

Department of Commerce, Community, and Economic Development
Division of Community and Regional Affairs
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Subject of RPL: COVID-19 Community Direct Costs for Adak	ADN/RPL #: 08-2020-0260
Amount requested: \$ 684,076.50	Appropriation Authority: Sec. 1 Ch 1 FSSLA 2019 Pg 5 Ln 28 (Community and Regional Affairs) Sec 1 Ch 8 SLA 2020 Pg 4 Ln 30 (Community and Regional Affairs)
Funding source: Federal Receipts (1002) FY2020 Operating and FY2021 Operating	Statutory Authority: AS 44.33.020(a)(20)

PURPOSE

Federal authorization is required to expend increased federal revenues.

On March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 601 of this Act established the Coronavirus Relief Fund (CRF) with the stated purpose of distributing \$150,000,000,000 to states for, “necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)”.

Alaska received \$1,250,000,000 from the CRF and will direct \$311,024,132 to communities for direct mitigation and recovery efforts based on a combination of quantified economic activity metrics – such as retail, hospitality and tourism, regional commercial fishing, and other measures of commerce activity.

Communities receiving these payments will be required to certify compliance with federal guidance regarding expenditures of CARES Act funds. Communities will be required to reimburse the state for any misspent funds.

Beginning June 1, 2020, municipalities shall electronically submit, on the first day of each month, a report to the Office of Management and Budget (OMB) that lists the expenditures used to cope with the COVID-19 public health emergency.

Adak will receive a total of \$684,076.50 across three payments.

Payments will be spread between FY2020 and FY2021. The first payment of \$228,025.50 will be made in FY2020. The remaining two payments of \$228,025.50 each will be made in FY2021 after 80% of the prior payment has been expended.

PREVIOUS LEGISLATIVE CONSIDERATION

The Legislature has not considered a federal appropriation for contingency items. There are no previous RPLs for this activity.

TIMING ISSUES

The CARES Act was passed by Congress and signed into law on March 27, 2020. The Alaska State Legislature recessed on March 29, 2020. Given the timing of the CARES Act and passage of the FY21 Budget, the Governor’s Office did not have enough information to request an appropriation

during the current legislative budget process. Additionally guidance from the US Treasury was not released for Section 601 of the CARES Act until April 22, 2020.

Communities in Alaska are in need of immediate response funds. When the original CARES Act RPL package was submitted to the Legislative Budget & Audit (LB&A) Committee on April 21, the Administration requested expeditious deliberation and approval no later than April 29, 2020 so that distribution to local governments can begin on May 1, 2020.

On the approval of the LB&A Committee, the Administration can immediately begin distribution of this assistance.

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