

**Drinking Water Capitalization Grant - Subsidy Funding****FY2016 Request: \$2,526,300****Reference No: 49697****AP/AL:** Appropriation**Project Type:** Water / Sewer / Solid Waste**Category:** Health/Human Services**Location:** Statewide**House District:** Statewide (HD 1-40)**Impact House District:** Statewide (HD 1-40)**Contact:** Michelle Hale**Estimated Project Dates:** 07/01/2015 - 06/30/2020**Contact Phone:** (907)465-5135**Brief Summary and Statement of Need:**

The federal capitalization grant for the Alaska Drinking Water Fund (ADWF) program requires the department to issue subsidies (a loan forgiveness process) in addition to traditional low-interest loans. The ADWF program functioned strictly as a loan program until FY2011 when the subsidy provision was added to the federal budget. In order to implement this provision, an appropriation is necessary to properly record the loan forgiveness payment as an expense in ADWF.

<b>Funding:</b>	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Total
ADWF	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$15,157,800
Total:	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$2,526,300	\$15,157,800

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

**Prior Funding History / Additional Information:**

Sec1 Ch18 SLA2014 P51 L12 SB119 \$2,526,300  
 Sec1 Ch16 SLA2013 P63 L10 SB18 \$2,692,800  
 Sec1 Ch17 SLA2012 P113 L11 SB160 \$4,634,000  
 Sec1 Ch5 SLA2011 P81 L9 SB46 \$4,071,900  
 Sec1 Ch43 SLA2010 P23 L19 SB230 \$4,071,900

**Project Description/Justification:**

The federal Drinking Water Capitalization Grant requires states to issue 30 percent of the funding as subsidies (a loan forgiveness process). This program functioned strictly as a loan program until FY2011 when this provision was added to the federal budget. In order to implement this provision, an appropriation is necessary to properly record the loan forgiveness payment as an expense in the Alaska Drinking Water Fund. Future requests will remain at 30 percent of capitalization grants. For FY2016, the amount is \$2,526,300.

Without authorization this federal year to issue these subsidies, the department will not be eligible to receive this funding and will be unable to award loan funds and principal forgiveness in FY2016.