

## Congressional COVID-19 Funding for Local Government Overview

Since March 2020, Congress has passed three significant (one interim for the Paycheck Protection Program) COVID-19 response packages with the largest being the CARES Act, signed by President Trump on March 27, 2020. The CARES Act included \$150 billion in direct state and local funding.

On May 15, 2020, the House of Representatives passed The HEROES Act, which includes \$1+ trillion in state and local funding. Specifically, the legislation included the 'Coronavirus Local Relief Fund' with \$375 billion, divided 50/50 between cities and counties.

- During the drafting process, there was an emphasis from Democratic leadership to use existing statutes and funding formulas and avoid creating 'big new programs.'
- Of the \$187.5 billion for cities, \$131.25 billion would be distributed through the existing CDBG formula (**for comparison, CDBG was appropriated \$3.4 billion in Fiscal Year 2020 by Congress**)
  - \$87.5 billion would be paid within 30 days of enactment
  - The remaining \$43.75 billion would be paid between 4/15/21 and 5/3/21
- \$56.25 billion would then be sent to States to be paid to general local governments, other than counties or parishes
- Federal funds could only be used 'to respond to, mitigate, cover costs or replace foregone revenues not projected on January 31, 2020 stemming from the public health emergency'

### What's Next

The state and local funding component is the top priority for House Democrats in upcoming COVID-19 negotiations with the Senate and Trump Administration. While The HEROES Act will not be considered by the Senate, the state and local funding component is very likely to be included in any bipartisan package, albeit at a lower figure than the \$1 trillion fund passed by House Democrats.

Timing on this next package has slipped into July as Senate Majority Leader McConnell is resisting any formal negotiations until the end of June/beginning of July.