

# Local Leaders Should Consider a Range of Allowable Uses for Federal CARES Act Funds

**M**unicipalities across Ohio are continuing to deliver quality local services to Ohioans throughout the ongoing economic fallout and subsequent declining revenues. The pandemic has placed local governments on the front lines of the response, with many cities and villages seeing increased expenditures while watching their revenues fall.

The federal government's response to this crisis was through the CARES Act, which allocated \$4.5 billion to Ohio, with \$1.2 billion reserved for local governments that do not have a population of over 500,000 and therefore did not receive a direct distribution of federal aid.

The Ohio legislature allocated those revenues in three chunks: first, \$350 million was distributed via HB 481. The Ohio Controlling Board then allocated an additional \$175 million. Finally, on October 1, Governor DeWine signed HB 614, which distributes the remaining \$650 million on a per capita basis, rather than how the slightly-modified Local Government Fund (LFG) formula was to distribute funds previously.

Local leaders should also be aware that HB 614 extends the deadline by which communities must encumber the funds from October 15 to November 20. It also moves the deadline for when local governments must return all unspent money to the

state from December 28, 2020 to February 1, 2021; however, holding the fund open from December 31, 2020 to February 1, 2021 may only be done for accounting purposes only, since the funds can only be spent for COVID-19-related costs incurred no later than December 30, 2020.

While these funds can only be encumbered for non-budgeted COVID-19-related expenses, there are a number of approved uses for these funds that local governments may not have considered.

There are initially obvious COVID-19-related expenses that are directly beneficial to municipalities. These include acquiring and managing the use and distribution of personal protective equipment (PPE); disinfecting public areas and nursing homes, government facilities or parks; and caring for homeless populations in order to mitigate the spread of the virus.

Importantly, the federal government updated their guidance at the beginning of this month to clarify that full payroll and benefits for substantially dedicated employees may be covered using these funds. This includes personnel for public safety, such as police and fire, and employees working in public health, health care, human services and similar work. CARES Act fund can be used to provide paid sick and family leave to infected or directly-impacted public employees who are unable to work, even if the cost of paid leave was previously