



# Commonwealth of Massachusetts

Executive Office for Administration & Finance

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## CARES Act Coronavirus Relief Fund - Municipal Program Overview

*August 11, 2020*



## Federal CARES Act & Eligible Uses

### CARES Act

- The federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) includes funds for Massachusetts governments to use to pay costs incurred in responding to the COVID-19 outbreak.
- The CARES Act authorized \$150 B through the Coronavirus Relief Fund for state and local governments, including \$2.7 B for Massachusetts.

### Eligible Uses

- › Necessary expenditures incurred due to the public health emergency with respect to COVID-19
  - » Funds may not be used to substitute for lost revenue
- › Not budgeted as of March 27, 2020 when the CARES Act was enacted
  - » May not supplant state or municipal spending
- › Incurred on or after March 1, 2020, up to December 30, 2020



## CARES Act Coronavirus Relief Fund Distribution to Municipalities

### Coronavirus Relief Fund – Municipal Program

- Aside from large local government units (Boston and Plymouth County), the Commonwealth has made up to **\$502 M** available to municipalities for COVID-related expenses through the CARES Act Coronavirus Relief Fund – Municipal Program (CRF-MP)
- A&F and DOR’s Division of Local Services (DLS) released [program guidance](#) to municipalities on May 14, 2020. The guidance also includes a list of potential municipal uses ([Attachment A](#)) and a Certification form ([Attachment B](#)) that describes the parameters of the program.
- Each municipality was allocated a Total Eligible Amount based on a per capita amount. These amounts for each community are available in [Attachment C](#) of the program guidance.
- Municipalities can apply for amounts up to their Total Eligible Amount over two rounds of funding. Round 1 closed on June 12 and Round 2 will open in Sept/Oct 2020.
- Communities do not forego eligibility for Round 2 if they did not request funds in Round 1. Further, a municipality’s total eligible amount does not change if they did not apply in Round 1.
- Note that Boston and municipalities in Plymouth County are not eligible to participate in CRF-MP. Boston and Plymouth County are each administering their own distributions from the federal CARES Act Coronavirus Relief Fund.



## Outreach to Municipalities

### CRF-MP Guidance

- A&F and DLS [participated in a webinar](#) hosted by MMA to brief municipal officials on the program – approximately 450 people representing 253 cities and towns participated in the webinar and asked 73 questions through the webinar’s chat function on May 14, 2020
- DLS created a [dedicated section of a website](#) to the program that includes links to the guidance, relevant forms, and other information and an e-mail address ([LocalGovCaresAct@dor.state.ma.us](mailto:LocalGovCaresAct@dor.state.ma.us)) for specific questions about the program
- A&F/DLS posted an [FAQ document](#) that addressed frequently asked questions about the program on May 28, 2020
  - › Most recently, ANF/DLS posted an update to the FAQs on July 27, 2020

### Questions

- A&F/DLS have received and responded to **380 questions** from municipal officials about the program through July 10, 2020 from **224 individuals**
- A&F and DLS staff held a daily standing call to discuss responses to questions between May 18 and June 12
  - › Beginning June 15, the meeting cadence was changed to weekly



## Round 1 Applications

### Applications

- 255 of 323 eligible municipalities (excluding Boston and Plymouth County towns) submitted applications requesting approximately **\$95 M** out of a total eligible amount of **\$401 M**, or approximately 24 percent of the total available, through July 10, 2020
  - › 68 eligible municipalities did not participate in Round 1 but are still eligible to receive \$101 M
- 235 applications have been approved to distribute approximately **\$83 M**
- 20 applications requesting approximately \$13 M are in the follow up process with A&F/DLS staff (note that some applications have multiple follow up issues):
  - › **Inconsistency:** The application form total request amount does not align with the Certification form request amount, making it unclear which amount is the municipality's actual request
  - › **Other Request:** The application allows municipalities to request funds in an "Other" category; we follow up with cities and towns to ensure these requests are for eligible uses
  - › **100% Request:** If a municipality requested their entire Total Eligible Amount in Round 1, we reach out to them to make sure they understand they will not have additional funds available to them later in the year

Note: Totals may not add due to rounding



## Key Elements

### Interaction with FEMA Reimbursement

- Some costs that are eligible for funding from CRF-MP are also eligible for FEMA reimbursement at 75 percent of the total cost
- The US Treasury and FEMA have indicated that Coronavirus Relief Fund (CRF) dollars can be used as the non-FEMA cost sharing requirement (i.e., FEMA provides 75 percent reimbursement, and the CRF can provide the remaining 25 percent)
- The Commonwealth requires municipalities to attest that they will pursue FEMA reimbursement for all eligible expenses
- Municipalities submitted total estimated or incurred costs for FY20 (ended June 30, 2020). The application form calculates a projected FEMA reimbursement amount based on the submitted spending categories
  - › Note that only FEMA can make final determinations of FEMA eligibility
- Assuming the costs are eligible uses of the Coronavirus Relief Fund:
  - › For FEMA-eligible costs, CRF-MP provides 25 percent of the total cost
  - › For FEMA-ineligible costs, CRF-MP provides 100 percent of the total cost



## Round 1 Applications

### Municipal Cost Summary

Major Costs Summary	FEMA	CRF-MP	Total
Schools (Distance Learning/Special Education/Food)	0.0	25.0	25.0
Staffing	15.7	5.2	20.9
Cashflow/Building Modifications	0.0	18.6	18.6
Accelerated Telework	0.0	15.4	15.4
Expanded Public Health Mission	9.8	4.6	14.4
Cleaning/Disinfection	9.2	3.1	12.2
PPE	9.7	3.2	12.9
Other	4.0	7.4	11.5
<b>Subtotal, Major Costs</b>	<b>48.3</b>	<b>82.6</b>	<b>131.0</b>

Data includes approved applications through July 10, 2020.

Note: Figures in \$ millions. Totals may not add due to rounding



## Key Takeaways

- State and local officials continue to identify and address COVID-related challenges, but total costs identified through Round 1 of the CRF-MP are **approximately \$131 M**
  - › Note that these total costs are just for the 235 of 351 Massachusetts cities and towns with approved applications
- Of the \$131 M in Round 1 costs, CRF-MP payments will address approximately **\$83 M** (63%) while initial projections anticipate FEMA reimbursement will support **\$48 M** (37%)
- Still-evolving federal guidance related to eligible uses of the Coronavirus Relief Fund, reporting requirements, and the uncertainty about future federal legislation is a critical concern for both state and local leaders across Massachusetts
  - › CRF-MP (and the availability of FEMA reimbursement) allows municipal leaders to **address unexpected expenses** associated with the public health emergency caused by the COVID-19 outbreak
  - › At this time, however, CRF-MP does not address the major issue of **replacing uncollected revenue** as a result of the public health emergency



## Key Takeaways

### Additional Support for Local Needs

- In addition to the **up to \$502 M** available to municipalities through CRF-MP, the Department of Elementary and Secondary Education (DESE) has announced the availability of **up to \$202 M** in funding from the federal Coronavirus Relief Fund for school districts to address the costs associated with school reopening
  - › Formula grants of **\$225 per pupil, or \$182 M** will be made available to school districts
  - › An additional **\$20 M** will be available for the Commissioner's discretion for distribution to school districts with unmet needs
- DESE also announced the availability of **\$25 M** for remote learning technology grants through which the Commonwealth will provide a 100% state match to districts for remote learning needs.