

**Department of Commerce, Community, and Economic Development
Community and Regional Affairs
Serve Alaska**

Subject of RPL: USDA Seafood Processors Pandemic Response and Safety Block Grant Program – \$10 million of Grant Need	ADN/RPL #: 08-2023-0166
Amount requested: \$10,000,000	Appropriation Authority: Sec 1 Ch 11 SLA 2022 Pg 5 Ln 18 (Serve Alaska)
Funding source: Federal Receipts (1265)	Statutory Authority: AS 44.33

PURPOSE

The U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS), through the Consolidated Appropriations Act of 2021, established a \$50 million grant program to defray expenses incurred by the seafood processing industry in preparing for, preventing exposure to, and responding to the COVID-19 pandemic. Costs must have been incurred between January 27, 2020 and December 31, 2021, and of the \$50 million for this program, \$30.7 million is allocated to Alaska.

Seafood processors operating in Alaska incurred substantial and unanticipated costs to protect communities, keep their workers safe, and continue operations throughout the COVID-19 pandemic in 2020 and 2021. The industry has largely been omitted from COVID-19 relief programs to date. These companies have significant, documented, previously incurred expenses resulting from Federal, State, and local mandates that have thus far been borne almost solely by industry members.

The State's application for this program was developed cooperatively by The Department of Fish and Game and the Department of Commerce, Community, and Economic Development. The Program will provide pro-rated reimbursement of costs incurred by seafood processors and processing vessels, as defined by the USDA, for:

- Workplace Safety Measures: Workplace safety measures, including, but not limited to, personal protective equipment, sanitizer, hand washing stations, air filters, thermometers, cleaning supplies, or similar items.
- Market Pivots: Market pivots such as transition to virtual/online sales costs (online platform development and fees, online marketing, credit card processing fees), supplies, and new signage.
- Retrofitting Facilities: Retrofitting facilities for worker and consumer safety (retrofitting harvester vessels for onboard vessel processing to maximize open-air activities, plexiglass, walk up windows, heat lamps, fans, tents, propane, weights, tables, chairs).
- Transportation: Additional transportation costs incurred to maintain social distancing.
- Worker Housing: Additional worker housing costs incurred to maintain social distancing or to allow for quarantining of new or exposed employees.
- Medical: Unreimbursed costs associated with providing or enabling vaccinations, testing, or healthcare treatment of infected employees, including any paid leave.

PREVIOUS LEGISLATIVE CONSIDERATION

This project was previously approved by the Legislative Budget and Audit Committee as RPL 08-2022-0188. That approval increased the fiscal year 2022 operating authority.

TIMING ISSUES

This funding was planned to be fully expended during fiscal year 2022. This request is to extend the budgetary authority to fiscal year 2023 to allow for final grant issuance.

The Seafood Processors Pandemic Response and Safety Block Grant is a new program for the department. Department staff were charged with developing the entire grant program and review process during an exceedingly short timeframe with limited and delayed federal guidance. The department has placed a high priority on ensuring equitable treatment of applications, which has been time consuming given a wide variety in types of applications received. DCCED has been limited in staff capacity for this task.

DCCED originally expected USDA to make award announcements in December 2021 but grant awards for states were not made public until February 14. Based on the USDA press release and award information, DCCED determined eligibility criteria, created the program webpage, and finalized the application and instructions. DCCED IT staff developed the online application portal as quickly as possible but were limited by staff capacity and a simultaneous priority of altering the AK-ARPA Business Relief Program application to open it for a second round in mid-March 2022.

DCCED announced the grant program to the public on March 21 and the program was opened for applications on April 5, only slightly later than the originally intended launch date of March 2022. The original application period closing date of May 5 was extended to May 20 based on feedback received from grantees that the timeline was too short given the volume of expense documentation that seafood processors needed to compile for their applications.

Applications received for the grant program greatly exceeded the amount of federal funding available. Grants will be awarded based on a pro-rated portion of eligible expenditures to ensure that all eligible applicants receive some amount of funding. However, this approach does require extensive review of eligible expenses prior to grant issuance which has resulted in an extended process. Significant expenses of unclear eligibility will be checked with USDA grant staff for a final determination, which adds to processing time.

Grant application review is complete. Grant payments are anticipated to be issued in fall 2022.

BUDGETARY ISSUES

The fiscal year 2022 RPL expired on June 30, 2022. DCCED was not able to fully complete the review and award process prior to the original expiration date. The total amount of grant awards to be distributed is \$30,694,746. This amendment adds authority for approximately 1/3 of grant awards, totaling \$10 million.

This funding aligns with the mission of the department to support Alaska's economy. This award does not require state match, and will be fully federally funded. The Division of Community and Regional Affairs will administer these grants.

Legislative Fiscal Analyst Comment: This RPL is a \$10 million increase to the Serve Alaska allocation within the Community and Regional Affairs appropriation.

This item was previously approved by the LB&A committee in Fiscal Year 2022 as a single \$35 million item, RPL 08-2022-0188. However, the agency did not award the grants and the authority lapsed at the end of FY22. The new RPLs for the same federal award.

Section 77(e) of House Bill 281, the budget act that included the appropriation this RPL seeks to expand, placed limits on the RPL process. It reads in part:

“(e) ... an appropriation item for the fiscal year ending June 30, 2023, may not be increased under AS 37.07.080(h)...
(2) by more than \$10,000,000.”

This RPL seeks to increase federal authority within the same appropriation as RPL 08-2023-0165. If “appropriation item” is read to refer to a single appropriation, then these two RPLs in combination would exceed the \$10 million cap.

In addition, this RPL does not fit the existing purpose of the Serve Alaska program. If this can be ignored because Serve Alaska is within the same appropriation as a relevant program, Community and Regional Affairs, that would seem to confirm that these two RPLs apply to the same appropriation item.

The committee should weigh the urgency of the grants against the potential litigation risk of approving this RPL.