by Alaska Industrial Development and Export Authority (AIDEA). She was aware that DCCED had placed stipulations on ARPA funding regarding businesses that were operating or planning to reopen. There was someone online that could provide additional information.

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MICAELA FOWLER, COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, DIRECTOR OF ADMIN SERVICES, JUNEAU (via teleconference), asked the representative to restate his question, as it was very difficult to hear legislators in the room.

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Representative Edgmon restated his question regarding the grants that had been disbursed. He had heard that someone in his district that received federal funding then sold their business and kept the federal money. He wondered about checks and balances.

Ms. Fowler responded that DCCED had designed the programs to discourage receiving funding and subsequently selling or closing the business. She added that none of the grant programs provided grants in excess of \$1 million to individual businesses. She explained that concerning the ARPA funding, the department had more rigorous reporting and monitoring requirements and had more time to implement the program than the earlier relief funding.

Ms. Harbour continued reviewing slide 7.

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Ms. Harbour continued to slide 8 titled "Transportation and Public Facilities Programs:

- DOTPF is administering \$423m in federal transportation relief funds
- 78% of the relief funding has been appropriated to date
- The federal funding for operation of specific airports (as prescribed by the Feds) will take longer to fully expend
- The Governor's Budget appropriated another \$21.8m to offset unrestricted general fund support of rural airport operating costs
- COVID funds kept the Marine Highway System stable through period of shutdown and provided the support that allowed forward funding
- International Airport funds have kept fees low and Anchorage Airport Competitive

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Representative LeBon cited the business relief program of about \$90 million. He heard that about half of the funding had been distributed. He had received feedback in his community regarding frustration due to the slow roll out of the program and the lack of good timely information. He asked when the first round would be closed, and the second round would open. He reported that several businesses in his community had provided negative feedback.

Ms. Harbour responded that the February 16 bullet point was related to non-profit relief. She deferred to Ms. Fowler from DCCED.

Ms. Fowler indicated the department had a new commissioner designee. She acknowledged that she had heard the same feedback from Representative LeBon's community and planned to address the issues. The department was hoping to announce adjustments made to the program and the date of opening the second round of funding soon. She thought it would be within a couple of weeks. The commissioner was hearing the same feedback and was making the issue a top priority, as the timing was crucial to tourism related businesses. Representative LeBon thanked Ms. Fowler for her response.

Representative Josephson referred to slide 8. He noted that 78 percent had been appropriated. There was a plan to free up other Unrestricted General Funds (UGF). He wondered if the administration planned to use any of the unspent funding for Alaska Housing Finance Corporation (AHFC) or DEED to backfill budgets.

Mr. Steininger responded in the affirmative and added that the regulations allowed the DOT money to be used to offset UGF for the same purpose. The AHFC and DEED programs were not flexible in the same way to offset UGF in existing programs.

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Vice-Chair Ortiz had a question regarding slide 5 and pointed to the following bullet points:

- 77% of the relief funding has been awarded to date
- The rent relief program has paid out \$235m to over 26,000 households across the state housing 66,000 plus Alaskans

Vice-Chair Ortiz asked if they meant that the rent relief program continued.

Ms. Harbour responded in the affirmative. She pointed to the third bullet point as the response:

Program partners are beginning work on a stabilization program for homeless Alaskans and persons who are victims of domestic violence or human trafficking with the remaining rent relief funds

Ms. Harbour elaborated that \$50 million of the mortgage relief program was included in the 77 percent of AHFC awarded funding. She added that as far as the rental relief funding the administration was working with homeless and domestic violence victims on the remaining funding. Ms. Harbour concluded with slide 8.

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Representative Johnson returned to slide 7 regarding the non-profit relief funding and requested a complete list. Ms. Harbour answered that she did not list the nonprofit ARPA funding on the slide, but the information could be found in the hand-out Attachment 2 titled "OMB Alaska Coronavirus" (copy on file).

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Representative Carpenter asked whether the rent relief program covered individuals that were fired due to choosing not to get vaccinated. Ms. Harbour deferred to AHFC for a specific answer.

BRYAN BUTCHER, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE (via teleconference), responded that anyone would qualify and there was not an aspect related to vaccinations. He offered to answer Vice-Chair Ortiz's earlier question. He reported that \$44 million was still available in the rent relief program. He delineated that requirements stipulated that payments were made in three month increments. He expected April and May would be the timeframe which people would be transitioning out of the program.

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Ms. Harbour moved to slide 9 titled "Health and Social Services Programs" and highlighted several of Department of Health and Social Services' (DHSS) programs as follows:

- DHSS has spent over \$1 billion in federal funding on COVID, including FEMA
- CDC provided over \$200m for testing, vaccines, and lab capacity
- Nearly \$100m for childcare development and stabilization grants
- Low Income Heating and Water programs totaling \$19m
- Another \$20m for Mental Health and Substance Abuse Treatment

Ms. Harbour commented that the department received the largest amount of federal relief funding. She added that there was a "laundry list" of programs that DHSS administered, and she would provide more details upon request.

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Vice-Chair Ortiz mentioned the issue of childcare in the state. He asked how the money was used for childcare development. Ms. Harbour replied that the childcare development and stabilization grants was an existing program and had received additional funding during the pandemic. She deferred to the department.

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SYLVAN ROBB, ASSISTANT COMMISSIONER HEALTH AND SOCIAL SERVICES, JUNEAU (via teleconference), asked Vice-Chair Ortiz to repeat his question.

Vice-Chair Ortiz restated his question. Ms. Robb reported that the funds had been used in several different ways and the funding was received in four appropriations for specific purposes. The funding was used to award bonuses to outstanding childcare program staff, \$1 million on COVID response for completion of childcare portals that supported childcare programs access to resources, childcare training, and increasing copays for families in the childcare assistance programs.

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Ms. Harbour advanced to slide 10 titled "Alaska CARES Act Coronavirus Relief Funds," which the pie chart recapped the Coronavirus relief funding distribution. She noted that Attachment 2 (Handout 2 in packet) provided much more detail. She reported that 46 percent or \$568 million was distributed in local government relief, 27 percent or \$338.5 million was awarded to business and industry relief, 7 percent or \$87.6 million was allocated to nonprofit relief, and 14 percent or \$176.9 million went to state agency Covid costs.

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Ms. Harbour moved to the table on slide 11 titled "AK ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF), which showed a simple table of the SLFRF funding. The funding was released in 2 tranches, the first was received in March 2021 and the following tranche was expected in spring of 2022.

State - \$1 billion  
Fairbanks - \$5.6 million  
Anchorage - \$ 47.4 million  
Organized Boroughs - \$127.2 million  
Smaller Cities (Non-entitlement Units) - \$43.2 million  
Census Areas (Unorganized boroughs - \$14.9 million

Ms. Harbour offered that not included on the slide was tribal funding that amounted to \$19 billion based on a formula set out by the United States (U.S.) Treasury Department that was revised with the help of the Alaska Federation of Natives (AFN). In addition, each tribe received \$1.7 million from the U.S. Treasury.

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Vice-Chair Ortiz deduced that the funding on the slide was different than the funding that would be distributed through DCCED for local government relief. Ms. Harbour responded that he was correct. She elucidated that the funding was money the was being distributed directly through Treasury. Vice-Chair Ortiz wondered if there was a breakdown of funding for the organized boroughs. Ms. Harbour offered to provide the list.

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Representative Josephson asked if the bill which allowed the legislature to fund lost revenue due to COVID was the ARPA funding versus Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding, which did not allow for revenue replacement. Ms. Harbour replied in the affirmative. Representative Josephson asked whether the requirements of CARES funding for local government required the municipalities to demonstrate the need for the funding and if it was their sole responsibility. Ms. Harbour restated that the money was for COVID relief and not lost revenue.

Co-Chair Merrick indicated the committee had about 15 minutes left for this portion of the presentation.

Ms. Harbour advanced to the table on slide 12 titled "Alaska ARPA Coronavirus State Fiscal Recovery Funds." She highlighted that the total award to Alaska was \$ 1 billion, and the table portrayed the first tranche of money that amounted to roughly half of the amount. She listed several of the appropriations.

Ms. Harbour announced that there was \$504.8 million left to appropriate as shown on slide 13 titled "FY2023 Governor's Budget CSLFRF Appropriations." She reviewed the list on the slide.

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Ms. Harbour continued to slide 14 titled "CSLFRF Guidance (Final Rule):"

These funds can be used to cover expenses –

- A. to respond to the public health emergency with respect to COVID-19 or its negative economic impacts;
- B. to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers performing such essential work;
- C. for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency; and

D. to make necessary investments in water, sewer, or broadband infrastructure.

Restrictions include—

A. direct or indirect offsets to a reduction in net tax revenue resulting from changing law, regulation, or administrative interpretation during the covered period that reduces or delays the imposition of any tax or tax increase;

B. deposits into any pension fund.

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Ms. Harbour advanced to slide 15 titled "ARPA Coronavirus Capital Project Funds'" which totaled \$112 million. The governor's FY 23 capital budget proposed \$63.9 million in spending for three projects:

Health Record Infrastructure Improvements - \$30 million (DHSS)  
DOF Eagle River Fire Crew Facility - \$13.9 million (DNR)  
Student Information Technology Systems - \$20 million (UA)

Ms. Harbour relayed that \$49.9 million of funding was the remainder of the balance.

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Ms. Harbour moved to the CCPF guidance on slide 16 titled "CCPF Guidance:"

These funds can be used to cover Presumptively Eligible Projects

- Broadband Infrastructure Projects - construction and deployment projects that meet upload and download standards
- Digital Connectivity Technology Projects - the purchase and/or installation of devices and equipment to facilitate broadband internet access for members of the public where affordability has

been identified as a barrier to broadband adoption and use;

- Multi-Purpose Community Facility Projects - projects to construct or improve buildings that provide public access to the internet for purposes including work, education, and health monitoring

or Case-by-Case Review projects that

- Invest in capital assets designed to directly enable work, education, and health monitoring
- Designed to address a critical need that results from or was made apparent or exacerbated by the COVID-19 public health emergency
- Designed to address a critical need in the community to be served by it

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Representative Josephson asked about the administration's policy to spend the \$504 million of operating dollars on Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding in FY 23 versus the capital funding where only a portion would be spent.

Mr. Steininger responded that of the \$504 million of CSLFRF funding some was in capital, and some was in operating. The full amount was expended to offset UGF to be used in future budgets. He elaborated that in the case of the ARPA Coronavirus Capital Projects funding, the three projects had been identified and met the criteria for the fund. There was a deadline in September 2022 for the applications for the remaining \$47.9 million and OMB was determining projects and how they met the eligibility criteria. The entire \$1.8 million would need to be applied for and allocated by September 2022. He explained that it was not so much that it was being held for the following year as the administration was waiting for more federal guidance. Representative Josephson asked whether the operating dollars could be used through 2024. Mr. Steininger answered that the deadline was December 31, 2024.

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Representative Johnson asked how much was in the tribal CSLFRF funding. Ms. Harbour did not have the total number and would provide the information.

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Vice-Chair Ortiz asked about applying for the ARPA capital funds. He asked where organizations would submit their applications for the funding. Mr. Steininger responded that they would have to apply to the U.S. Treasury Department.

Ms. Harbour interjected that Treasury released the project plans in early January 2022. The state would submit the full project plan for review and approval.

Vice-Chair Ortiz asked for clarification as to how the process worked for applying for the remaining nearly \$48 million. Ms. Harbour responded that the legislature would appropriate the funding, OMB would work with the entity on the application, which would be submitted through the administration as part of a state plan.

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Representative Josephson appreciated the presentation.

Representative Edgmon noted that remaining needs of the state might require additional monies - particularly the hospitality sector. He wondered what he could tell people if asked. Ms. Harbour responded that the business relief program would release a second solicitation for applications in February 2022. She advised pointing them to the program.

Co-Chair Merrick thanked the presenters.

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AT EASE

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RECONVENED

Co-Chair Merrick called the meeting back to order and introduced Miles Baker.

^PRESENTATION: INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) OVERVIEW BY THE OFFICE OF THE GOVERNOR

[2:29:30 PM](#)

MILES BAKER, INFRASTRUCTURE INVESTMENT COORDINATOR, OFFICE OF THE GOVERNOR, introduced the PowerPoint Presentation: "Infrastructure Investment & Jobs Act (IIJA) Overview" (copy on file). He began on slide 2 (not titled) to review preliminary observations:

Preliminary Observations:

- Not a "stimulus" bill: long-term assets and core infrastructure
- Much less discretionary than recent stimulus: CARES, CRRSA, ARP
  - Shovel worthy vs shovel ready
- Spending directed by federal agencies, not Alaska
- 5-year reauthorization of established federal programs (FHWA, Transit, Safety, AIP, VSW, IHS, BIA)
- No real "earmarks"
- State/Local capital priorities largely ineligible for funding - not CAPSIS
- Only a portion of "Alaska" funding will come through the State of Alaska
- Local governments, tribes and other entities eligible for most programs

Mr. Baker stressed that currently there was much left unknown about the specifics of the bill. He noted the difference between the pandemic relief funding versus the stimulus bill where program funding would be distributed over 5 years and would operate in the typical way federal programs worked. He highlighted the last bullet and explained that the eligibility for most programs had been expanded.

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Mr. Baker moved to slide 3 titled "Overview:"

Overview

Infrastructure Investment and Jobs Act (IIJA) also referred to as Bipartisan Infrastructure Law (BIL)

- Enacted Nov 15, 2021
- ~\$973 billion over five years: FFY22-26 (\$1.2 trillion CBO 10-yr projection)

- o \$423 billion baseline program reauthorizations (43%)
- o Transportation (DOT/FAA) and public works (EPA)
- o \$550 billion above the baseline "new spending" (57%)
- o Broadband, Energy & Power, Electric Vehicles, Cybersecurity, etc.
- Funds should begin arriving in 2022 and continue for 5 fiscal years

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Mr. Baker continued to slide 4 that continued with an overview of the IIJA bill. He pointed to the large circle on the diagram representing the bill's total of \$973 billion over 5 years. The dark blue portion of the diagram outside of the light blue representing \$423 billion baseline spending was anticipated spending via the federal government. The entire bill was 50 percent transportation infrastructure: Roads, bridges, airports, ports and waterways, rail, public transit, electric vehicles (EV), and safety programs. The remainder was comprised of Other Infrastructure: Energy, power grid, broadband, water, resiliency, and environmental remediation.

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Representative Wool asked about the \$423 billion base spending. He understood that the amount of \$423 billion would have already flowed into states regardless of the bill. He deduced that it was the \$550 billion that was the heart of what was being discussed. Mr. Baker responded, "Exactly." He elaborated that the basic federal highway programs and water and sewer programs' funding would have been dispersed. The bill took the typical 5-year reauthorization and expanded the bill. The bill was a mix of old and new programs. The other key point was that even with the new items, the bill extended over a 5-year timeframe.

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Mr. Baker turned to slide 5 which reflected a breakdown of new spending (\$550 million) by federal agencies of which half was the U.S. DOT:

USDOT:	\$274 billion
EPA:	\$67 billion
Energy:	\$63 billion

Commerce: \$51 billion  
Interior: \$28 billion  
Homeland: \$8 billion  
Other: \$59 billion

Mr. Baker declared that there was a significant amount of money the state would not qualify for due to the specific nature of the program.

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Mr. Baker examined slide 6 of the IIJA overview that showed the same spending broken down in a pie chart and focused on the large areas of spending. He reported that the term "Resiliency" was frequently used in the bill. He explained that the term meant to make infrastructure more resilient to climate change and cyber-attacks. In Alaska, the most relevant remediation was for legacy oil and gas wells (brown field remediation and superfund sites) and some reclamation of abandoned mines.

Transportation: \$284 billion  
Energy & Power: \$73 billion  
Broadband: \$65 billion  
Water: \$55 billion  
Resiliency: \$44 billion  
Environmental Remediation: \$21 billion  
Public Lands: \$8 billion

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Representative Johnson asked if all of the funding was appropriated in 5 year authorizations. Mr. Baker answered that the federal government legislated very differently than in the state. He delineated that Congress often combined legislation containing statutory changes with appropriations, which they had done in the bill. Unlike Alaska, where direct appropriations were made, Congress authorized the level of spending over multiple years. Congress set an anticipated spending level for 5 years and appropriated to the level for each year. He discussed the nuances of the federal appropriation process. He noted that cyber-security programs were only appropriated for four years.

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Representative Edgmon asked if it was fair to characterize what he was presenting to the committee was a preliminary outline. He wondered if budget amendments might be in order further into the session. Mr. Baker thought Representative Edgmon's assessment was fair. He commented that the administration wanted to get information out as soon as possible to set expectations. He indicated that in order to avoid confusion over the money being discussed from the relief bills, the governor would introduce a separate appropriation bill likely after the budget amendments were due.

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Representative Edgmon wondered if it was fair to say the amount of matching dollars was presently indeterminate as well as the guidance for the programs. Mr. Baker answered in the affirmative. He confirmed that federal guidance was still forthcoming. He commented that generally speaking there was a matching requirement. The bill focused on rural communities and tribal communities and in certain circumstances, the match was less or not required.

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Representative Edgmon asked about horizontal construction. He thought most of the bill applied to horizontal construction and believed it was an important distinction. Mr. Baker responded in the affirmative. He communicated that state and local project priorities were largely ineligible.

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Mr. Baker continued to slide 7 titled "Overview: Availability of Funds:"

- Legislation includes both spending Authorizations and Appropriations
  - o Authorization: the amount of funding Congress may approve each year
  - o Appropriations: funding Congress has approved to implement a program

- 5-year reauthorization (FFY22-26) of federal transportation (DOT/FAA) and public works (EPA) programs
- Authorized programs still subject to annual appropriation process - FFY22-26
  - Congress currently under FY21 Continuing Resolution
  - No "new starts"
- Division J appropriates forward funding - \$550 billion - that's theoretically available...but
  - New programs will require agency guidance: Broadband, Energy & Power, Electric Vehicles, Cybersecurity
  - Guidance may not be available before 2Qrt or 3Qrt
  - Plus-ups to existing programs may still be dependent on FY22 congressional appropriation
- Additional complication: Highway Trust Fund - spending has been authorized, but is also considered discretionary so is subject to annual change during Congressional budget process

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Mr. Baker turned to slide 8 titled Overview: Funding Type:"

Funding Type (approximates)

Formula: ~ 65%

Apportionment - distribution by statutory formula

Allocation - distribution by administrative determination

Grant: ~ 30%

Discretionary - awarded at discretion of program administrators

Competitive - awarded through a competitive process

Loan: ~ 5%

Many programs will require non-federal match - typically 10%-20%

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Mr. Baker turned to slide 9 titled "Overview: Spending Categories:"

Over Half of New Spending is Transportation  
\$284 billion over 5-years      National 5-Yr Totals  
Roads & Bridges      \$110 billion  
31% increase first year, inflation adjusted after;  
Alaska ~20%

Rail \$66 billion  
Amtrak, Northeast corridor, intercity passenger; AKRR  
no big benefit

Transit: \$39 billion  
Public transit; zero-emission vehicle programs

Airports: \$25 billion  
35% nationally; AIP and New Terminal Facility program  
mostly competitive

Ports & Waterways: \$17 billion  
USACE rivers, harbors, flood mitigation; MARAD port  
infrastructure grants

Safety: \$11 billion  
Focus on vulnerable users (bikes, pedestrians, ADA),  
crash and fatality avoidance

Electric Vehicle Infrastructure      \$8 billion  
New formula and grant program

Electric Buses:      \$8 billion

Mr. Baker emphasized that there was not much money for the state for ports and waterways in IIJA.

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Representative Josephson cited slide 8 and pointed to the typical 10 percent to 20 percent match, which was high for any entity other than the state. He thought there had been a misunderstanding that the IIJA allowed state legislators to participate in the programs in a meaningful way. He surmised legislators' role would be more observatory. He ascertained that the state would be the matching entity and inquired whether legislators would play any participatory role regarding projects. Mr. Baker answered that it was the

reason the term non-federal had been used because many entities were eligible for the funds including local governments, tribal entities, or Railbelt utilities. He discussed some ideas regarding matching funds and how it might work and noted that in some instances the state might contribute the matching funds for an entity.

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Representative Edgmon referenced a federal project under the federal highway formula program that was broadened to include Rural Barge and Dock and Waterfront Infrastructure. He wanted more detail. Mr. Baker would provide the answer later.

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Mr. Baker moved to slide 10 titled "Overview: Spending Categories:" which highlighted other infrastructure spending:

Other Infrastructure Spending

\$266 billion over 5-years                      National 5-Yr Totals

Energy & Power \$73 billion

Efficiency, grid & transmission upgrades/resiliency, carbon mitigation projects

Broadband \$65 billion

\$45b construction, \$20b affordability/equity; targets underserved areas

Water: \$55 billion

3x increase to revolving loan funds; lead pipe; contaminants

Resiliency: \$44 billion

Storm/flood mitigation, natural disaster assistance; cybersecurity

Environmental Remediation: \$21 billion

Legacy wells; superfund sites; brownfield; abandoned mines; watersheds

Public Lands \$8 billion

Wildfire risk mitigation; remediation; secure rule schools; USFS roads

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Representative Edgmon deemed that the broadband spending was the non-tribal monies. Mr. Baker replied that the tribal money was included in the \$65 billion figure.

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Mr. Baker presented slides 11 and 12 both titled "Preliminary List of State Budget Items" that tentatively showed the areas that most likely might need appropriation authority:

Federal-Aid Highways:

- DOT FHWA National Highway Performance Program (NHPP)
- DOT FHWA Surface Transportation Block Grant Program (STBG)
- DOT FHWA Highway Safety Improvement Program (HSIP)
- DOT FHWA Railway-Highway Grade Crossings Program
- DOT FHWA Congestion Mitigation and Air Quality (CMAQ) Improvement Program
- DOT FHWA National Highway Freight Program (NHFP)
- DOT FHWA Metropolitan Planning Program (MPO)
- DOT FHWA NEW: Carbon Reduction Program
- DOT FHWA NEW: PROTECT Formula Program

Bridge:

- DOT FHWA NEW: Bridge Formula Program

Ferry:

- DOT FTA NEW: Ferry Service for Rural Communities (Sec 71103)

Airports

- DOT FAA Airport Improvement Program

Mr. Baker noted that federal highways had published its allocations for the first year of its programs. He pointed to the new items in red representing new programs.

Representative LeBon asked about the request for Alaska ports. He wondered if some of the infrastructure monies could be used for the Port of Anchorage. Mr. Baker responded in the negative. He did not think the monies could not be used for the ports. He explained that the bulk of the money for ports and waterways was for the Corps of Engineers for very specific statutorily mandated work. The

Maritime Administration (MARAD) had a port improvement grant program that had received \$2.25 billion, \$450 million over 5 years nationwide that was a competitive program. The port of Anchorage had received \$20 million from the program 3 years prior. He discussed other grant funding for ports. However, the grants were relatively small. The grants were typically between \$5 million and \$25 million. He reported that he could not identify any obvious funding for the port.

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Mr. Baker advanced to slide 12 continuing the discussion regarding budget appropriations:

#### Broadband

CED NTIA NEW: BEAD (Broadband Equity, Access, and Deployment) Program - Initial Planning Grant

#### Water Infrastructure

DEC EPA Clean Water State Revolving Funds (CWSRF): Program  
DEC EPA NEW: CWSRF - Emerging Contaminants (PFAS)  
DEC EPA Drinking Water State Revolving Funds (DWSRF): Program  
DEC EPA DWSRF Lead Service Line Projects  
DEC EPA DWSRF Emerging Contaminants (PFAS)  
DEC EPA Brownfield Projects Under CERCLA of 1980  
DEC IHS Domestic and Community Sanitation Facilities for Indians - DEC Admin

#### Cybersecurity

MVA DHS NEW: State and Local Cybersecurity Grant Program

#### Energy and Resources

AEA FHWA NEW: National Electric Vehicle Formula Program (Div J)  
AEA DOE State Energy Program (Sec 40109)  
AEA DOE New: Energy Auditor Training Grant (Sec 40503)

AEA DOE New: Energy Efficiency Revolving Loan  
Fund Capitalization Grant Program (Sec 40502  
HHS HHS Low-Income Heating Assistance Program  
(LIHEAP)  
DNR DOI NEW: Earth Mapping Resources Initiative  
(MRI) (Sec 40201)  
DNR DOI Abandoned Mine Lands Reclamation

#### Methane Reduction Infrastructure

DOI AOGCC NEW: Orphaned Well Site  
Plugging/Remediation: State Land Program

#### Schools

CED USFS Secure Rural Schools Program  
Reauthorization (Sec 41202)

Mr. Baker elaborated that in terms of broadband, the state might receive an initial planning grant. There was a significant amount of planning that would be necessary to determine the difference between the formula and grant funding.

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Representative Johnson cited the Earth Mapping Resources Initiative. Mr. Baker responded that he could touch on the item which was a new program for the United States Geological Survey (USGS) to map critical minerals. The administration believed the state would receive monies through the new initiative.

Mr. Baker continued to slide 13 titled "National Federal Highway Program Funding," which depicted the National Federal Highway Program Funding on a bar chart. He reiterated that the state had been informed of the amount of funding it would receive. The funding increased substantially in the first year and rose about 2 percent each of the following years.

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Mr. Baker pointed to slide 14 that continued to breakdown the federal highway funding. The amount equaled \$108 million in the first year divided among the different highway programs. He noted that the most flexible program

was the Surface Transportation Block Grant program listed second on the table that increased about \$22 million per year over 5 years. The surface transportation block program was substantially amended and included rural barge landings and seasonal ice roads.

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Representative Edgmon appreciate the explanation that some money would be available for a 5-year period. He suggested holding another meeting for additional detail. He wondered how much of the money would be applicable to non-roads and bridges. He deemed that there would be a nominal amount of money for Coastal Alaska waterway projects from IIJA. He asked for confirmation. Mr. Baker deferred to DOT to further answer the question.

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JAMES MARX, DIRECTOR OF STATEWIDE PROGRAM DEVELOPMENT: TRANSPORTATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), provided additional detail. He listed the state programs the Surface Transportation Block Grant (STBG) program typically covered. He cautioned that the funding was presented in gross numbers, and much was still unknown. The block grant program federal administrators typically made carve outs and set asides before it provided the funding and in some set asides the funding increased. Once the appropriations act was released, he would have concrete numbers. He agreed with the idea of a follow-up hearing.

Representative Edgmon appreciated the answer. He understood that the information was preliminary and was very interested in learning more. He presumed that the in spite of the hype about the bill, the numbers might not be that overwhelming.

Co-Chair Merrick echoed Representative Edgmon's comments. She thought the information Mr. Baker provided created some "broken hearts" and was "underwhelming."

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Mr. Baker reviewed slide 15 titled "Alaska Rural Water/Sanitation Funding" that represented the amount appropriated for Alaska in total:

Alaska will see increased spending on rural water and sewer through -

Indian Health Service - Domestic and Community Sanitation - \$3.5 billion (over 5 years)

EPA - Tribal and increased grants to State Revolving Loan Programs

Mr. Baker remarked that a bright spot was that a significant portion of the \$3.5 billion would flow into Alaska represented by the blue bar on the chart. The funding was potentially the largest amount besides broadband. The funding was an attempt to solve the problems of sanitation in rural Alaska.

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Mr. Baker moved to slide 16 titled "Infrastructure Bill Impact on GO Bond Project:"

Federal infrastructure bill does not negate the need for state GO Bond

- State funding allows more flexibility on project execution
- Federally eligible projects still require non-federal match: 10%-35%
- State match accelerates project timing and helps incentivize federal prioritization

Mr. Baker discussed how the infrastructure bill would impact the GO Bond Project. He voiced that state funding allowed the state more flexibility on project execution. He pointed to the recently announced U.S. Army Corps of Engineering projects requiring non-federal match shown on the slide that included the Port of Nome Phase 1 project financed through IIJA at \$250 million (\$333 million total) but required a match of \$83 million by the state plus \$64 million of local facilities that were required to be non-federally funded. The amount represented 147 percent non-federal match. Only 7 percent of the match was represented in the GO Bond bill.

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Mr. Baker addressed Slide 17 titled "Other Important Alaska Provisions:"

- AK Natural Gas Pipeline project definition for loan guarantees (Sec 40401)
- Removed the limitation to a project that transported gas to the West Coast/Continental US for US Treasury loan guarantees
- \$18 billion adjusted for CPI since Oct 2004 should now be ~ \$25 billion
- One Federal Decision (FAST-41 Permitting) (Sec 11301)
- Local Hiring Preference for Construction Jobs (Sec 25019)
- Ends prohibitions on local hiring and allows recipients of federal transportation grants to implement a local hiring preference
- 3 Year Reauthorization of Secure Rural Schools Program (Sec 41202)

Mr. Baker quickly reviewed slides 18-19 of the presentation that were titled "Programs of Interest to Alaska" that represented 5 year totals. He highlighted Slide 20:

Energy & Power:

- \$34.0 bill Carbon Capture, Sequestration, Clean Hydrogen
- \$5.0 bill Electric Grid Financial Assistance Program
- \$3.5 bill Weatherization Assistance Program
- \$3.2 bill Advanced Reactor Demonstration Project
- \$2.5 bill Grid Resilience & Reliability grants
- \$1.0 bill Electric Grid Financial Assistance in Rural & Remote Areas
- \$750 mill Hydroelectric Production & Efficiency Incentive Programs
- \$550 mill Energy Efficiency & Conservation Block Grants
- \$320 mill Earth Mapping Resources Initiative
- \$50 mill Transmission Facilitation Program

Mr. Baker highlighted Slide 19:

Federal Land:

- \$11.3 bill Abandoned Mine Reclamation

- \$3.4 bill Wildfire Mitigation & Fuel Breaks
- \$718 mill Wildfire Risk Reduction & Ecosystem Restoration (USFS)
- \$250 mill Legacy Road & Trail Remediation Program (USFS)
- \$200 mill Restoring Fish & Wildlife Stream Passage (USFW)
- \$88 mill State Fire Assistance (USFS)
- \$20 mill Volunteer Fire Assistance (USFS)

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Mr. Baker turned to Slide 20 titled "Summary:"

Congressional Priorities

Equity, resiliency, safety, climate mitigation, energy efficiency, deployment of technology and emphasis on multimodal projects

Statewide communication and coordination required

Alaska should be well positioned to be competitive:

- Tribal and Alaska Natives eligibility
- Historically underserved and hard-to-reach
- Multimodal transportation dependency
- High energy costs & microgrids
- Rural and disadvantaged communities
- Climate mitigation
- Fossil fuel industries

Minority and low-income populations

Vice-Chair Ortiz cited the Electric Vehicle (EV) Infrastructure. He wondered what the goal of the state was.

Mr. Baker replied that there were two programs (formula and grant programs) for expanding the infrastructure for alternative fuel charged vehicles. He noted that the Alaska Energy Authority (AEA) was the lead on the project. He relayed that the state would be qualified for \$50 million.

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Representative Edgmon mentioned Mr. Baker's remarks on expectation setting. He shared that expectations were building in his district. He asked for a ball-park figure of the amount of discretionary funding the state would

receive. He asked if a figure was in the range of \$100 million to \$200 million. Mr. Baker would hesitate to put a range on the figure but guessed that Representative Edgmon's number was close but was uncertain of the answer. Representative Edgmon asked about other buckets of money available. Mr. Baker did not see a significant amount of discretionary funding. Representative Edgmon was eager to walk away from the meeting with information that he could provide to constituents. He asked for Mr. Steininger's comments.

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Mr. Steininger could not offer much more than Mr. Baker information. He stated that the level of knowledge the administration had was incomplete and Mr. Baker expressed what was currently known.

Representative Wool offered that the pandemic relief monies received by Alaska totaled roughly \$15 billion. He asked how much of the \$100 billion per year would go to Alaska. Mr. Baker returned to slide 11. He noted that IIJA included a new statutory program for rural ferry service and was \$200 million per year over 5 years. The entire \$1 billion was appropriated in the bill. He expected that Congress would continue to fund the program after year 5. The state would receive 65 percent of the \$200 million per year, \$135 million per year would come to Alaska. He emphasized that the amount coming to the state was due to the tremendous work of the congressional delegation. The administration was trying to take the large federal number and discern the amount the state would receive, and it was a huge task.

Co-Chair Merrick thanked the presenters and reviewed the agenda for the following day.

#

ADJOURNMENT

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The meeting was adjourned at 3:40 p.m.