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Member of the National League of Cities and the National Association of Counties

The Honorable Cathy Giessel, Senate President
The Honorable Bryce Edgmon, Speaker of the House

May 4, 2020

We want to clarify some of the assumptions around local governments' response to and impacts from COVID-19. As lawmakers consider investments from the CARES Act, it's important to understand the many and varied preparations, responses and future needs of Alaska's cities and boroughs. We believe that:

1. Local governments are currently undervaluing their allowable expenditures under the CARES Act guidance – Treasury guidance didn't exist when tracking began and there is a need to look back and reevaluate expenses, even as we have waited for additional clarity
2. Local governments should be able to expend their overall total allocation of CARES Act funding but will still see a relative and significant deficit – this is almost entirely because of lost revenues but also the additional measures that cities and boroughs will need to take to ensure public health.
3. A municipality and OMB should be able to identify unspendable or unspent funds that may need to be redistributed to communities in demonstrable need. There should be a mechanism to reallocate funds so the State can capture federal funds and meet community needs.
4. It is very difficult to anticipate expenses over the next eight months, assuming potential spikes or surges of Coronavirus cases. In many ways the CARES Act funding can be considered an insurance policy for what remain very unknown future circumstances.
5. Community support mechanisms will make up the majority of local government expenditures, to strengthen and provide relief to businesses, organizations and individuals. Local control will mean fine-tuned measures that support community residents and economic activity.
6. Congressional or State support will be necessary – this crisis contributes to the relative instability of many local governments, where the erosion of State and Federal support over time and a minimal tax base have meant that budgets are fragile and community needs may go unmet

AML has committed to working with members in support of accurate reporting and compliance. While concerns have been raised about the capacity of small local governments to fulfill State and Federal requirements, AML will augment the ability of all our members to complete these successfully. While we can't take all the risk out of it, we know that a shared priority should be to reduce the risk to the State as well as our members.

We encourage your support for this funding and we look forward to working in partnership with you to meet the needs of all Alaskans, throughout this crisis and beyond.

Respectfully,

Nils Andreassen

CC: Alaska State Legislature