



Commonwealth of Massachusetts

Executive Office for Administration & Finance

Federal Funds Office (FFO)

COVID-19 Municipal Response Updates

June 2021



About this Presentation

The Commonwealth of Massachusetts has been significantly impacted by the public health emergency caused by the Coronavirus Disease 2019 (COVID-19).

Federal funds provided to Massachusetts in response to COVID-19 are coordinated and administered by the Executive Office for Administration & Finance (ANF) Federal Funds Office (FFO).

In May 2020, the Commonwealth launched the Coronavirus Relief Fund – Municipal Program to make up to \$502 million available to eligible municipalities to support unanticipated costs associated with the public health emergency. This presentation summarizes the conclusion of this program.

Further, this presentation also highlights the necessary steps certain municipalities must take to request funding through the American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Fund (CLFRF).

The descriptions provided in this document are not comprehensive and should not be considered legal advice.



Overview

Extended Deadline of October 29, 2021, for CvRF-MP

- Coronavirus Relief Fund – Municipal Program (CvRF-MP) participants have until October 29 to request funding

Concluding CvRF-MP

- A&F will close out CvRF-MP rapidly to facilitate reallocation of CvRF dollars in lieu of returning them to US Treasury

Requests for Coronavirus Local Fiscal Recovery Funds

- Nonentitlement Units should request CLFRF now





Extended Deadline for CvRF-MP

- The Commonwealth made up to **\$502 million** available to municipalities through the CARES Act Coronavirus Relief Fund – Municipal Program (CvRF-MP) beginning in May 2020
- A&F has distributed approximately **\$330 M**, leaving an unspent balance of about **\$170 M**
- CvRF-MP is designed as a complement to the FEMA Public Assistance program, but there have been several notable changes over the last year:
 - FEMA PA eligibility *narrowed* in September 2020, meaning that some expenses presumed to be eligible by CvRF-MP were not eligible
 - FEMA PA eligibility was then *expanded* for all expenses incurred after January 2021
 - FEMA PA reimbursement rate *increased to 100%*, retroactive to the beginning of the program, meaning that expenses that were eligible for FEMA PA at a higher rate than anticipated by CvRF-MP

Note on Eligibility for the CvRF-MP

- *The City of Boston and Plymouth County were eligible to receive Coronavirus Relief Fund distributions directly from US Treasury*
- *The City of Boston and municipalities in Plymouth County are not eligible to participate in CvRF-MP*



Extended Deadline for CvRF-MP

- The CvRF-MP Reconciliation Period began on December 17, 2020; municipalities are invited to submit eligible expenses for reimbursement during this period
- The deadline to apply for CvRF-MP reimbursements is extended to **4pm on Friday, October 29, 2021**
- A&F expects municipalities to receive the beneficial use of CvRF-MP resources (i.e., goods delivered, services rendered) by October 29, 2021 and close out their programs by that date



Extended Deadline for CvRF-MP

- In limited circumstances, A&F will pre-approve use of CvRF-MP resources if the beneficial use will take place between October 30, 2021, and December 31, 2021
 - This pre-approval will take place before October 29, 2021, so the Commonwealth can account for unexpended balances and re-allocate those funds to other uses in lieu of returning funds to the federal government



Extended Deadline for CvRF-MP

CvRF-MP Eligibility and Compliance Concerns

- The eligibility standards for CvRF-MP have not changed
- Eligible Uses:
 - Necessary as a result of the public health emergency caused by COVID-19
 - Expenses must be unbudgeted as of March 27, 2020
 - Recipients must receive the beneficial use of the expenses between March 1, 2020, and December 31, 2021
- The standard of “Necessary as a result of the public health emergency caused by COVID-19” is more difficult to attain as COVID-related public health measures are lifted



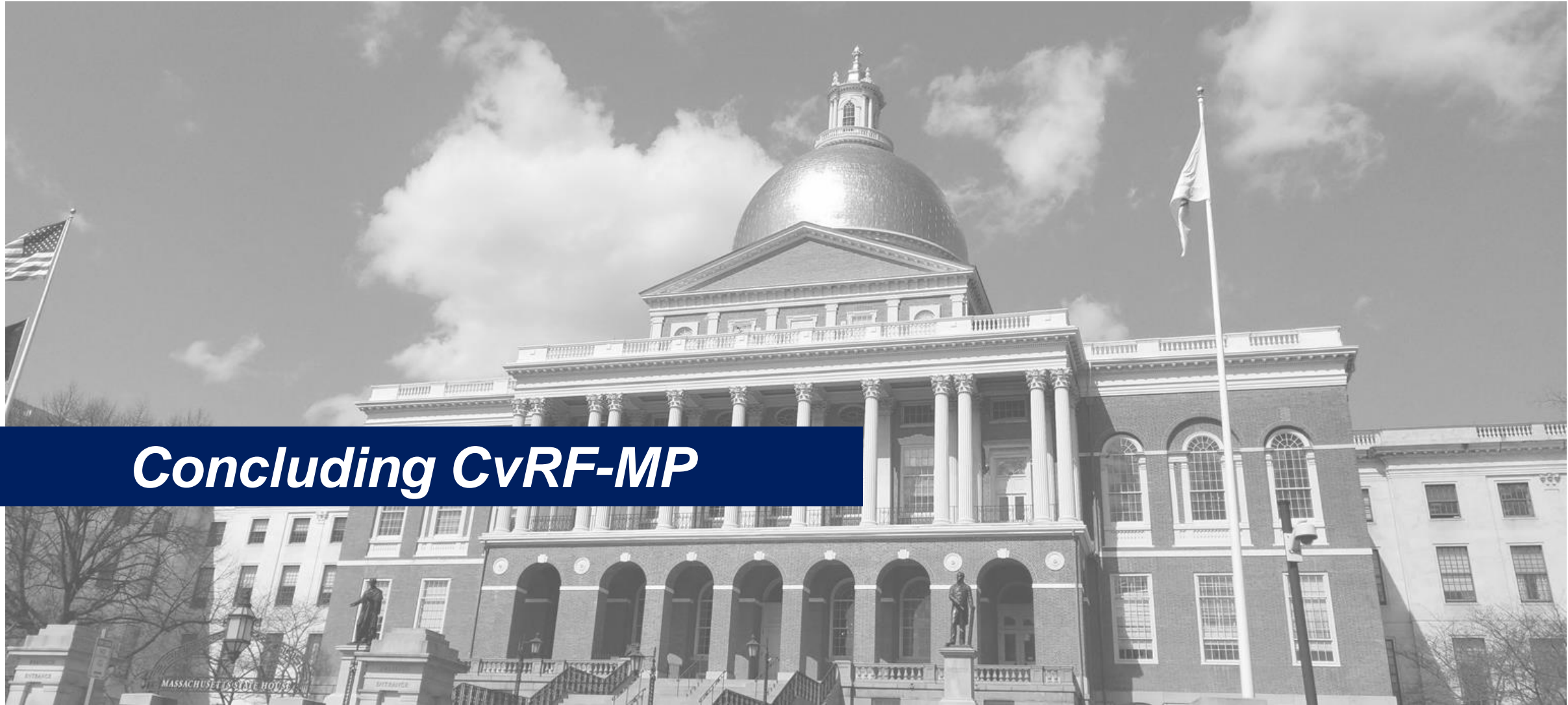
Extended Deadline for CvRF-MP

CvRF-MP Eligibility and Compliance Concerns

- In addition to CvRF-MP, the American Rescue Plan Act (APRA) Coronavirus Local Fiscal Recovery Funds (CLFRF) are now available to municipalities to response to and recover from COVID-19
- The Commonwealth will administer CvRF-MP with concerns about the appropriate role of CvRF and CLFRF in mind



Concluding CvRF-MP





Concluding CvRF-MP

Applications	Reporting	Technical Assistance
<ul style="list-style-type: none"> Municipalities may apply for the Reconciliation Period until October 29, 2021. The application form is the Excel workbook available on the Division of Local Services website. Please ensure you review all guidance and complete the application in its entirety. After submission, A&F will review application for eligibility, follow up if needed, and notify of award through grant letter. 	<ul style="list-style-type: none"> Quarterly spending reports are required by the US Treasury to provide accountability and transparency for CvRF spending. Municipalities were required to complete the most recent quarterly spending report as of June 4, 2021. The next quarterly spending report, covering April 1, 2021, through June 30, 2021, is due on September 3, 2021. The reporting requirement will continue until September 2, 2022. Municipalities that have not completed required quarterly spending reports will not be approved for further CvRF-MP resources until they complete their reporting obligations. 	<ul style="list-style-type: none"> If you have questions regarding the CvRF-MP please submit a question through the link included in the guidance. We will review questions daily and respond as soon as possible (likely within 1-2 days). If the question requires follow up with a broader group, we will notify you of a delay in response as we collaborate to answer the question (likely within a week).



Concluding CvRF-MP

Concluding CvRF-MP

- In general, municipalities should conclude CvRF-MP spending by October 29, 2021
- Municipalities should plan to return unspent funds to the Commonwealth soon after the October deadline
 - A&F will provide further guidance on the specific steps required to conclude CvRF-MP
- CvRF-MP will conclude rapidly in order to facilitate reallocation of the funds



ARPA Coronavirus Local Fiscal Recovery Fund



Accessing the Coronavirus Local Fiscal Recovery Fund



Coronavirus Relief Fund (CvRF) vs. Coronavirus State & Local Fiscal Recovery Fund (CSLFRF)

	CvRF	CSLFRF
Access of Funds	<ul style="list-style-type: none"> CARES Act created CvRF to provide support directly to states to respond to COVID-19 MA created the CvRF – Municipal Program (CvRF-MP) which provides up to \$502M for municipalities CvRF-MP dollars were made available to cities and towns and allocated on a per capita basis; Reconciliation Period is open 	<ul style="list-style-type: none"> ARPA created CSLFRF to provide direct assistance to states and local governments to respond to COVID-19 State to receive \$5.3 B; cities, counties to receive \$3.4 B: \$2 B through CDBG formula, \$946 M to municipalities in abolished counties, and \$393 M to functional counties Funds distributed in two tranches: 50% in May 2021 and remaining 50% not earlier than 12 months later
Eligible Uses <i>(see following slides for additional details)</i>	<ul style="list-style-type: none"> Costs must be: <ol style="list-style-type: none"> Necessary expenditures incurred due to the public health emergency with respect to COVID-19; Unaccounted for in the budget most recently approved as of March 27, 2020; and Incurred during the period that begins on March 1, 2020, and ends on December 31, 2021 	<ul style="list-style-type: none"> Eligible uses include costs to: <ol style="list-style-type: none"> Respond to the public health emergency with respect to COVID-19 or its negative economic consequences; Provide premium pay to employees providing essential work during the COVID-19 pandemic; Provide government services to the extent of the reduction in revenue due to COVID-19; Invest in water, sewer, or broadband infrastructure Funding uses eligible under CvRF as a response to direct public health impacts of COVID-19 are eligible under CSLFRF with two exceptions: <ol style="list-style-type: none"> Standard for eligibility of public health and safety payroll has been updated under CSLFRF; must justify and document under CSLFRF Expenses related to issuance of tax-anticipation notes are not eligible



Coronavirus Relief Fund (CvRF) vs. Coronavirus State & Local Fiscal Recovery Fund (CSLFRF)

	CvRF	CSLFRF
Covered Period	March 1, 2020 – December 31, 2021	March 3, 2021 – December 31, 2024 (period of performance through December 31, 2026)
Reporting Requirements	<ul style="list-style-type: none">State must submit quarterly reports to Treasury OIGLocal governments that received CvRF through state must submit quarterly reports to A&F	<ul style="list-style-type: none">State must submit an interim report, quarterly project and expenditure reports, and annual recovery plan performance reportsCounties and entitlement community municipalities must submit interim report and quarterly project and expenditure reports. If they have more than 250 K residents, also must submit an annual recovery plan performance reportNon-entitlement communities must submit annual project and expenditure reports



Coronavirus State and Local Fiscal Recovery Funds

Updated Allocations

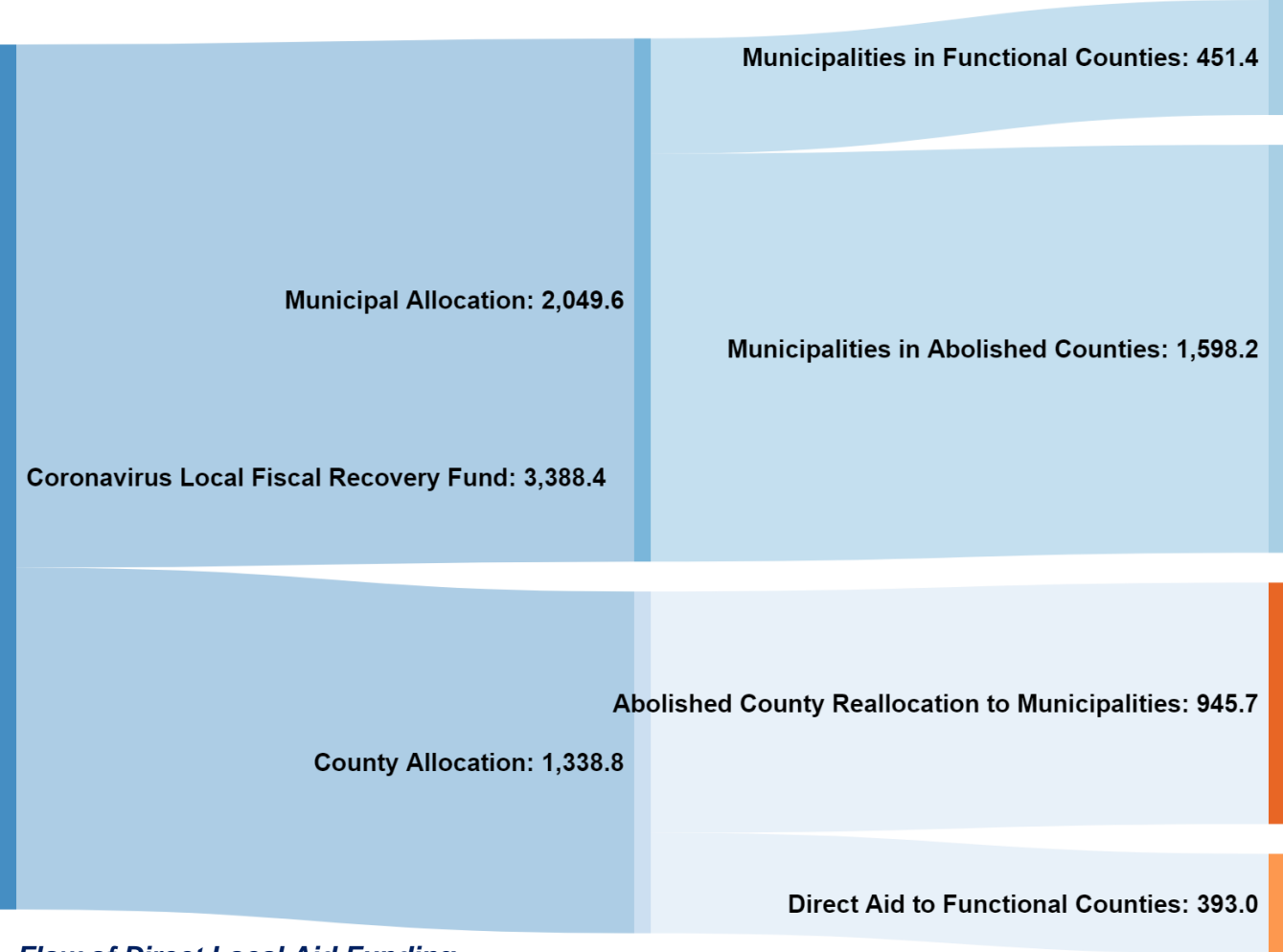
- The Commonwealth received **\$5.3 B**, an increase of approximately \$774 M versus the preliminary estimate of \$4.5 B
 - Calculated based on more recent unemployment data relative to the rest of the country
- Local governments in Massachusetts to get **\$3.4 B**, like the preliminary estimate but with slightly different distribution among cities and towns
- In total, **\$8.7 B** for the state, counties, and municipalities in Massachusetts

Payment Timing

- *Local Fiscal Recovery Funds are to be distributed in two tranches, with the first tranche distributed now and the second tranche distributed not less than 12 months after the first tranche*



Coronavirus State and Local Fiscal Recovery Funds



Coronavirus State and Local Fiscal Recovery Funds

- **\$5.3 B** to the Commonwealth
- **\$3.4 B** to local governments
 - › **\$1.7 B** for “metropolitan cities” (usually larger than 50k people)
 - › **\$385 M** for all other municipalities;
 - › **\$1.3 B** for counties
 - » **\$946 M** for nonfunctional counties (flows to municipalities)
 - » **\$393 M** for functional counties

Flow of Direct Local Aid Funding
Figures in \$ millions



Coronavirus State and Local Fiscal Recovery Funds

Applying for CLFRF

- Accessing the municipal allocation:
 - **Metropolitan Cities:** Apply directly with US Treasury
 - **Nonentitlement Units:** Request funds from the Commonwealth
- US Treasury has not provided guidance or funding associated with the county reallocation; as soon as we have that information, we will distribute these funds to municipalities
- Functional counties are eligible to apply for **\$394 M**

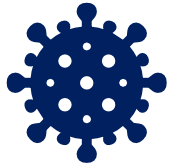
Subsequent Distribution

- *After the Commonwealth has made “all reasonable efforts” to contact NEUs, undistributed funds will be subject to a **subsequent distribution** process*
- *The Commonwealth will redistribute such funds on a per capita basis among NEUs that did apply*



Coronavirus State and Local Fiscal Recovery Funds

Eligible Uses for the State and Local Aid



1. *Respond to the public health emergency* with respect to COVID-19 or its negative economic impacts



2. Provide *premium pay* to employees providing essential work during the COVID-19 public health emergency



3. Provide government services to the extent of the *reduction in revenue* due to COVID-19



4. Invest in *water, sewer, or broadband* infrastructure

Covered Period

- *Expenses must be obligated by **December 31, 2024**, but actual payments can lag to **December 31, 2026***



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