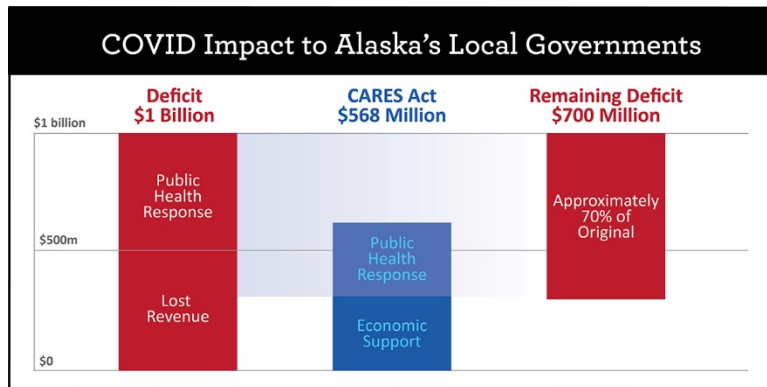


July 29, 2020

Dear Senators Murkowski and Sullivan,

Thank you for your continued support of Alaska’s local governments, and your work to address issues that affect all Alaskans. Right now, that means addressing the most pressing of issues – the COVID-19 pandemic and corresponding economic crisis. 108 Alaska communities have declared emergencies or made disaster declarations. AML provided early estimates that between public health expenses and lost revenue local governments expect the pandemic to impact them by \$1 billion.

Local CARES Act funds – the Governor’s allocation of 45% (\$568 million) – were helpful for communities struggling to address the impacts of COVID. Of this, we anticipate that 50% will be applied to local government needs; the other 50% will actually be distributed as economic support or to community organizations to help



during this period. That means that of that \$1 billion initial deficit, 70% remains unaddressed. CARES Act funds have already been dedicated by the majority of local governments in Alaska. They’ve allocated them to meet the needs of their businesses and residents.

Flexibility now is helpful, for those funds that have not been obligated or spent. Extending the timeline is helpful, if the public health crisis allows decisions to be extended further into the future. The extension of time means that the CARES Act funds then need to stretch an additional nine months, when they were meant and have been budgeted for roughly six. The HEALS Act as proposed takes one step forward with those items, and three steps back. We object to:

- Any further restrictions or requirements on how CARES Act funds may be used, including limits to its use as part of payroll and benefits
- Any direction to allocate current funds – in Alaska this would increase the incentive for the State to withhold funds already allocated to local governments
- The fundamentally flawed gap in no additional funding for state and local governments

America will not recover if local governments are left to fail. Many Alaska local governments have already 1) reduced budgets, 2) spent from savings, 3) increased taxes, and/or 4) dedicated a significant amount of their CARES Act funds in support of economic recovery. Flexibility doesn’t fix this. Local governments have stood with and in support of Alaska’s businesses, residents, public health officials, law enforcement, and nonprofits to mitigate the negative impacts of this crisis. We ask that you join us in making a clear statement in support of increased federal aid for local governments.

Nils Andreassen
Executive Director, Alaska Municipal League