



U.S. SENATOR
GARY PETERS

THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

SUPPORT FOR TOWNS, CITIES AND OTHER LOCAL MUNICIPALITIES

The CARES Act includes \$150 billion designated for state and local efforts to combat the Coronavirus pandemic. The bill provides for this state aid under a new Coronavirus Relief Fund in the Treasury Department and is allocated by population. This is in addition to roughly \$274 billion in funding for specific elements of state and local governments' responses to the pandemic and economic crisis, and supplemental funding for joint state-federal programs like unemployment compensation and Medicaid.

CORONAVIRUS RELIEF FUND

Who is eligible to receive these funds?

The State of Michigan and as well as any county, municipality, town, township, village, parish, borough, or other unit of general government below the State level with a population that exceeds 500,000. That means the City of Detroit, as well as Wayne, Oakland, Macomb and Kent Counties are eligible.

How is the fund distributed?

The \$150 billion in the Coronavirus Relief Fund is mostly allocated by population, but with \$3 billion reserved for U.S. territories and the District of Columbia and \$8 billion set aside for tribal governments, along with a guarantee that each state receives at least \$1.25 billion even if its population share would otherwise indicate a lesser amount. Michigan is eligible for \$3.87 billion in this fund.

What's the relationship between city funds and state funds?

Any aid given to a local municipality is subtracted from the amount otherwise available to their state's government. This too is apportioned by population, but localities may only receive 45 percent of the amount associated with their population.

For example, let's use Detroit, with a population of about 673,000, representing about 6.7 percent of Michigan's total population. Michigan is eligible for up to \$3.87 billion in funding under the Coronavirus Relief Fund, so approximately \$259 million of that is associated with Detroit's population. Detroit, however, cannot claim all \$259 million. The city can claim 45 percent of it, or about \$116 million, which would come out of Michigan's cap.

What expenditures are eligible?

To be eligible for federal funding, state and local expenditures must meet three conditions. First, they must be necessary expenditures incurred due to the COVID-19 public health emergency. Second, they must not be accounted for in the state or locality's most recently approved budget (as of the time of the bill is enacted). And third, the expense must be incurred between March 1 and December 30, 2020.



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How are these funds accessed?

The U.S. Treasury must allocate funds to states within 30 days and localities may apply directly to the Treasury for their relative share. More information on where to apply will be shared when we receive it.

COMMUNITY DEVELOPMENT BLOCK GRANT

\$5 billion is provided for the Community Development Block Grant (CDBG) program to enable nearly 1,240 states, counties, and cities to rapidly respond to the Coronavirus pandemic and the economic and housing impacts caused by it, including the expansion of community health facilities, child care centers, food banks, and senior services. Of the amounts provided:

- \$2 billion will be allocated to states and units of local governments that received an allocation under the fiscal year 2020 CDBG formula
- \$1 billion will go directly to states to support a coordinated response across entitlement and non-entitlement communities; and
- \$2 billion will be allocated to states and units of local government, cities and counties based on the prevalence and risk of COVID-19 and related economic and housing disruption.

You can see if your community is eligible for CDBG funds [here](#).

EXCHANGE STABILIZATION FUND

The CARES Act provides an additional \$500 billion to Treasury's Exchange Stabilization Fund (ESF) to provide loans, loan guarantees, and other investments. The lion's share is set aside as \$454 billion for loans, loan guarantees, and investments and can be accessed by states and municipalities as well as mid-sized businesses.

How can I access this money?

The Treasury will be purchasing loans from normal financial institutions and guaranteeing them through the ESF. Therefore, if you are interested in receiving a loan from the ESF, cities and local municipalities are encouraged to contact their lender, whether it is a community bank, credit union, or other financial institution.

If you have any additional questions about the federal resources available, please go to www.peters.senate.gov/coronavirus.