



OESCA Members Only Briefing

Local Government Funds Under CARES Act

May 11, 2020

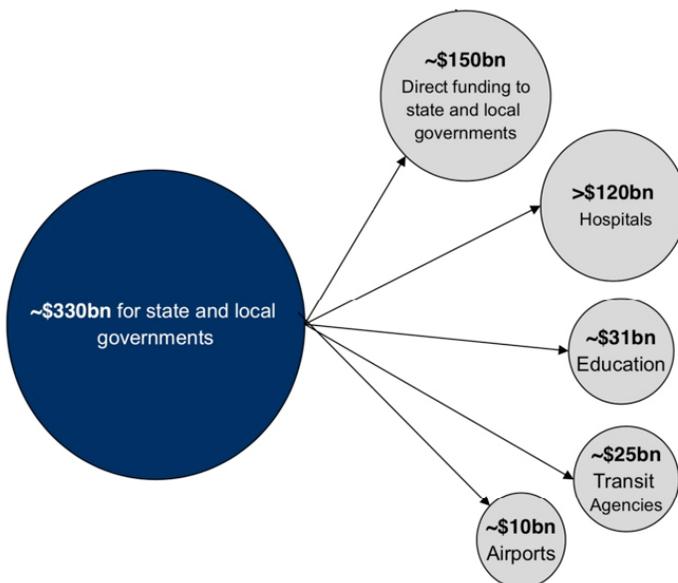
On May 6, 2020, the Ohio Senate approved SB 310, which distributes a portion of federal funding to local governments grappling with the COVID-19 pandemic. The funding was made available through the CARES Act, the third of four federal stimulus acts enacted by Congress to address the public health crisis.

The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund.

The Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The Fund is part of nearly \$330 billion in total CARES Act funding allocated toward state and local governments, through (1) direct funding, (2) aid to hospitals and public health initiatives, (3) grants to airports, (4) aid to transit agencies, and (5) the establishment of an education stabilization fund (See graphic below).

FEDERAL COVID-19 ACTION TAKEN	
March 6	President signed the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123). NACo summary here .
March 13	President declared a national emergency related to COVID-19. The declaration can be read here .
March 18	President signed H.R. 6201, the Families First Coronavirus Response Act into law. NACo summary here .
March 25	U.S. Senate passed The CARES Act (H.R. 748). Bill text here . House to vote March 27.



All told, \$4.55 billion was set aside for Ohio (see companion spreadsheet for full CARES Act funding). Through the federal legislation, six jurisdictions with a population of 500,000 or more – the city of Columbus and Cuyahoga, Franklin, Hamilton, Montgomery and Summit counties – received \$778 million (17%) in funding directly, thus, the state treasury will receive approximately \$3.75 billion of the state’s total allocation.

SB 310, however, appropriates just \$350 million to local governments at this time. According to reports, *Ohio lawmakers are sitting on the remaining funds in hopes that the federal government will loosen restrictions on their use*. Under current guidelines, the money must

be spent on COVID-19 related expenses such as personal protective equipment or overtime for first responders.

Specifically, the CARES Act provides that payments from the Fund may only be used to cover 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 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

While this approach may allow for some budget rebalancing to address recent cost increases, it does not do much to help address budget gaps as a result of state funding reductions or losses in local revenue.

Other provisions of the bill include the following:

- Excludes local governments that receive direct federal funding under the CARES Act from receiving this distribution.
- Distributes funds based on the proportion of Local Government Fund revenue allocated to subdivisions in 2019.
- Requires a subdivision, before receiving a payment, to adopt a resolution affirming that the subdivision will spend it only on pandemic-related expenses, as required under the CARES Act.
- Requires local funds unspent as of October 15, 2020, to be redistributed to local governments that have spent their full allocation.
- Requires subdivisions to return unspent CARES Act funds to the state by December 28, 2020.

The CARES Act revenue is distributed based on the proportion of Local Government Fund (LGF) allocated to each county's County Undivided Local Government Fund (CULGF) in 2019. Once the CARES Act revenue is paid to the county, the money is further divided between the county and townships and municipalities in the county.

Once a subdivision receives its share of the CARES Act revenue it must deposit the money in a newly created, dedicated fund called the ***local coronavirus relief fund*** and must use the revenue solely for the purposes prescribed in the CARES Act as outlined above. The Auditor of State is required to audit this fund during the subdivision's next regular audit to ensure the revenue was used properly.

According to analysis from Senate Republican, and bill sponsor Senator Matt Dolan, ***the funding represents as much as 120% of what each jurisdiction received in Fiscal Year 2019 through the Local Government Fund.***

Local distribution amounts will be reported on as soon as they are available. However, to get a sense of current distribution amounts to local governments go to the Ohio Department of Taxation at the following link: <https://www.tax.ohio.gov/Government/LocalGovernmentDistributionsLGF-PLF.aspx#3148152-current-year-distributions-fund-7069-county-lgf-to-counties->