Federal CARES Act and COVID-19 Emergency Funding

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ADMINISTRATOR
DIVISION OF FINANCIAL MANAGEMENT

Outline

- CARES Act Funding to State
  - Use of the Coronavirus Relief Fund (CRF)
  - CRF Intersection with Governor’s Budget Recommendation
- COVID Relief Act from December 2020

PETER G. PETERSON FOUNDATION

Total:	**$8.1 Billion**
Total Per Capita:	$4,549
Economic Impact Payments:	$1,565 Million
Federal Pandemic Unemployment Compensation :	$566 Million
Pandemic Emergency Unemployment Compensation :	$39 Million
Pandemic Unemployment Assistance :	$79 Million
Other Emergency Unemployment Funding:	$19 Million
Paycheck Protection Program:	$2593 Million
Provider Relief Fund:	$388 Million
Coronavirus Relief Fund:	$1250 Million
HHS COVID-19 Appropriations:	$144 Million
FEMA Disaster Relief Fund:	$52 Million
Educational Support:	$64 Million
Infrastructure Grants:	$62 Million
Emergency Injury Disaster Loan Advances:	$61 Million
Emergency Injury Disaster Loans:	$681 Million
Medicare Accelerated and Advance Payments:	$566 Million

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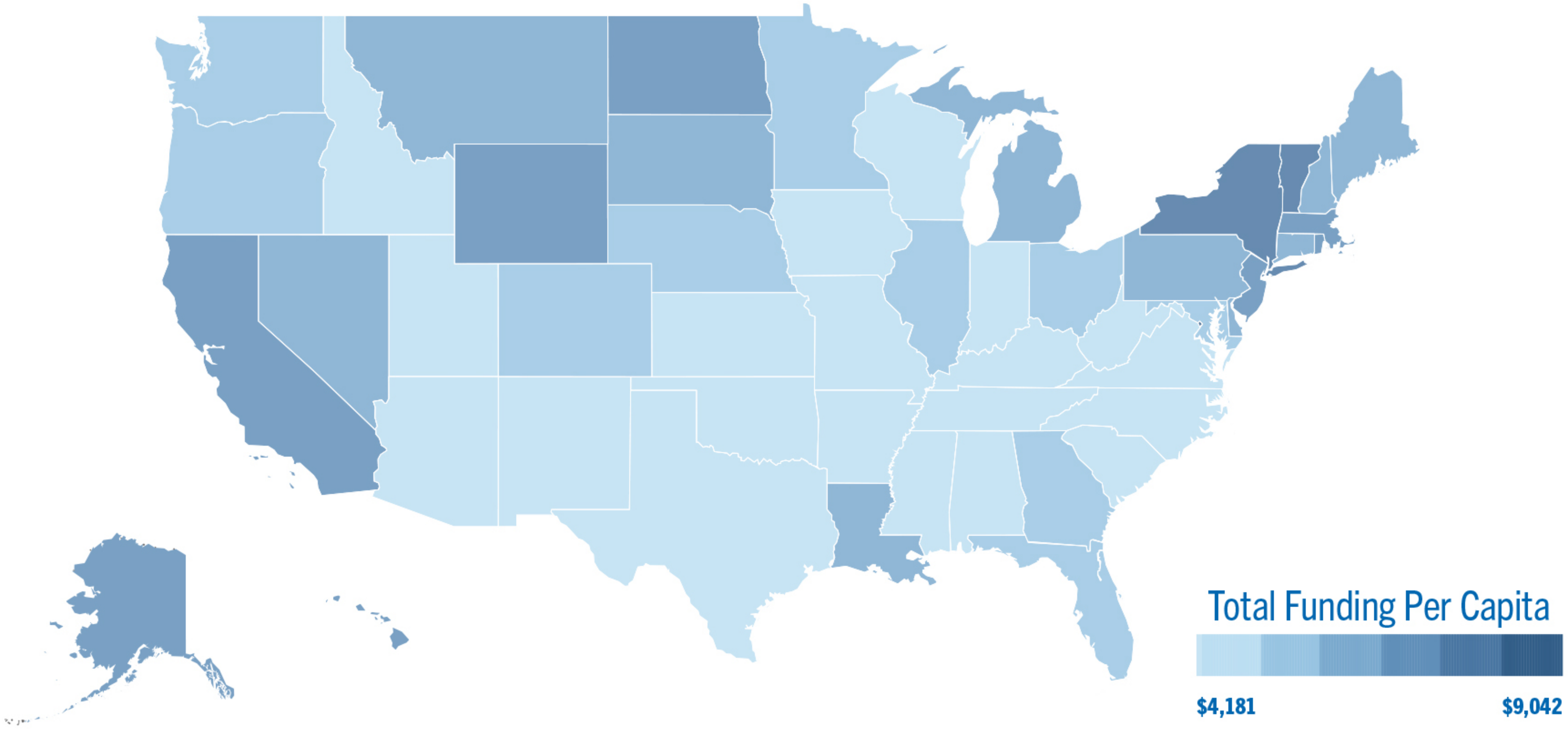
Distribution of Federal Funding from COVID-19 Programs by State



Coronavirus Relief Fund

- Idaho received $1.25 billion
- No Idaho local governments received direct payments from U.S. Treasury so the state was tasked with managing the allocation
- Use of funds limited by law and through U.S. Treasury guidance
- Audited by Treasury Inspector General with recoupment authority

Coronavirus Relief Fund

"A State…shall use the funds provided under a payment made under this section to cover **only** those costs of the State, Tribal government, or unit of local government 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 the date of enactment of this section for the State or government; and
- "(3) were incurred during the period that begins on **March 1, 2020, and ends on December 30, 2020**.

U.S. Treasury Guidance

Necessary expenditures incurred due to the public health emergency

The requirement that expenditures be incurred "due to" the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be "necessary." The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

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U.S. Treasury Guidance

Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

However, Fund payments may be used for the expenses of, for example, establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity or improve mitigation measures, including related construction costs.

CFAC Overview

- Governor Little created the Coronavirus Financial Advisory Committee (CFAC) in Executive Order 2020-07

- Specific guidance:
- "…federal funding must be judiciously and prudently managed on behalf of all taxpayers"
- "…the receipt of federal funding must not impede or inhibit the state's Constitutional mandate to provide a long-term, structurally balanced budget for the people of Idaho"
- "To the extent allowable under law, leverage the new federal funding to offset existing state General Fund obligations rather than apply the federal funds to new or expanded programs…"

CFAC Members

Alex Adams	Administrator, Division of Financial Management (Chair)
Lt. Governor Janice McGeachin	Lieutenant Governor
Senator Steve Bair	Co-chair, Joint Finance-Appropriations Committee
Representative Rick Youngblood	Co-chair, Joint Finance-Appropriations Committee
Representative Melissa Wintrow	Member, Idaho House of Representatives
Josh Whitworth	Chief of Staff, Office of the State Controller
Jani Revier	Director, Idaho Department of Labor
Tom Kealey	Director, Idaho Department of Commerce
Shawn Keough	State Board of Education member
Lisa Hettinger	Deputy Director, Idaho Department of Health and Welfare
Garden City Mayor John Evans	City government representative
Seth Grigg	Executive Director, Idaho Association of Counties, county government representative
Chantel Greene	Nez Perce Tribe, tribal government representative
Dennis Johnson	Large business representative
Matt Newton	Small/midsize business representative
Bobbi-Jo Meuleman	Intergovernmental Affairs Director, Office of the Governor

Cash Management

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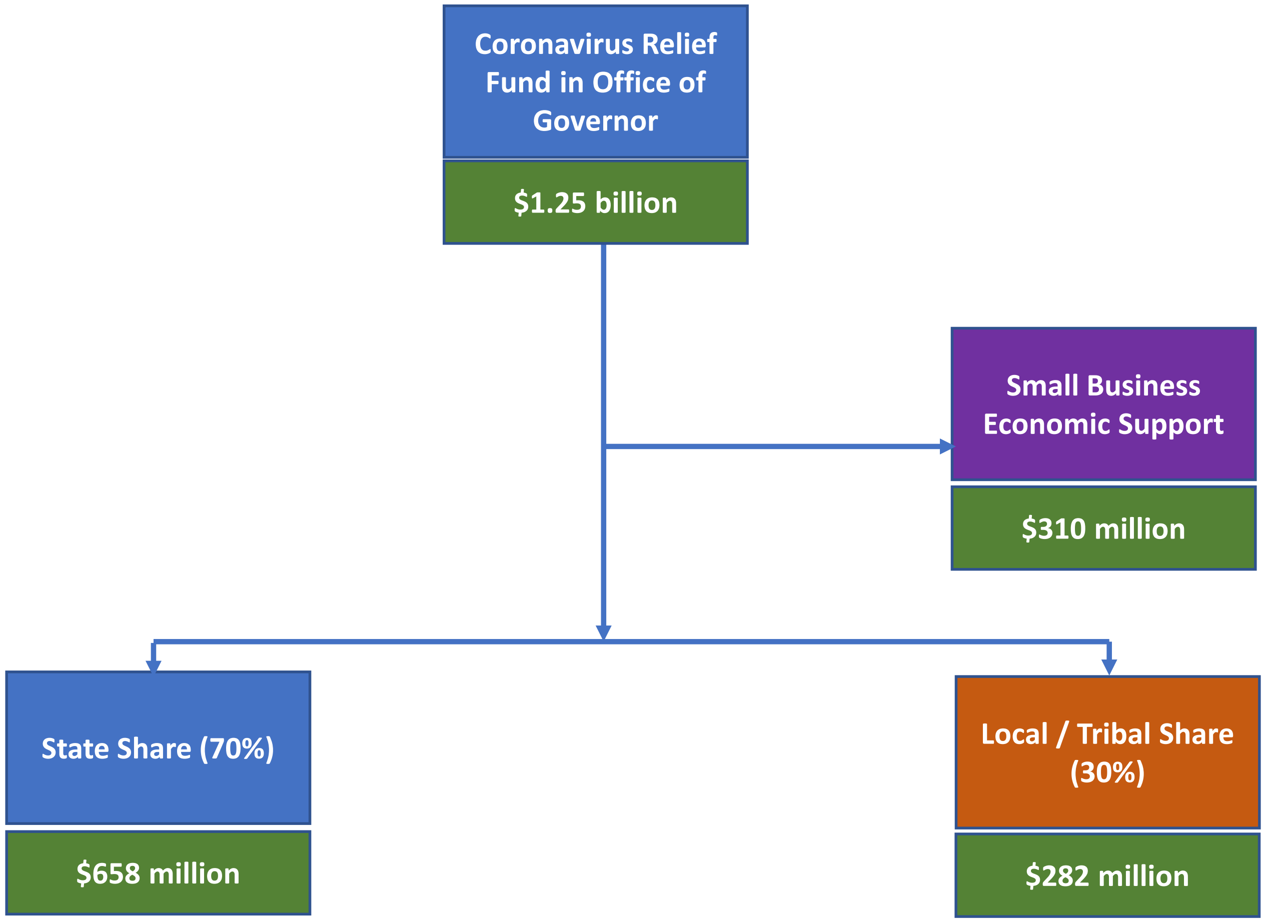
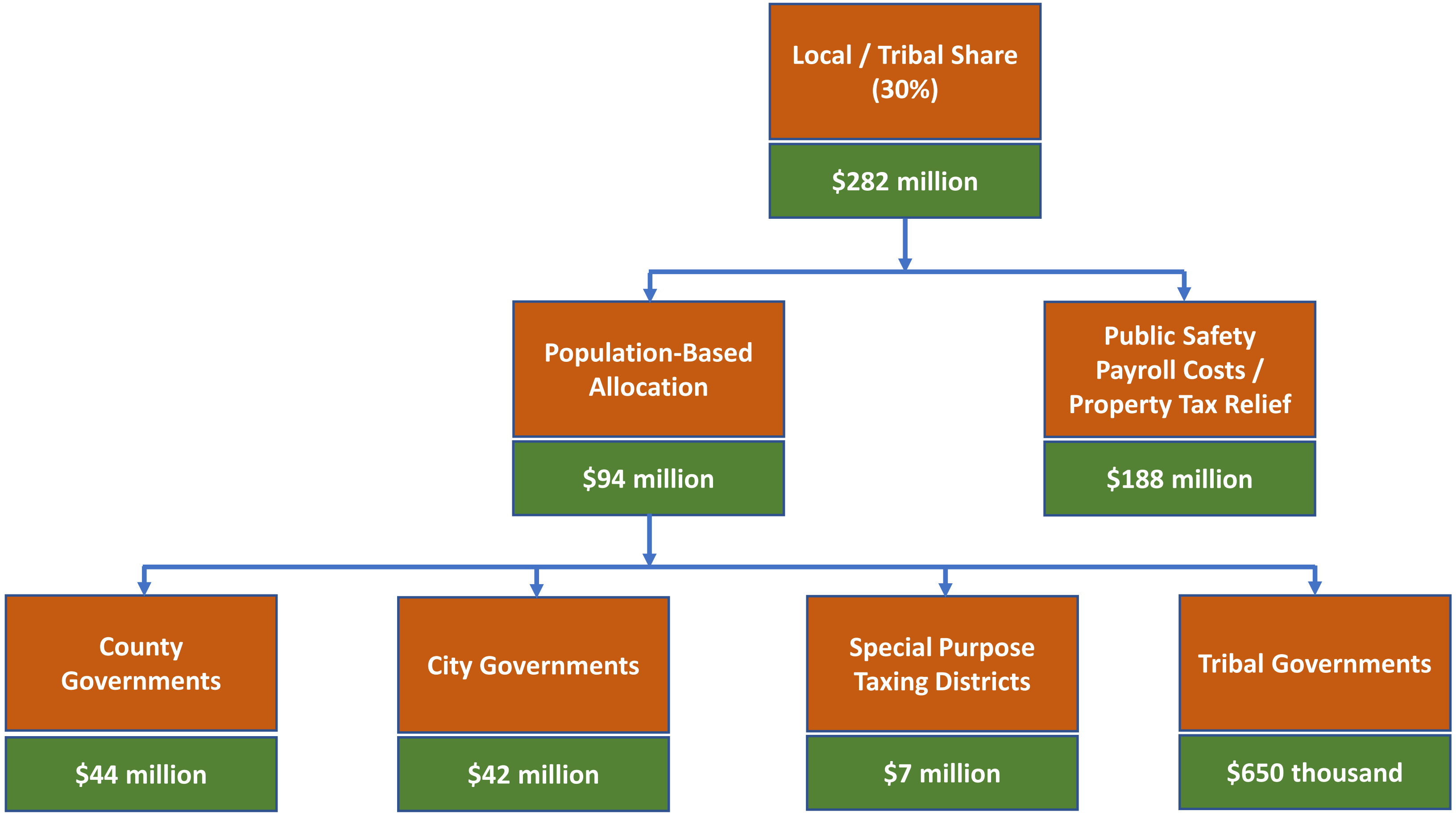
For first time in 38 years, Idaho state government won't borrow money to support cash flow, saving taxpayer dollars

Thursday May 21, 2020

Boise, Idaho – Under the direction of Governor Brad Little and State Treasurer Julie Ellsworth, the State of Idaho will not borrow money in the bond market to meet anticipated cash flow requirements for the current fiscal year.



State Controller tracks use of all funds, which will be reported on Transparent Idaho
with reports for each entity and expense category



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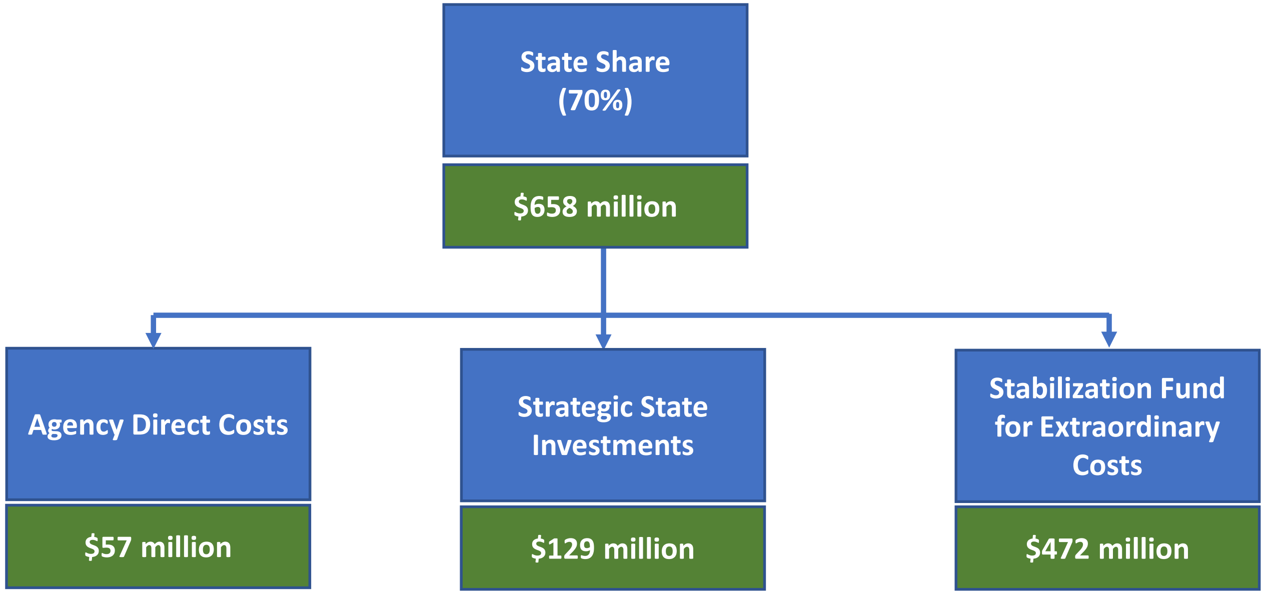
Sample City Allocations

Fairfield	408	0.033%	$	14,000
Ferdinand	161	0.013%	$	5,500
Fernan Lake Village	171	0.014%	$	5,900
Filer	2,851	0.232%	$	98,200
Firth	492	0.040%	$	16,900
Franklin	828	0.067%	$	28,500
Fruitland	5,388	0.438%	$	185,500
Garden City	11,911	0.968%	$	410,100
Genesee	971	0.079%	$	33,400
Georgetown	494	0.040%	$	17,000
Glenns Ferry	1,295	0.105%	$	44,600
Gooding	3,473	0.282%	$	119,600
Grace	924	0.075%	$	31,800
Grand View	457	0.037%	$	15,700
Grangeville	3,200	0.260%	$	110,200
Greenleaf	885	0.072%	$	30,500



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Sample Agency Allocations

Finance, Department of	$	3,680	0%
Industrial Commission	$	10,730	0%
Insurance, Department of	$	48,260	0%
Labor, Department of	$	9,997,200	10%
Public Utilities Commission	$	23,500	0%
Transportation Department, Idaho	$	255,200	0%
Hispanic Affairs, Commission	$	4,000	1%
Public Defense Commission	$	14,502	0%
State Appellate Public Defender	$	25,171	1%
Veterans Services, Division of	$	5,278,263	11%
Libraries, Commission for	$	7,670	0%
Pharmacy, Board of	$	6,667	0%
Accountancy, Board of	$	4,904	1%
Medicine, Board of	$	12,243	1%

CFAC Allocations

- Small Business Support - $318 million
- Local Government Support - $282 million
  - Public Safety Initiative - $126 million
- Education and Safe Reopening of Schools - $220 million
  - Strong Families, Strong Students - $50 million
- State Agency Programs - $192 million
- Broadband Infrastructure - $50 million
- Rental Assistance - $15 million
- Food Bank - $2.6 million
- Lost Wages Assistance Program - $1.1 million

Tracking Expenditures

Data

Records

Applicant	Business Industry	Grant Purpose	Amount ($)	City	Zip Code	Number of Empl
1 A NORTHWEST S...	Health Care and Social As...	Rent;Utilities;	10,000.00	BOISE	837045970	11 to 19 empl
1 CALL PROPERTY ...	Other	Rent;Utilities;	7,600.00	FILER	833285507	1 to 5 employe
1ST POINT BOOKK...	Administrative, Support, a...	Rent;Utilities;	1,600.00	NAMPA	836875222	1 to 5 employe
1 WITH NATURE LLC	Industries not classified	Equipment;Rent;Utilities;	10,000.00	BOISE	837133925	1 to 5 employe
208 APPLIANCE I...	Transportation and Wareh...	Equipment;Personal Protective Equipment...	10,000.00	KUNA	836343352	6 to 10 employ
208AUCTIONS LLC	Industries not classified	Inventory;Personal Protective Equipment;...	10,000.00	NAMPA	836518138	6 to 10 employ
208 CLEANING CO...	Other	Personal Protective Equipment;Rent;Utiliti...	1,800.00	BOISE	837095947	1 to 5 employe
208GEEK LLC	Information	Equipment;Personal Protective Equipment...	6,900.00	BOISE	837131228	1 to 5 employe

Practical Considerations

- CARES Act signed March 27; CRF funds received April 17
- Treasury issued Guidance and FAQs April 22
- Treasury updated guidance/FAQ on May 4, May 28, June 24, June 30, July 1, July 2, July 8, July 31, August 10, August 28, September 2, September 21, October 19, November 25
- Senate HEALS Act introduced on July 27 – would have changed use of CRF and allowed use for revenue losses in certain cases
- Expenses had to be "incurred" by December 30; strict limits on pre-payments
- Extended duration beyond December 30…on December 27th

Practical Considerations

- State serves as prime recipient for local governments
  - Few direct COVID-19 costs incurred by local governments
  - Time-consuming subcommittee review and approval of expenses since state was on hook for use of funds
  - Approximately 50% *initial* approval rate
- Need to address an evolving/unknown situation
- Reallocation of funds when unspent/unrequested before deadline

Intersection with Gov.'s Budget – FY 21

- Reimbursement of COVID-10 Expenses – ($141,397,012)
- CRF for the following:
  - Health & Welfare – $25,150,000
  - Veteran Services - $3,889,140
  - Labor - $3,406,833
  - ITS - $1,808,240
  - State Police - $350,000
  - Pardons & Parole - $50,000
- Building Idaho's Future
  - Small Business Grants - $15,000,000
  - Summer Education Programs - $20,000,000
- Programs from CY 2020 show up as 6 series DU's – closing out final reimbursements

Intersection with Gov.'s Budget – FY 22

- CRF for the following:
  - Veteran Services - $3,731,862
  - Labor - $3,302,582

Governor Brad Little
State Capitol :: Boise, Idaho 83720
(208) 334-2100 :: gov.idaho.gov

July 27, 2020

Members of the Idaho Congressional Delegation,

Thank you for your efforts to work collaboratively with my office to ensure Idaho has the resources necessary to respond effectively to the 2019 novel coronavirus (COVID-19) pandemic. Idaho has been able to leverage its existing funds for significant investments to combat COVID-19, including enhanced testing capacity, protective measures for our vulnerable populations, and efforts to ensure our schools are able to re-open safely.

I understand that Congress is currently considering what is being referred to as the CARES Act 2.0. While we have not yet seen the official legislative language, the National Governors Association (NGA) has sent us a conceptual summary. I wanted to share my office's initial feedback with headings adapted from NGA's summary.

No New Funding. Per NGA, CARES 2.0 is unlikely to include new funding for state and local governments. I support this provision. Last year, I initiated a "spending reset" to right-size government spending and I worked closely with our legislature to rebuild our rainy-day funds for times like these. Idaho is prepared to weather these economic challenges because of tough decisions we have made, and we do not support bailing out states who have been unable or unwilling to make similar decisions. Additional bailouts are the equivalent of sticking the cost on our children and grand-children.

December 2020 Pandemic Relief Bill

Program	State Agency to Administer	Senate Estimate	FFIS Estimate
Unemployment Insurance (11-week duration)	Labor	$1,061,718,345	N/A
Direct Payment Estimates ($600/person)	N/A	$872,675,000	N/A
Governor’s Emergency Education Fund	OSBE	$26,552,000	$6,917,000
Elementary and Secondary School Emergency Relief Fund (K-12 schools)	Public Schools	$195,890,000	$198,415,000
Higher Education Emergency Relief Fund	Colleges & Universities	$115,834,000	N/A
Rental Assistance	IHFA	$200,000,000	$200,000,000
Vaccine Funding	DHW	$37,849,121	$38,703,000
Testing, Tracing, and COVID Mitigation Funding	DHW	$192,451,648	$172,404,000
Substance Abuse Prevention and Treatment Block Grant	DHW	N/A	$8,264,000
Mental Health Block Grant	DHW	N/A	$9,831,000

December 2020 Pandemic Relief Bill

Program	State Agency to Administer	Senate Estimate	FFIS Estimate
Child Care and Development Block Grant	DHW	$58,844,273	$58,845,000
Head Start	N/A	N/A	$863,000
Promoting Safe and Stable Families	DHW	N/A	$322,000
Chafee Foster Care Program for Successful Transition to Adulthood	DHW	N/A	$1,225,000
Chafee Education and Training Vouchers	DHW	N/A	$177,000
Congregate Meals and Home Delivered Meals	Aging	N/A	$851,000
FTA – Enhanced Mobility of Seniors and Individuals with Disabilities	ITD	N/A	$273,000
FAA – Airport Improvement Program	ITD	$12,061,404	$12,061,000
FHWA – Surface Transportation Block Grant	ITD	$71,022,748	$71,023,000
FEMA Funeral Benefits	N/A	$10,289,000	N/A

FY 21 Budget Recommendations

- Included all known federal funds that will be administered by a state agency in FY 21 with a recommendation for re-appropriation authority into FY 22

- We provided budgets to LSO the week of 12/28
  - DFM used the estimates from FFIS and the U.S. Senate, knowing these will likely need to be adjusted when the final amounts become clearer during legislative session

Questions

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