

Alaska Economic Stabilization Team
Information Sheet-1
March 20, 2020

Introduction

The purpose of this document, prepared by leadership of the Alaska Economic Stabilization Team (AEST), is to provide initial feedback, information, and strategies for the administration and state leaders to consider related to stabilizing Alaska's economy amidst COVID-19. The information presented has come from a diverse range of individuals and interests across Alaska. We are reaching out by phone and videoconference to gather ideas from Alaskans. We view all Alaskans as force multipliers in this great fight for our state's future.

This information sheet is not meant to communicate a recommendation unless expressly stated, and will be considered just one of several documents that will be delivered. We will continue to compile strategies and ideas from Alaskans and beyond and will develop additional documents as we go including information directly relevant to Alaska businesses. Lastly, AEST recognizes that this situation is fluid, and that is why this list is not considered complete or comprehensive. There are many sectors to Alaska's economy and we will continue to reach out and listen to all who are impacted.

Developing Economic Themes We are Hearing:

- Alaskans understand that life, health, and safety of every Alaskan is top priority;
- COVID-19 concerns and related restrictions are beginning to have a negative impact: Job and business income losses beginning (employees and business owners have bills and debt to pay);
- Concern around oil prices

Strategic Approaches We are Hearing:

- Protect essential infrastructure (for example: hospitals; natural gas and electricity production/generation & transmission; telecommunications; oilfield facilities, etc.)
- Consistent with medical science, allow earlier COVID19 testing for employees in critical jobs/facilities (hospitals; natural gas and electricity production & transmission; telecommunications; oilfield facilities, etc.) **[in process]**
- Streamlining of telemedicine certification so providers can address patients' needs sooner. **[in process or complete]**
- Make cash available to individual Alaskans quickly
- Make capital available, including State resources and private sector capital, for targeted effort.
- Assure State corporations (like AIDEA) have governance ability to move quickly (e.g. boards to meet telephonically and make decisions). Also allow waiver of notice periods, if needed, to make immediate decisions to approve and conduct their business.

- Simplify access for Alaskans to all State benefits and services online [**in process re: unemployment compensation**]
- Launch a web portal for Alaskans to access resources and submit recommendations regarding economic stabilization. This could also include centralized information for pending/passed state and federal legislation aimed at businesses in response to COVID-19. [**In process**]
- Harness Alaskan brainpower and ingenuity to innovate and come out the other side together.

Emerging Strategic Theme We are Hearing: “A Big Economic Threat Requires a Big Response”

Over-Arching Stimulus Ideas:

1. Early Dividend: The idea of an early, partial Permanent Fund Dividend has been suggested from many sources and could take more than one form. The idea is early partial payment(s) would supplement (but be thoughtfully coordinated as to timing) with any stimulus measures taken by the Federal Government. An early partial dividend would help provide needed support and stabilization for Alaskans in these first weeks/months. See some options below.
 - a. The State of Alaska could consider an early partial dividend paid out in installments over 5 months (May/June – September/October).
 - b. The State of Alaska could consider a one-time early payment as soon as possible (April-May) while any remaining dividend would be paid in October on the traditional PFD payment schedule.

In scenario (a), the stabilizing effect of the smaller amount across each of several months was seen as positive. In any case, an early PFD amount (of the anticipated total dividend in October) would be a positive step.

2. Unemployment benefits: Given the inevitable influx of Alaskans applying for unemployment, the State needs to ensure resources are in place to quickly and adequately assist Alaskans. This includes allocating the necessary resources to the Department so an update can be performed on the website to simplify the experience and better serve Alaskans. Additionally, resources must be allocated so the Department can provide timely responses to Alaskans. An internal assessment of strengths/weaknesses within the department should be done as soon as possible. Any available federal dollars should be used to assist in this effort and to maximize capacity to serve Alaskans. Lastly, it is critical the State of Alaska request “Federal Additional Compensation” from our Congressional delegation – this is what was received in 2008 for unemployment benefits.
3. Address Waivers for SNAP Program: According to the Division of Public Assistance, an estimated 80,000 Alaskans receive food assistance under this program and 5,000 people could lose their benefits under a new federal rule that could take effect April 1, 2020. The State of Alaska in the past has been able to receive a statewide waiver, but that waiver expired in October 2019. New

standards for waivers include labor data showing an unemployment rate of more than 10% over a year or unemployment of no less than 6% over two years.

Alaska was able to receive a waiver for 21 of the 29 boroughs and census areas under the new rules, but areas like Anchorage, Fairbanks, Juneau, Matanuska-Susitna Borough did not qualify.

The State should reconsider its request for waiver application, as these areas that were not included will be hit hard as part of the projected job reductions. Special consideration should be taken into account from the federal government.

4. Housing or Rental Voucher: The State of Alaska could consider a temporary housing or rental voucher from Alaska Housing Finance Corporation (AHFC) and potentially tie eligibility to those already qualified for or qualifying for unemployment compensation between March 15, 2020 and July 15, 2020.

Potential Options for Short-Term Financing:

1. Leverage Private Money for New Infrastructure: The State could consider leveraging more private sector money for new infrastructure through an entity such as AIDEA.
2. Utilize AIDEA Funds: The State could consider utilizing AIDEA funds for a working capital program and for business interruption loans. In order for this to be an effective option, the State would need to work with AIDEA to amend their processes and loan collateral requirements. It would need to be mutually recognized that this money would be utilized to help small to medium size businesses bridge the gap of this initial time period.
3. Explore AIDEA Loan Guarantee Program: We have been told that AIDEA currently has a loan guarantee program that is underutilized. We recommend a review to determine if it can be retooled to allow financial institutions to utilize for small to medium size businesses.
4. Reevaluate Investment Guidelines: The State could explore options for moving money into the Alaska market faster from the two new Alaska funds within the Permanent Fund Corporation.
5. Consider Private Investment: The state and local governments, where applicable, could consider seeking private sector investment in and operation of public sector assets. (e.g. ports at Anchorage & MatSu, AMHS, etc.).