



Coronavirus Relief Fund Local Government Distributions and Uses

House Fiscal Analysis / House Research Department
January 13, 2021

Federal Coronavirus Relief Fund (CRF)

Created in CARES Act - Title V Public Law 116-136

Administered through the U.S. Department of the Treasury

	Dollars in thousands
Minnesota's CRF Distribution	\$2,186,827
Less Direct allocations to local governments > 500,000 population	
Hennepin County	\$220,880
Ramsey County	<u>\$96,027</u>
State Direct allocation	\$1,869,920

Federal requirements - U.S. Treasury guidance & FAQs

The CARES Act specifies that payments can be made from the CRF for:

1. Necessary expenditures resulting from the COVID-19 public health emergency;
2. Costs not accounted for in the current budget period;
3. Expenditures incurred (not merely encumbered) between March 1, 2020 – December 30, 2020

In addition, the CRF cannot be used to back-fill lost revenues or pay for expenditures that will be reimbursed under another federal program

What was the legislature's role?

- In early May, each chamber heard bills (HF 4673 and SF 4564)
- Determine size of the overall allocation to local governments (\$1,870 million * 45% = \$841.464 million)
- Devise a methodology to distribute funds
- Address other concerns including Workers Compensation, FEMA local match, grants for individuals, grant for businesses

In the end, there was no agreement at the end of regular session (May 18, 2020), nor at the close of 1st Special Session (June 16, 2020)

Legislative Advisory Committee request - CRF # 14

Approved on June 26, 2020, CRF for Local Governments included:

1. Distribution of \$841.464 million based on formula in SF 47-1E (SS1)
 - *Counties to receive 55% of total appropriation with base aid determined by formula based on population, plus an allocation for cities/towns not eligible to receive a direct allocation from the state; and
 - *Cities/town to receive 45% of total appropriation with base aid determined by formula based on population
2. Not included were a 10% set aside for economic support, nor \$30 million for a need-based fund

Formula Distributions

Total Amount \$841.464 million (\$1.869 billion * 45%)

Of this amount:

- 55% or \$462.8 million for 85 counties (\$121.28 per capita)
- 42% or \$350.4 million for cities (\$75.34 per capita)
- 3% or \$23.8 million for towns (\$25 per capita)

Towns with pop. of > 5,000 (there are 8) were eligible for the same per capita amount as cities (\$75.34)

Cities and towns with pop. < 200 had their distributions sent to the county

Timelines for Local Governments

LOCAL GOVERNMENT CERTIFICATION	Certify with DOR by Sept 15, 2020
SPENDING FOR CITIES	Spend funding by Nov 15. Unexpended funds transferred to home counties except for Hennepin and Ramsey, where funds transfer to hospitals
SPENDING FOR COUNTIES	Spend funding by Dec 1, 2020. Unexpended funds returned to state by Dec 10, 2020 and canceled to CRF

Local Government Certification and Reporting

- Certify to Department of Revenue that they will follow federal guidelines, e.g. CARES Act, Treasury guidance
- Report monthly to MMB using standardized compliance form (federal & state ID #s)
- Other requirements including record keeping, audit provisions
- Responsible for reimbursing state for any costs disallowed by federal government

Status Report – Total Distributions (Sept 15, 2020)

	000's
TOTAL CRF Available for Local Governments	\$841,464,000
Distributed to Counties (85)	\$467,254,100
Distributed to Cities and Towns (1,530)	<u>\$370,474,866</u>
TOTAL Distributed to Local Governments	\$837,728,966
% of total CRF available	99.6%
Unclaimed Allocations, Cancelled to CRF	\$3,735,034

Status Report – Unexpended Funds Returned (Sept 15, 2020)

	000's		
	<u>Counties</u>	<u>Cities/Towns</u>	<u>Total</u>
Return of Unexpended Funds			
To Counties from Cities/Towns (Nov 20,2020)	\$9,411,931	(\$9,411,931)	\$0
To Hospitals in Hennepin/Ramsey	\$0	(\$233,804)	(\$233,804)
To the State (MMB) from Counties (Jan 7, 2021)	<u>(\$932,171)</u>	<u>\$0</u>	<u>(\$932,171)</u>
Net of Returned Unexpended Funds	\$8,479,760	(\$9,645,735)	(\$1,165,975)

Status Report – Total Uses

2020 CARES Act for Local Governments
Spending as of January 7, 2021

12-Jan-21

	<u>Expenditures by Local Governments</u>	<u>County Spending</u>	<u>City/Town Spending</u>	<u>Total County + City/Town</u>
14				
15	Payroll for Public Health and Safety Employees	\$160,381,782	\$150,749,174	\$311,130,956
16	Small Business Assistance	\$125,573,631	\$56,313,484	\$181,887,115
17	Budgeted Personnel and Services Diverted to Substantially different Use	\$22,728,425	\$41,676,252	\$64,404,677
18	Improve Telework Capabilities of Public Employees	\$35,580,914	\$22,257,494	\$57,838,408
19	Public Health Expenses	\$27,382,015	\$30,730,641	\$58,112,656
20	Other	\$28,506,857	\$17,898,418	\$46,405,275
21	Housing Support	\$12,465,319	\$1,939,744	\$14,405,063
22	Facilitating Distance Learning	\$25,610,397	\$4,519,453	\$30,129,850
23	Personal Protective Equipment	\$9,630,876	\$14,940,116	\$24,570,992
24	Economic Support (other than small business, housing and food assistance)	\$14,554,490	\$5,028,543	\$19,583,033
25	Medical Expenses	\$4,189,201	\$3,540,715	\$7,729,916
26	Administrative Expenses	\$3,183,787	\$2,414,397	\$5,598,184
27	COVID-19 Testing and Contact Tracing	\$3,218,595	\$2,737,167	\$5,955,762
28	Food Programs	\$1,952,259	\$1,791,140	\$3,743,399
29	Nursing Home Assistance	\$1,441,156	\$239,627	\$1,680,783
30	Unemployment Benefits	\$151,207	\$756,268	\$907,475
31	Workers' Compensation	\$91,719	\$273,908	\$365,627
32	Expenses Associated w/Issuance of Tax Anticipation Notes	\$0	\$358	\$358
33	Total Expenses	\$476,642,631	\$357,806,900	\$834,449,531
34				
35	Remaining Balance due to Unfiled Reports ² (Total Adjusted Distributions less Expenses)	(\$908,771)	\$3,022,231	
36	Remining Balance as % of Total Adjusted Distributions	-	0.8%	

Status Report – Total Uses



Resources

House Fiscal CRF for Local Governments tracking
<https://www.house.leg.state.mn.us/Fiscal/Home/IssueBriefs>

House Research COVID-19
<https://www.house.leg.state.mn.us/hrd/covid-19.aspx>

MMB COVID-19 Accountability Office website
<https://mn.gov/mmb/covid-19-response-accountability-office/>

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