

State and Local Governments COVID-19 Related Federal Funding

Chart No. 2

| Source of Law | Source of Funds | Louisiana | Requirements |
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| <p>The Coronavirus Aid, Relief and Economic Security (CARES) Act</p> | <p>The Coronavirus Relief Fund was created with \$150 billion in funds appropriated to it. These funds will be split among state and local governments to assist in expenses associated with the COVID-19 outbreak. Each state’s share is based on population.</p> | <p>State of Louisiana will receive \$1.8 billion from this Fund.</p> <p>Louisiana does not have any local governments that qualify for direct funding. Therefore, the State will receive the total amount and the Legislature will appropriate 45% to local governments. How this appropriation will be done is still undetermined.</p> | <p>The CARES Act requires that the payments from the Fund only be used to cover expenses that --</p> <ol style="list-style-type: none"> (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 March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. <p>On May 4, 2020, the US Treasury issued the following guidance on the determination on whether payroll expenses for public health or public safety employees satisfy the “substantially dedicated” condition:</p> <p>“The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may <u>presume</u> that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.”</p> |

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| <p>The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act).</p> | <p>The Disaster Relief Fund (DRF). Currently, the DRF has a total of about \$87 billion in funding. This includes \$45 billion specifically for COVID-19 related costs appropriated to the DRF by the CARES Act.</p> | <p>\$850 million (initial funding)</p> | <ul style="list-style-type: none"> • State and local governments are eligible to receive reimbursement from the Federal Emergency Management Agency (FEMA) for costs associated with measures taken before, during, and immediately after the COVID-19 emergency to save lives and to protect public health and safety. • Reimbursement is currently 75/25 cost share (i.e., state/local governments must provide 25% matching funds; Federal government covers 75%). • Must comply with Federal procurement rules (2 CFR Part 200). • Funds are administered through GOHSEP Contact GOHSEP at 225.925.7500 or gohsep.la.gov for assistance |
| <p>CARES Act</p> | <p>The CARES Act, through the Federal Reserve (the “Fed”), establishes a new lending facility: The “Municipal Liquidity Facility” (the "MLF") that will offer up to \$500 billion in direct lending to state and local governments.</p> | <p>The State of Louisiana and, as of April 27, 2020, the City of New Orleans are qualified to be an “Eligible Issuer” and may receive this loan and then use the proceeds to make similar secondary loans to smaller governmental units within the State or City that would not otherwise qualify to be Eligible Issuers.</p> | <ul style="list-style-type: none"> • Proceeds may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. • Eligible Notes: The MLF will purchase tax and revenue anticipation notes (TRANS), bond anticipation notes (BANs), and similar notes having a term of two years or less. Typical legal opinions and disclosures will be required. • Eligible Issuers: The MLF will make loans directly to states, to counties with at least two million residents, and to cities with at least one million residents. Importantly these larger issuers may then use the loan proceeds to support, through similar, secondary, loans, smaller governmental units that |

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| | | | <p>would not otherwise qualify as Eligible Issuers.</p> <ul style="list-style-type: none">• Limit: The limit for any Eligible Issuer is 20% of general revenue and utility revenue for fiscal year 2017. However, issuers may ask to exceed this limit in order to assist smaller political subdivisions and instrumentalities.• Pricing/Interest Rate: Pricing will be based on Eligible Issuer's bond rating at the time of purchase.• Origination Fee: The Eligible Issuer must pay to the MLF an origination fee of 0.1% of the principal amount of the loan, but the origination fee may be paid from the loan proceeds.• The MLF will make loans through September 30, 2020, unless it is extended.• The Fed will issue further guidelines. |
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