



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY, AND
ECONOMIC DEVELOPMENT

COVID-19 AND C.A.R.E.S. ACT FUNDING PRESENTATION

Presented to the House Finance Committee

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Direct Municipal Relief Proposal

Direct Municipal Relief Total: \$562.5 million (RPL 08-2020-0250)

As proposed by the Governor on 4/21/2020

- The Direct Municipal Relief proposal directs \$562.5 million to local governments for immediate costs related to the COVID-19 pandemic.
- The funding is allocated based on a combination of available indicators of economic activity and the community assistance formula.
- Municipalities will report to the Office of Management and Budget (OMB) monthly on COVID-19 related expenditures.
- Expenditures must comply with US Treasury (Treasury) guidance and fall within the six categories for allowable expenditures.



US Treasury Guidelines - highlights

The CARES Act provides that payments from the Coronavirus Relief Fund (Fund) may only be used to cover costs that:

- Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).
- Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government.
- Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.
- State Governments must return unspent or unallowable expenditures to the Treasury, including those transferred to a local government.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute.



Financial Management

Treasury Guidance: Governments must keep records to demonstrate that expenditures were for allowable expenditures.

Revised Program Legislative (RPL) Requirement: Beginning June 1, 2020, municipalities shall electronically submit, on the first day of each month, a report to OMB that lists the expenditures used to cope with the COVID-19 public health emergency.

Proposed Distribution Process: The second and third disbursements will be made only after 80 percent of prior disbursements have been expended.



Reporting and Financial Management

Allowable Expenditures must fall under six broad categories:

- Medical Expenses.
- Public Health Expenses.
- Payroll expenses for public safety, public health, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Expenses of actions that facilitate compliance with COVID-19 related public health measures.
- Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency.
- Other COVID-19 related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.



Reporting Requirements

Direct Municipal Relief grant requirements:

- COVID-19 direct distributions will be administered as an upfront payment, with subsequent payments dependent on spending down prior distributions.
- No distributions will be made without a signed agreement that places the onus of repayment of misspent funds on the local government, not the State of Alaska.
- A reporting template is in development that will direct local governments to list all CARES Fund expenditures under the appropriate category in an effort to streamline and simplify reporting.
- Local governments are responsible for detailed record keeping of expenditures, and must make those records available to the State upon request.



Small Business Relief

Small Business Relief: \$300.0 million (RPL 08-2020-0251)

(As proposed by the Governor on 4/21/2020)

Funding allocated to the Investments component of the Department of Commerce, Community, and Economic Development for Investments, the Alaska Housing Finance Corporation (AHFC), and the Alaska Industrial Development and Export Authority (AIDEA) to provide assistance and relief to businesses impacted by COVID-19.

Expenditures must comply with federal guidance released after the allocations were published. DCCED is working with the Department of Law to determine whether loan forgiveness is an allowable expense.



AK Safe Guaranty Program

Sustaining Alaska's Future Economy Guaranty Program ("AK SAFE"):

- Emergency measure for Alaska's businesses affected by the COVID-19 health and economic emergency.
- Authorized to issue guarantees up to \$1 million to businesses for working capital purposes (AS 44.88.500).
- Developed in collaboration with Alaska's financial institutions.
- 100% Guaranty of new advance under existing loan agreement.
- Provides needed funding to eligible borrows in addition to the available federal programs.
- Initially a \$50 million program cap, scalable to \$1 billion with authorization for change in statutory limit.



Emergency Loan and Guaranty Program

Direct Lending Program for Alaska's Small Businesses and Non-Profits:

- Emergency Regulations 3AAC 104.000 – 104.900.
- Direct Lending Program to expeditiously address those small businesses and non-profit organizations unable to obtain SBA PPP, EIDL, or other federal program support.
- Partnership with one or more Alaska financial institutions.
- Ensure equal access across urban and rural communities.
- Targeted Businesses: 50 or less employees plus seasonal workforce.
- Loan Size: \$5,000 to \$100,000.
- Program need: \$150 - \$250 million to reach over 3,500 to 5,000 Alaska businesses and non-profits with meaningful impact.



DCCED Contacts

COVID-19 Economic Recovery Resource Portal for Business:

www.commerce.alaska.gov/web/EconomicRecoveryResourcesforBusiness.aspx

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