

November 25, 2020

Sent via email to:
Gov. Kay Ivey
Dir. Kelly Butler
Sen. Greg Albritton
Sen. Arthur Orr
Rep. Steve Clouse
Rep. Bill Poole

RE: Alabama's allocation of Coronavirus Relief Funds

Alabama has 35 days left to spend the remaining \$858 million in Coronavirus Relief Funds allotted by the legislature before it is required to return the funds to the U.S. Treasury. Come January, Alabamians will want to know what their government did with these talents. Alabama is holding these funds at a time when more than two-thirds of renters whose incomes are below \$35,000 have no confidence that they can afford December rent and nearly the same number of those renters are behind on rent and nearly a quarter of families reported often or sometimes not having enough to eat.¹ Alabama needs to put the funds to work for these families who are most impacted, which will yield an outsized return for its communities and its families.

The quickest way to increase the impact of these funds is to ensure it gets into the hands of those families most impacted by the pandemic, including families with incomes below the state's median income who have lost work, lost hours at work, or who have had to take on childcare or elder care at home since March. These families will in turn spend those funds on rent, childcare, and ensuring that their families have enough food to eat.² This could include direct stimulus payments to families,³ rental assistance to landlords,⁴ and utility assistance.⁵ In its October FAQ, Treasury explicitly approved the use of Coronavirus Relief Funds to provide emergency financial assistance to individuals and families directly impacted by a loss of income from the pandemic.⁶

¹ From Week 17 (November 4, 2020) of the U.S. Census Pulse Reports. <https://bit.ly/364yjiV>. The overwhelming majority of these families earned less than \$35,000 per year. The exception was homeowners who have missed a mortgage payment. Those families earned less than the median income in Alabama, which is nearly \$50,000 per year.

² Hunger Free Alabama recently released a survey about families' needs during this pandemic. The survey can be found at <https://hungerfreealabama.org/>.

³ Escambia County, Florida's recent program is an example of direct payments. <https://weartv.com/amp/news/local/escambia-county-commissioners-approve-to-increase-cares-act-funding-for-families>

⁴ In October, Mississippi Governor Tate Reeves allocated \$20 million to provide rent relief to landlords and tenants. The companion bill passed by Mississippi's legislature prevented landlords who accepted these payments from evicting tenants based on non-payment of rent.

⁵ Many rental assistance programs provide rental assistance as well. For example, Fort Worth, Texas, set aside \$7.2 million for rental assistance, rapid rehousing, and utility assistance.

⁶ See p. 5, question 23. <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>



It is our understanding that part of the problem in getting funds into the hands of those directly impacted is that the State of Alabama currently requires potential recipients to spend and then request reimbursement for the expenses they have incurred. Many organizations that directly serve the community do not have sufficient cash on hand to implement programs to assist families. They need the program funds first and then can distribute the funds.

Alabama's CARES appropriation allows for this. It provided up to \$300,000,000 to support citizens directly impacted by the pandemic. SB161, §9(b)(1)d. This section, unlike many others in the Act, does not require the funds to be spent to reimburse the person incurring the expense. However, to encourage accountability, direct service providers should be allowed to submit brief proposals on how they will target and spend the funds. Then they can provide an account for how they spent after the December 30 deadline.

In addition, you have the power to reallocate unspent funds from other categories to support the relief provided directly to families impacted by the pandemic. The Act permits the Director of Finance to re-allocate funds within the Act's categories with unanimous approval by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Chair of each budget committee of the Alabama Legislature. SB161, §9(b)(4).

Lastly, many programs have failed to live up to their promise to help families because of bureaucratic application and approval processes. Recipients of the Coronavirus Relief Funds should eliminate barriers for application and make the qualifications simple and the paperwork required minimal. Streamlining the application and approval will increase the organization's ability to get the funds into the hands of those who need it and reduce costs to administer the programs.

By reallocating the remaining \$858 million in Coronavirus Relief Funds to directly assist families who have borne the brunt of this crisis, Alabama will have the greatest impact on the state's economy. To ensure the greatest effect, non-profit service providers need to be able to provide a plan for how to target the most impacted families and then account for the funds spent, rather than request reimbursement. In addition, those providers must eliminate the bureaucracy in their own application and approval process that is a barrier to many families in seeking relief.

We are willing to respond to questions you have or to provide additional assistance. Please do not hesitate to contact us.

Sincerely,

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