

# Item 1: Legislative Fiscal Office

## Federal Coronavirus Relief Fund Distribution

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**Analyst:** Ken Rocco

**Request:** Acknowledge receipt of a report on an agreement made by the Governor, the President of the Senate, and the Speaker of the House on a high-level distribution of the state’s portion of the Coronavirus Relief Fund from the CARES Act into three distinct priority categories.

**Description:** On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act became law. One of the many funding components the CARES Act contains is a \$150 billion Coronavirus Relief Fund (CRF). Through the CRF, the CARES Act provides for payments to State, Local, and Tribal governments to pay costs associated with the impact of COVID-19.

The CARES Act requires that payments from the CRF can only be used to cover expenses that:

- (1) are necessary expenditures incurred due to the COVID-19 public health emergency;
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local government; and
- (3) were incurred during the period between March 1, 2020 and December 30, 2020.

As part of the federal act, funding for Coronavirus response was provided directly by the U.S. Treasury to units of local government with populations in excess of 500,000. Based on the federal formula, the City of Portland received \$114.2 million, Washington County \$104.7 million, and Multnomah County \$28.1 million. The balance of the Oregon allocation, \$1.39 billion, was provided to the state for COVID-19 related costs between March 1st and December 30th of 2020.

The Governor, President, and Speaker met in a series of meetings to discuss the CRF and the process of prioritizing its use. They agreed that the highest priority for the spending of the Coronavirus Relief Fund is on maintaining public health and actions that will keep people safe while enabling business to resume. In order to accomplish those goals, they decided to split the \$1.39 billion state-only share of the CRF into three major categories.

<b>Expenditure Categories</b>	<b>Amount (millions)</b>
<b>State Expenses</b>	<b>\$450</b>
<b>Local Government and Tribes</b>	<b>\$415</b>
<b>Reserve</b>	<b>\$525</b>
<b>Total</b>	<b>\$1,390</b>

State Expenses refers to costs incurred for the purchase of personal protection equipment (masks, gloves, shields, sanitizers, etc.); increased medical expenses; increased costs for public health communication and enforcement; preparation for COVID-19 beds; temporary rate increases for providers; salaries for COVID-19 dedicated staff; increased cleaning supplies and custodial staff; increased Food Bank program expenses; costs associated with the COVID-19 related programs that were funded by the Emergency Board at the March and April 2020 meetings; and other similar

increased costs by existing state programs that have a role in the COVID-19 response.

The Local Government and Tribes category includes funding specifically set aside for reimbursement of eligible expenses that local government entities and Oregon's nine federally recognized tribal governments have or will incur between March 1 and December 30, 2020. This category is described in depth in Item #2 on the Emergency Board agenda. The \$415 million is divided up into \$200 million for reimbursement of local governments, \$15 million for reimbursement of tribes, and \$200 million from the state to pay for personal protection equipment, contact tracing, testing capacity, vulnerable population quarantine, farmworker field sanitation restrictions, and other costs incurred by local governments during the response to COVID-19. These services and programs would be paid by the state but provided to the local entities and would not require the local government reimbursable process. Since Multnomah County, Washington County, and the city of Portland received a total of \$247 million directly from the U.S. Treasury, this set aside for local government and tribes is for entities outside of the boundaries of the two counties.

Finally, the Reserve category is a prudent set aside that could be deployed to any of the other two categories or to other unanticipated expenses or for one-time emergency COVID-19 related investments that may occur as costs are identified while the state responds to the COVID-19 pandemic. Any CRF funds not used by December 30, 2020 need to be returned to the U.S. Treasury, so state fiscal staff will be monitoring ongoing expenses eligible for use of the CRF closely during the remainder of the calendar year.

**Recommendation:** The Co-Chairs of the Emergency Board recommend acknowledging receipt of the report outlining the agreement made by the Governor, the President of the Senate, and the Speaker of the House on a high-level distribution of the state's portion of the Coronavirus Relief Fund from the CARES Act into the three priority categories of State Expenses, Local Government and Tribes, and Reserves.