

I want to recognize the challenge presented to any individual, business, or government entity in their desire to balance social responsibilities of protecting human health and protecting the livelihood of so many Alaskans. There are no perfect answers here and while it's possible I will say or suggest something that you or others may disagree with, I'm thankful the chance to dialogue in this sticky situation. The questions are messy, so the answers will also inevitably be messy. Also – most of my testimony is coming straight from my members.

Impacts from Health Mandates:

A group of economic development organizations, including my Chamber, rolled out a business survey a few days ago.

- Of the 87 business that have responded as of this morning, 90% of the businesses indicated their business has been negatively impacted by the presence of and response to COVID and have seen significant decreases in revenue.
- Almost 40% of those respondents so far have reported decreases of 50% or more and 30% of those employers have had to make employment reductions so far. Many businesses have been closed for up to 50 days with no income due to lack of ability to operate under the health mandates as they were rolled out.
- Many businesses that have not had to alter their operations due to health mandates have still been negatively impacted because their client's businesses have been impacted making their services unnecessary. Two examples of this are a food supply company and a graphic design company.
- Getting employees back into the workforce has been difficult due to some very specific challenges ranging from lack of childcare options or employee discomfort with returning to work, however, the robust Unemployment Insurance program is currently acting as a disincentive to return to work as many people are making as much or more on unemployment than they would going back to work once their employer received Paycheck Protection Program funding.
- Examples
 - One employer - 50% of employees opted not to come back to work because the UI system was so attractive. Especially frustrating for her right now as her business will be opening up today in accordance with the state mandates that also increase the required staffing for each shift. This business used to only need 1 employee per shift, but now, in order to comply with monitoring the limited capacity requirements and the sanitizing and disinfecting portion of the mandate she needs to have twice the amount of staff at one time with 50% less employees to pull from. This business is having to limit the hours of their operation order to balance these challenges related to staffing.
 - Other challenges are created from the way the roll out of mandates is being handled. The piecemeal approach to rolling out the overall plan is making it impossible to plan for both the near or long term. There is no clear timeline for when our community could expected to reach the next phase in the plan, and the parament of each future phase are not published so businesses can't take a forward look with any insight on what that plan is going to look like.

- There are obviously devastating impacts to our tourism sector and that sector was one of our communities best performing sectors prior to COVID. Will defer to Sarah for more context.

PPP/EIDL:

- Many businesses in the Interior were very fortunate to have great lenders and accountants that helped get PPP funding. Very worried those funds will have to be paid back since the forgiveness criteria is not currently understood or clearly published at this time. According to early results from survey, 60% of our businesses applied for PPP, EIDL or some other grant/loan funding.
- Other businesses had challenges finding a lender that would work with them. An example was very small business who's bank declined to process their application so they had to go to a different institution and start a new banking relationship in the middle of a business crisis.
- Local businesses were discouraged by the SBA process for EIDL loans and describe the process as clumsy and rapidly changing up to an including the application that you could find online at any given time. There was little to no communication or status updates. 4 weeks after applying, money mysteriously showed up with no announcement or follow up.

Grants vs. Loans:

- Many business owners believe legislators and our state's administration have a vested interest in taking the steps they can take to boost the economy in whatever way they can. If loans were made available, many business owners would not take them because of uncertainty. But many businesses would accept grants if made available.
- All business owners and executives I spoke with agreed there should be oversight as to where grant funds go or what they could be used for.
- The Fairbanks Chamber believes the private sector should be used to the degree possible. Alaska's banks and credit unions have demonstrated they are the right sector to turn to in the processing of loans and government backed grants.
- We do need to determine which groups qualify – based on a simple formula like number of employees or last year's revenue or some sort of broad-based criteria that any non-profit or business has immediately available. Funds should be distributed based on a pro-rata base for whatever criteria is established. Banking industry is concerned about the current proposal from AIDEA as written. If it were rewritten, restructured and simplified, the industry would be more excited about take a second look and possibly jump in and process grants given by the state.
- Local entities that might be trusted to develop the program for local businesses to apply for state backed grants or loans would be any community Economic Development Corporation.
- The Fairbanks Chamber does encourage legislators and administration to find ways to address the gaps that were created by health mandates early on to allow businesses to reasonably function going forward and deploy any available funds to businesses in a way that protects our economy and our employers.

As we're responding to this situation, the Fairbanks Chamber's collective desire is to move people back into the workforce and that we protect our healthcare infrastructure system.