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Most Municipalities Remain Unable to Access Coronavirus Relief Funds

Despite Treasury Guidance Permitting States to Transfer Funds to Local Governments

(The information in this document is accurate as of May 18, 2020. NLC is monitoring CRF expenditures and will update this document as necessary.)

The National League of Cities appreciates the significant fiscal assistance that was enacted for states, cities, and counties under the CARES Act. For some municipalities, the Coronavirus Relief Fund has been a lifeline for maintaining uninterrupted operation of local government and services in extremely challenging circumstances. Unfortunately for most local governments, that lifeline remains unavailable, and is unlikely to ever be available for the vast majority of local governments representing small and rural communities. As a result, there is a real possibility that cities, towns, and villages will go from being an essential part of America's recovery, to becoming a serious drag on it without direct federal assistance to all local governments.

Background

- March 27: The CARES Act is signed into law, creating the Coronavirus Relief Fund, a \$150 billion relief fund for states, territories, tribes, and local governments. The majority of local governments [were excluded](#) from a guaranteed minimum level of assistance. Of the 19,000 cities, towns, and villages in the United States, [only 36 municipalities](#), each with more than 500,000 residents, were provided direct assistance under the CARES Act Coronavirus Relief Fund.
- April 22: U.S. Treasury issues first guidance to eligible governments for eligible expenditures of Coronavirus Relief Funds. The guidance established funds were ineligible for addressing revenue shortfalls, [but did not provide clarity to states about transfers of funding to local governments](#) with less than 500,000 residents. The lack of clarity created confusion about the authority of state governments to transfer funds to local governments, which impacted initial state planning and delayed efforts of local governments to access Coronavirus Relief Funds through their states.

- May 4: U.S. Treasury issues an updated Frequently Asked Questions document [clarifying that a state receiving a Coronavirus Relief Fund payment may transfer funds to local governments](#), provided the transfer meets all the criteria for an eligible expenditure.
- May 11: U.S. Treasury publishes [Payments to States and Eligible Units of Local Governments](#). It is unclear if Treasury is tracking intergovernmental transfers of funding to local governments ineligible for direct funding; or if such information will be shared publicly. NLC is compiling the following information from public reports.

Intergovernmental Transfers of Coronavirus Relief Funds

State governments have taken a variety of approaches to Coronavirus Relief Fund expenditures. As a result, there is little consistency in how local governments may access funding from the states, if funding is made available at all. NLC has categorized states into one of three prevalent approaches:

- 1.) States allowing transfers to county governments but excluding municipal governments.
- 2.) States allowing municipal governments to apply for a transfer of funds, with greater and lesser degrees of red tape.
- 3.) States withholding funding from most municipal governments, including all small and rural municipalities, with no indication of when, or if, funds will ever be made available.

Two states are allowing transfers to county governments but excluding municipal governments:

- 1.) North Carolina
- 2.) Missouri

Sixteen states are allowing municipal governments to apply for a transfer of funds, with greater and lesser degrees of red tape:

1. Alaska
2. Delaware
3. Hawaii
4. Idaho
5. Indiana
6. Kentucky
7. Louisiana
8. Maryland
9. Massachusetts
10. New Hampshire
11. Ohio
12. Oklahoma
13. Oregon
14. Texas
15. Virginia
16. Washington

Thirty-two states are withholding funding from most municipal governments, including all small and rural municipalities, with no indication when, or if, funds will ever be made available.

1. Alabama
2. Arizona
3. Arkansas
4. California
5. Colorado
6. Connecticut
7. Florida
8. Georgia
9. Illinois
10. Iowa
11. Kansas
12. Maine
13. Michigan
14. Minnesota
15. Mississippi
16. Montana
17. Nebraska
18. Nevada
19. New Jersey
20. New Mexico
21. New York
22. North Dakota
23. Pennsylvania
24. South Dakota
25. Tennessee
26. South Carolina
27. Rhode Island
28. Utah
29. Vermont
30. West Virginia
31. Wisconsin
32. Wyoming.

Municipal Reports from the States

- **Alaska:** Governor Dunleavy is proposing to give 45% to cities and boroughs in Alaska, based on population formula plus 75% of economic activity, roughly. The Alaska Municipal League is concerned that Treasury has published expenditure guidance on a rolling basis. Without an exhaustive list of eligible expenditures, local governments are apprehensive about the risk that Treasury may retroactively rule out an expenditure and attempt to recapture spent funds in the future.

- **Georgia:** State leaders are meeting with local governments, and stakeholders anticipate the state will agree to share 45% of the local share (about \$1.2 billion) with all jurisdictions not receiving a direct allocation on a \$55 per capita basis. Initially, each eligible jurisdiction will receive an immediate distribution of 20 percent (20%) of their total per capita allocation. The remainder of the allocation will be reimbursement based. Jurisdictions will submit documentation to the state (agency TBD) and request reimbursement.
- **Louisiana:** Governor Bel Edwards has committed 45% to municipalities and parishes, without any population thresholds. However, the method of allocation is still under discussion. The Louisiana Municipal Association is working closely with the Governor on this effort.
- **Maine:** Governor Mills is still waiting to make a decision about CARES allocation at the local level. On May 4, Maine's Congressional Delegation wrote a letter to President Trump highlighting the financial strain COVID-19 has had on the state and local governments. Maine's Congressional Delegation is advocating for additional assistance, as 85 percent of Maine's state revenues are from income and sales tax revenues.
- **Mississippi:** Uncertainty and debate prevail as Governor Tate insisted he had power over the CARES Act allocation, but once the Legislature returned, they passed legislation giving them control over the allocation of CARES dollars. The Mississippi Municipal League is working to provide the Legislature with how much cities need, as the Legislature is working on how to ensure these funds relieve financial pressure.
- **North Carolina:** The General Assembly passed a bill appropriating \$150M to county governments, that they are permitted to share with municipalities, but are not required to do so. Some counties have already come out and stated that they will not share the funds they receive with cities.
- **Texas:** The state is setting up a pass-through program for local governments. Of that \$5.06 billion Treasury has directly sent just over \$3.2 billion to the six cities and 12 counties in Texas with a population greater than 500,000, which leaves \$1.85 billion for the other cities and counties in the state. The State sent a letter to City and County Leaders informs them how to apply for funds.