

ALASKA STATE LEGISLATURE

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- Chair, Judiciary
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- Chair, Military &
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- Member, Public Safety
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SENATOR BILL WIELECHOWSKI

May 8, 2020

The Honorable Michael Dunleavy
Governor of Alaska
P.O. Box 110001
Juneau, AK 99801

Dear Governor Dunleavy,

I write to express some time-sensitive concerns about your proposal for use of funds Alaska recently received under the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Last Friday you submitted updated Revised Program Legislatives (RPLs) for review by the Legislative Budget & Audit Committee (LB&A) seeking to spend \$1.25 billion in federal funds that were disbursed last month to the State of Alaska.

First, I am a firm believer in the Alaska Constitution and the well-established doctrines of separation of powers and checks and balances. The Alaska Constitution grants the legislature the sole power of appropriations—while the governor's role in budgetary controls inures in your ability to veto appropriated amounts. I realize that your actions here have simply been guided by RPL procedures pursuant to AS 37.07.080(h). But where the legislature abdicates its constitutional responsibilities and assigns them to another, such would be an unconstitutional delegation of legislative authority.

I do not believe one person should have—or desire—vastly sweeping authority over distribution of \$1.25 billion of the state treasury. The legislature's failure to assert its appropriations power over these funds would manifest a system easily susceptible to autocratic practices and corruption. The legislature must return to work to review your proposals and decide on the expenditures while providing for a public process. Your observance of this constitutional institution and a demonstration of leadership in this regard could help alleviate the current impasse among legislators who disagree about the necessity of reconvening to determine such appropriations.

Second, even if you proceed with the RPL process before LB&A, I urge you to revise your proposal to provide funding for the immediate payment of dividends to Alaskans. You and I have always agreed on the significance of a full PFD to Alaskans and in the past, have had many thoughtful discussions on how to pay it and protect it in perpetuity. But Alaskans have now suffered four years of PFD cuts, and I can imagine no more critical time than now to provide a direct personal distribution of state funds. The economic crisis Alaskans have endured due to the COVID-19 pandemic and State mandates, including isolation-in-place orders and income loss due to mandatory business closures, have caused financial hardship to so many Alaskans—to no fault of their own. Payment of an emergency dividend at this time makes sense to ease the people's economic stresses while going a long way toward rebuilding their trust in state government.

It is noted that among your current RPL requests, you've requested to allocate \$290 million to the Alaska Industrial Development and Export Authority (AIDEA) to provide small business relief specifically for grants. You've also sought to transfer \$568.6 million directly to communities under a distribution formula you've established using "a combination of quantified economic activity metrics—such as retail, hospitality and tourism, regional commercial fishing, and other measures of commerce activity—and population . . .," which you further describe would be used to respond to both "first and second order impacts" of COVID-19. Assuming "second order impacts" means economic harms, the stated formula and rationale seem to suggest the funds to municipalities are at least in part also intended for grants to businesses, to be disbursed at the local level.

I understand that federal Department of Treasury guidance indicates grants to businesses are a permissible use of the CARES Act funds, and I certainly do believe Alaskan businesses have experienced unbearable economic consequences of the mandatory shutdowns and deserve some relief in this unfortunate and unprecedented era. I commend you for your actions in beginning a carefully planned, phased reopening of the state's economy while balancing the state's health care needs and concerns for our residents. But as you and I have discussed many times, putting dividend dollars into the pockets of Alaskans to spend as they themselves see fit is one of the most effective ways of ensuring the state's economy—and thus our small businesses—thrive. I can imagine that you would likely also agree then that payment of an emergency dividend could provide one of the most steadfast means of setting Alaska on course toward an economic recovery from the COVID-19 economic disaster.

As the Treasury interpretation allows for grants to small businesses, it's likely that grants of dividends to individuals to provide financial relief and to stimulate Alaska's economy is also a permissible use of the funds. I encourage you to assess this possibility and immediately revise your RPLs so that a portion of the federal funds are paid out in a dividend to all Alaskans.

I seek your response to these issues and thank you for your consideration.

Sincerely,



Bill Wielechowski

Updated 5/9/20