



**Kenai Peninsula Borough Policy
Effective March 1, 2020**

**COVID-19 Related Funding to the Kenai Peninsula Borough School
District**

Purpose: This policy interprets the treatment of Covid-19 Treasury funding as it relates to the required local contribution and the annual appropriated local funding from the Kenai Peninsula Borough to the Kenai Peninsula Borough School District.

Definitions:

FY2021 Required Minimum Local Contribution per AS 14.17.410(b)(2):	\$ 28,329,664
FY2021 Allowable Maximum Local Contribution per AS 14.17.410(c):	\$ 52,432,181
FY2021 Minimum to be provided per Resolution 2020-027:	\$ 45,000,000
Kenai Peninsula Borough School District:	KPBSD
Kenai Peninsula Borough:	KPB
Elementary education:	grades K-6
Secondary education:	grades 7-12

The requirement that expenditures be incurred "due to" the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. The statute also specifies that expenditures using Fund payments must be "necessary."

Background: On March 27, 2020, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which included the Coronavirus Relief Fund (CRF). The CRF requires that States, Tribal governments, or units of local government use the funds received to cover only those costs that (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), (2) were not accounted for in the budget most recently approved as of March 27, 2020, and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. Per the September 2, 2020 Treasury guidance for state, territorial, local and tribal governments, a cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

When the pandemic began the KPBSD was immediately faced with significant changes to their standard operating procedures including closing in person instruction, while still required to provide education and instructional services, such as remote instruction, special education services, food service, counseling and others.

The U.S. Treasury has provided various guidance and Frequently Asked Questions (FAQs) to provide guidance for use and administration of the CRF. The Guidance on September 2, 2020 provided that if a cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation, it meets the requirements of the use of CRF. Therefore, due to the fact that the KPBSD has utilized the local contribution for COVID-19 related expenditures, which are substantially different than that of the original expected use of the local contribution, the KPB is eligible to provide CRF funding of up to \$500/per student as per the U.S. Treasury CFR FAQs, updated October 19, 2020, #53. The aggregate of what the State of Alaska and other local municipalities have provided the KPBSD cannot exceed \$500/per student, not including transportation, meals, broadband, hiring new teachers, acquiring computers and tech, installing ventilation or other air filtering equipment expenditures which may be funded in addition to the \$500 per student funding if it is for the purpose of addressing COVID-19. The KPBSD has indicated they have received \$2,399,903 from the State of Alaska, of which \$1,745,068 reduces the

borough's eligible CRF contribution per the October 19, 2020 FAQs #53 presumptive COVID-19 related education expenditures. The KPBSD has also requested \$23,342 from the KPB for telephony COVID-19 project costs, which also reduces the eligible CRF contribution if made. Therefore, with a student count of 7,758.64 @ \$500/per student = \$3,879,320 less already provided CARES pass through CRF amounts of \$1,768,409 leaves \$2,111,091 in eligible coronavirus relief funds under the presumption provided in the October 19, 2020, #53 FAQs.

The Kenai Peninsula Borough is required to provide an annual local contribution to the Kenai Peninsula Borough School District. This amount was budgeted at \$50 million for FY2021 and is provided specifically for operations and in-kind services including local effort, maintenance, SD utilities, SD insurance, SD annual audit and custodial services per Ordinance 2020-19. Per Resolution 2020-027, the local contribution for FY2021 cannot be less than \$45 million.

Policy: Because the School District is utilizing a portion of the local contribution for COVID-19 related expenditures that are substantially different than the original intent, it is our interpretation of the Coronavirus Relief Fund Frequently Asked Questions updated on October 19, 2020 - Eligible expenditures question # 53, and the Guidance on September 2, 2020 that if a cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation, and meets the requirements of the use of CRF funding, that the KPB may provide up to \$2,111,091 in CRF funding. This would reduce the amount provided from the KPB General fund but not reduce the overall FY2021 funding to the School District. This may not reduce the local contribution by more than \$5 million in order to remain above the minimum per Resolution 2020-027.

Students	7,759
\$500 Each	<u>\$ 3,879,500</u>
Already provided State CARES pass through	(1,745,068)
Telephony request	<u>(23,341)</u>
Eligible to fund School District beyond transportation and other specific purposes	2,111,091
Current FY2021 local contribution	50,000,000
Eligible to reduce General Fund contribution	<u>(2,111,091)</u>
Revised General Fund Contribution for FY2021	47,888,909
Current minimum local contribution per Resolution 2020-027	<u>45,000,000</u>
Local contribution amount above minimum	\$ 2,888,909

Approved by:

Charlie Pierce, Mayor

Date