



Commonwealth of Massachusetts

Executive Office for Administration and Finance

Coronavirus Relief Fund FY20 Aid to Municipalities

Presentation to Municipal Leaders

May 14, 2020



Overview

- The federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act) includes funds for state and local governments to pay for COVID-19 response costs, specifically:
 - › 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
 - › Incurred between March 1, 2020 and December 30, 2020
- The Commonwealth plans to make approximately \$500 M available for municipalities outside Boston and Plymouth County over two rounds of grants,
 - › First round, for Fiscal Year 2020, will open for applications on May 15, 2020 and must be submitted by the deadline of June 5, 2020. Applications will be reviewed and approved on a rolling basis.
 - › Second round, for Fiscal Year 2021 that will occur at a date to be announced later.
- \$500 M (plus funds allocated directly to Boston and Plymouth County) represents 25% of the total allocation of Coronavirus Relief Fund dollars to Massachusetts
 - › 25% initial allocation reflects the important role played by municipalities in this emergency, even in a state with services relatively more concentrated at the state level versus other states
 - › 25% initial allocation also leaves room to adjust in the event that unforeseen needs arise, or federally permissible uses change.
- If federal law or relevant guidelines change materially, A&F expects to revisit this distribution plan.



Strategy

Changing Environment

- Unlike a nor'easter, this storm lasts more than three days
- Coronavirus Relief Fund money, while more flexible than other CARES Act money, is still limited in its purpose, and does not address revenue shortfalls – at least under present law
- BUT federal legislation introduced by House leadership would allow funds' use for revenue replacement

Flexible Approach – at the State and Local Levels

- Apply for uncapped funds, including FEMA reimbursement, and for targeted grant funds
- Use Coronavirus Relief Fund money to address immediate needs
 - › Necessary expenses not otherwise supported from other sources, including FEMA
 - › Cash flow (understanding unspent funds must be returned eventually)
- If federal law changes: unspent funds may become more valuable as revenue replacement

Need for Visibility at the State Level

- Manage compliance risk
- Track and assess overlaps with other programs (FEMA, K-12 distance learning, CDBG...)



Goals

- Immediate Support for Incurred or Expected Expenses
 - › Municipalities may apply for resources to address eligible COVID-19 response costs that are already incurred or expected in Fiscal Year 2020. These Funds will help address any existing deficits in Fiscal Year 2020, thereby avoiding the need to use reserves to fund a deficit or carry one into Fiscal Year 2021.
- Cashflow Relief
 - › These resources can help ease municipal cashflow pressures.
- Federal Revenue Optimization
 - › By seeking FEMA reimbursements at the state and municipal level, the Commonwealth and municipalities can work together to maximize federal resources available for Massachusetts to address the public health crisis.
- Compliance Risk Management
 - › Accounting for COVID-19 costs is complicated by a mix of revenue sources (federal, state) and the still-evolving federal guidance about how to spend and track the money. Clear processes and documentation can mitigate the risk of federal audit challenges to the uses of these funds. If you have questions about how to track and account for these funds, contact the auditing firm that completes the municipality's annual audit or your Division of Local Services field rep.



Available Funds

- The federal CARES Act funding was distributed to states on basis of a per capita allocation and is being made available to municipalities on a per capita basis as well.
 - › Attachment C of the guidance depicts how much of this allocation is available to each municipality.
 - › This amount represents the municipality's Total Eligible Amount for both FY20 and FY21.
 - › Cities and towns will be invited to request funding for FY20 in the first round and participate in a second round of funding in FY21 at a later date.
- At this time, cities and towns are asked to estimate their fiscal year 2020 ("FY20") COVID-19 expenses.
- Municipalities will be asked to estimate their COVID-19 expenses in fiscal year 2021 ("FY21"), still within the same ceiling.
 - › In other words, the ceiling is the preliminary total amount available for FY20 and FY21, but at this point all you are being asked to do is estimate your FY20 COVID-19 expenses.
 - › Municipalities who request less than the amount for which they are eligible do not forego the opportunity to ask for additional funds at a later date.
- This approach is intended to get money out to municipalities quickly, and to allow adjustments over the coming months.



Anticipated Municipal Uses

- Three general areas of anticipated municipal spending
 - › Core Municipal Services in a declared state of emergency
 - › Expanded public health mission
 - › Services and supports for residents in their homes
- Must also fit within federal constraints (COVID expenditures, unbudgeted, Mar-Dec)
- These categories are depicted in Attachment A of the guidance

In general, in order to maximize federal support available to MA residents, the state intends to apply for FEMA reimbursement where available, and is requiring municipalities to do the same as part of the Commonwealth's program for Coronavirus Relief Fund money



Category 1: Core Municipal Services, in a declared state of emergency

- First responder costs
- Temporary staff to backfill sick or quarantined municipal employees
- Staff for compliance and reporting associated with this funding
- Accelerated telework capacity – infrastructure, subscriptions for meeting services, hardware (laptops)*
- Hiring and training, including training for employees and contractors hired for COVID-19 response
- Personal Protective Equipment (PPE)
- Sanitation and Refuse Collection – incremental costs*
- Food inspection – incremental costs*
- Cleaning/disinfection of public buildings
- School distance learning, to the extent not funded from other sources*
- Costs of debt financing related to COVID-19 investments*
- Health insurance claims costs in excess of reasonably budgeted claims costs, and directly related to COVID-19 medical costs

*Category is assumed to be ineligible for FEMA reimbursement in the Estimated Request calculation

See Attachment A for more detail



Category 2: Expanded Public Health Mission

- Boards of health staffing needs – to the extent not addressed with public health funding
- Use of public spaces/ building as field hospitals
- Shelter for those who are homeless or otherwise have nowhere to go without significant risk to themselves or other household members, and are at high risk of or recovering from COVID-19
- Food banks / food pantries – need tied to COVID-19*
- Travel expenses – for distribution of resources
- Transporting residents to COVID-19 medical and testing appointments
- Signage and communication including translation services
- Educational materials related to COVID-19
- Testing for COVID-19

*Category is assumed to be ineligible for FEMA reimbursement in the Estimated Request calculation



Category 3: Services and Supports to Residents in their Homes

- Grocery and/or meals delivery – modeled on COA activities
- Wellness check-ins with vulnerable elders*
- Short-term rental or mortgage support*
- Prescription drug delivery*

*Category is assumed to be ineligible for FEMA reimbursement in the Estimated Request calculation



Dispersal of Funds

- Municipalities, through their chief executive officer, should complete the web-based application form. This form has two components:
- **Component 1:** The application form asks municipalities to estimate FY20 incurred or anticipated expenses for each category listed in Attachment A and calculates an Estimated Request amount based on the assumed FEMA reimbursement rate for each category
- For illustration, assume an application with just two expense categories, PPE and Telework Capacity. PPE is assumed to be FEMA reimbursable at 75 percent while the Telework Capacity is assumed to be ineligible for FEMA reimbursement. The application will automatically calculate the non-FEMA share for the PPE (25 percent of the total) plus the total cost of the Telework Capacity. The sum of these two categories represents your Estimated Request.
- Municipalities may request additional funds using the Other Request field
- **Component 2:** Upload the certification form (Attachment B) through the web-based application
- The application form will open on May 15, 2020 and the deadline for submissions is June 5, 2020
- A&F will review applications and make distributions on a rolling basis
- DLS will provide guidance regarding local accounting requirements (e.g., treatment of funds, general ledger entries, etc.) via a Bulletin



Required Documentation and Reporting

- Municipalities are required to file a bimonthly report describing incurred expenses in a form prescribed by the Secretary of Administration and Finance.
- Municipalities are required to create and retain appropriate documentation to demonstrate that the proposed uses are eligible under federal law.
- Further guidance on these requirements will be provided as guidelines are published by the US Treasury Department or in response to federal law changes.



Required Certifications

- Municipalities must certify that they will apply for Federal Emergency Management Agency (FEMA) reimbursement and other potentially available federal sources for all eligible costs.
- To the extent actual expenditures are less than the amount provided for eligible uses, municipalities agree to return the balance of unspent funds to the Commonwealth.
- If the US Treasury recoups funds from the Commonwealth based on the determination they were used in a manner not in compliance with eligible uses, the Commonwealth may recover funds from the municipality through an assessment or deduction from the city or town's periodic local aid distribution.



Contact Information

QUESTIONS?

- Submit questions via e-mail at LocalGovCaresAct@dor.state.ma.us
- FAQ's document to be posted on the [DLS website](#) as available
- The guidance document and the web-based application form are accessible from the [DLS website](#). Users must have the passcode to enter the form.