

PUBLICATION

The Status of State CARES Act Funding

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$150 billion to the Department of Treasury to be issued to states and local governments through the Coronavirus Relief Fund (CRF), also referred to as "State CARES Act funding."

CRF payments may be used to cover expenses that:

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.

Treasury issued payments to states, the District of Columbia, and territories based on population. Units of local government with a population over 500,000 also received direct payments.

The House and Senate have taken different approaches related to additional funding for states and local governments. The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, passed by the House on May 15, 2020, would create a new Coronavirus Local Fiscal Relief Fund and would provide \$500 billion to states and \$375 billion to local governments.

The Senate has focused on providing flexibilities under the existing CRF, rather than providing additional funding. Senators Grassley and Hassan introduced bipartisan legislation, the State and Local Coronavirus Relief Fund Extension Act, to extend the deadlines by when states and local governments must spend the CRF payments. Senate Republican leadership included similar provisions in a draft proposal released in September, which would extend the deadline by when funds must be spent from December 30, 2020, to September 30, 2021.