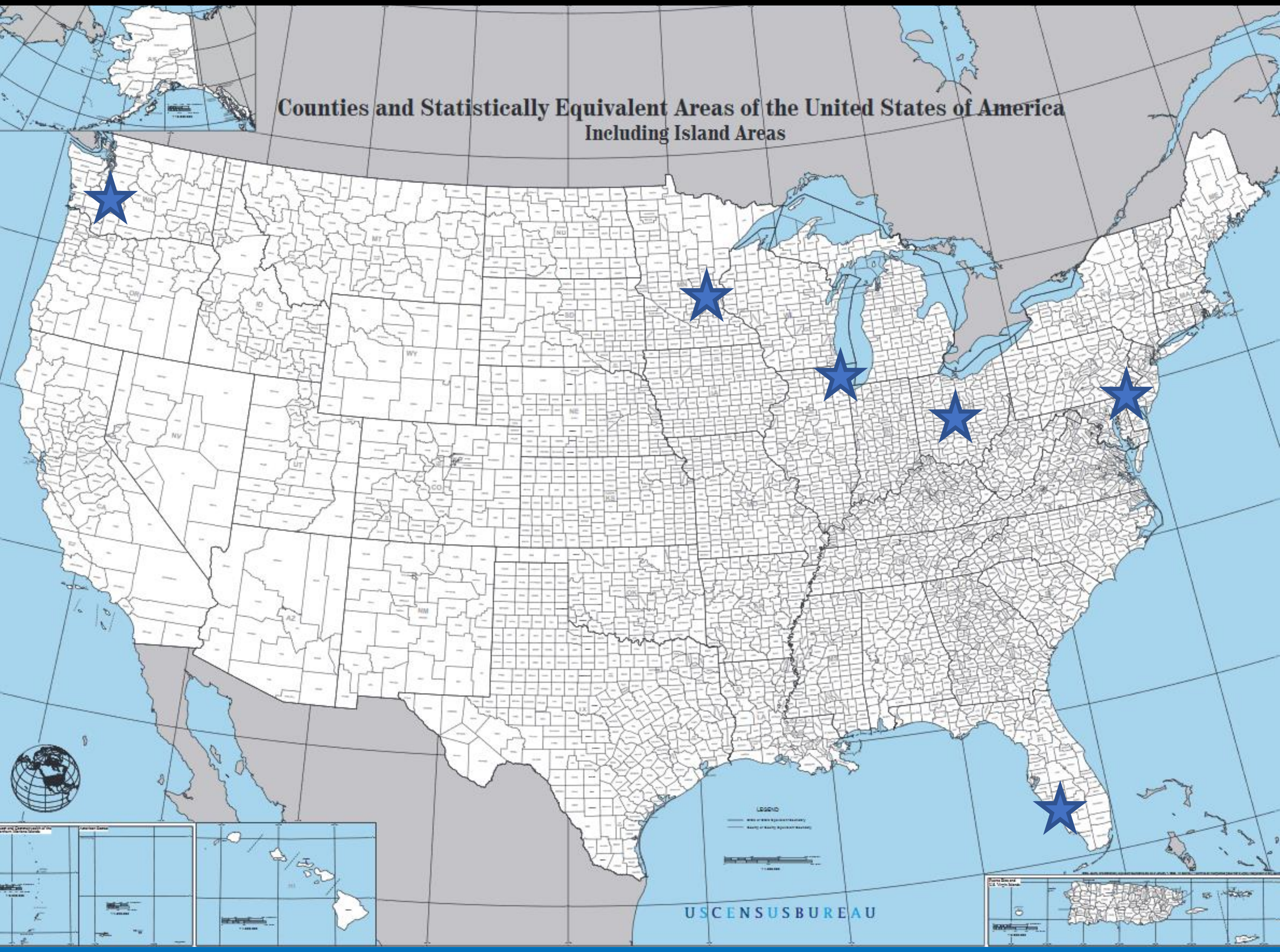
A Report by the

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

for the National Association of Counties

Coronavirus Relief Fund: Review of Federal Fiscal Assistance and of Innovative County Response Strategies



NATIONAL ACADEMY OF PUBLIC ADMINISTRATION®

March 2021

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https://www2.census.gov/geo/maps/general_ref/us_base/stco2003/stco2003.pdf

The stars on the front cover represent the location of the six case study counties that appear in Chapter 3.

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Coronavirus Relief Fund: Review of Federal Fiscal Assistance and of Innovative County Response Strategies

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About the Academy

The National Academy of Public Administration is a non-profit, non-partisan, and independent organization of top public management and organizational leaders who tackle the nation's most critical and complex public management challenges. With a network of more than 950 distinguished Fellows and an experienced professional staff, the Academy is uniquely qualified and trusted across government to provide objective advice and practical solutions based on systematic research and expert analysis.

Established in 1967 and chartered by Congress in 1984, the Academy continues to make a positive impact by helping federal, state, and local governments respond effectively to current circumstances and changing conditions. Learn more about the Academy and its work at www.napawash.org.

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Table of Contents

Foreword

The United States began to experience impact from the global COVID-19 outbreak in late January 2020. States, counties, and localities were almost immediately affected, and faced unprecedented challenges in providing services to meet the urgent needs of their communities. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Supplemental Appropriations Act of 2020 in late March, providing over $2 trillion to help cover the needs of affected individuals, families, and businesses. The Coronavirus Relief Fund (CRF) – part of the CARES Act – provided direct assistance to state, local, and tribal governments, and designated $150 billion for counties with populations of more than 500,000.

The National Association of Counties (NACo) asked the National Academy of Public Administration (the Academy) to evaluate how well the CRF funding supported counties in addressing the pandemic and to review the effectiveness of the CRF federal aid package and its implementation. Additionally, they asked the Academy to identify and document innovative strategies employed by six specific counties using CRF funds and to highlight their approaches to address social equity.

With the guidance of an Expert Advisory Group (EAG) of Academy Fellows, the Academy's report presents findings and recommendations that can improve both current and future federal-to-local programs such as the CRF. It also highlights how these innovative counties responded to the challenges their residents faced as a result of COVID-19—examples that could be used by other counties in similar circumstances.

I deeply appreciate our EAG members who contributed valuable insights and expertise throughout the project and the Academy Study Team that delivered focused research and analysis. The constructive engagement of NACo employees, as well as current and former federal officials and our broader community of Academy Fellows who have special expertise in intergovernmental relations and operations, was equally vital. They provided important knowledge and context that informed this report.

We also owe special thanks to the administrators and leaders of the six counties – Cook County, Illinois; Franklin County, Ohio; Hennepin County, Minnesota; Lee County, Florida; New Castle County, Delaware; and Pierce County, Washington – who took time out of their demanding schedules while addressing the ongoing effects of the pandemic to provide information to us about their challenges and initiatives.

This report provides information to federal policy makers on how they can better address the lasting effects of the pandemic and enhance relationships between the multiple levels of government in the United States. I trust that this report also will be useful to NACo as it continues to represent and support its constituents and that the county examples herein will be especially helpful to others facing similar challenges.

Teresa W. Gerton
President and Chief Executive Officer
National Academy of Public Administration

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List of Tables

List of Figures

Acronyms and Abbreviations

Acronym or Abbreviation	Definition
Academy	National Academy of Public Administration
AMI	Area Median Income
ARRA	American Recovery and Reinvestment Act of 2009
BIPOC	Black, Indigenous and People of Color
CARES Act	Coronavirus Aid, Relief, and Economic Security Supplemental Appropriations Act of 2020
CARES Act 2	Consolidated Appropriations Act of 2021
CDC	Centers for Disease Control and Prevention
CIGIE	Council of Inspectors General on Integrity and Efficiency
CMAP	Chicago Metropolitan Agency for Planning
COSI	Center of Science and Industry, Columbus, Ohio
COVID-19	Coronavirus
CREW	Commercial Real Estate Women
CRF	Coronavirus Relief Fund
CRS	Congressional Research Service
DEHAP	Delaware Housing Assistance Program
EAG	Expert Advisory Group
FTE	Full-Time Employee/Equivalent
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
ICMA	International City/County Management Association
NACo	National Association of Counties
NASA	National Aeronautics and Space Administration
NCC	New Castle County
NGA	National Governors Association
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PPE	Personal Protective Equipment
PPP	Paycheck Protection Program
PRAC	Pandemic Response Accountability Committee
STEAM	Science, technology, engineering, arts, and math
STEM	Science, technology, engineering, and math
SVI	Social Vulnerability Index

Executive Summary

In January 2020, the U.S. Secretary of Health and Human Services declared a public health emergency for the United States as the COVID-19 virus spread in the United States and around the world. In partial response to this crisis, Congress passed, and the President signed into law on March 27, the Coronavirus Aid, Relief, and Economic Security (CARES) Supplemental Appropriations Act of 2020 which included over $2 trillion for emergency assistance to help cover health care needs for businesses, families, and individuals affected by COVID-19. This was the largest economic stimulus package in U.S. history. The CARES Act included the Coronavirus Relief Fund (CRF), which provided direct assistance to state, county, local, and tribal governments, the District of Columbia, and five U.S. territories to help cover costs of responding to the COVID-19 pandemic and for navigating the impact of the COVID-19 outbreak.

The National Association of Counties (NACo) requested that the National Academy of Public Administration (the Academy) conduct an independent assessment of the CRF and the effectiveness of the federal funding in meeting the needs of the counties and in providing the controls warranted for federal funds (objective 1). NACo also requested that the study examine innovative strategies undertaken by counties receiving CRF funds to address the pandemic, focusing on initiatives that further social equity (objective 2).

The CRF and Its Implementation

The $150 billion CRF aided state and local governments as they work on mitigating the impact of the COVID-19 outbreak. Counties with a population of over 500,000 received their aid directly; most counties with a population under 500,000 received their allotment of money from their state government. Funds were distributed by the U.S. Treasury within about 30 days (by the end of April 2020) to 120 counties, 32 cities, and 1 town (each of which had a population of over 500,000).

In April and May 2020, Treasury issued initial guidance that defined the eligibility requirements and the basis for funds distribution. The CARES Act specified that payments from the CRF be used to cover expenditures that were necessary due to the COVID-19 public health emergency, were not accounted for in local budgets most recently approved as of March 27, 2020, and were incurred between March 1 and December 30, 2020. Funds also were not to be used to address shortfalls in government revenues.

Much to their concern, counties receiving funds generally found the initial guidance not to be clear enough or sufficiently detailed to give them confidence in what was allowable, so additional iterations of guidance plus Frequently Asked Questions (FAQs) and answers continued to be issued by Treasury well into the year. In fact, guidance issued as late as September 2020 had a significant impact on what counties could spend money on as allowable expenses.

Associations related to different aspects of county operations, such as NACo and the Government Finance Officers Association (GFOA), worked with Treasury on behalf of their members to get clarity from Treasury and to help county officials know how to proceed. Expertise in state and local issues may have been absent at Treasury given that several senior officials with state and local government experience had recently left the department and their positions had not been backfilled. Regarding the designated “spend-by date” of December 30, 2020, legislation enacted on December 29, 2020 extended the spend-by date for CRF funds by a year, to December 31, 2021. According to data from the Council of Inspectors General on Integrity and Efficiency’s (CIGIE) Pandemic Response Accountability Committee (PRAC), 70 percent of CRF funds were spent by counties by December 30, 2020, the original deadline.

As the pandemic proceeded and worsened, uncertainty about the CRF program design and rules affected county expenditure plans, cost county officials time and effort trying to get answers to ensure compliance, and had implications for the counties’ strategies and activities for meeting the pandemic-related needs of their communities.

Recommendations on the Design and Implementation of the CRF

County leaders interviewed were very positive about the amount of money received, and especially about the expeditious delivery of the funds by Treasury. Most noted that the traditional model of developing and getting proposals approved for programs and expenditures would have been too time consuming and difficult during the early days of the pandemic. They said they were scrambling to respond to evolving needs for personal protective equipment, to provide cleaning capabilities where needed, and to perform numerous other support tasks necessary to keep their communities functioning and to minimize the impact of COVID-19 on their citizens. However, overall, the lack of clear guidance and difficulties with some design features of CRF created sustained problems throughout 2020.

For future programs, and/or for further iterations of CRF, these are recommendations to improve program effectiveness and impact:

- ***A better coordinated national response is needed for a program of this complexity and urgency (Finding/Recommendation 2.1).*** During the development of the legislation and the early months of the CRF program, there was too little coordination between federal, state, county, tribal, and local governmental entities in both drafting and operationalizing the legislation. This absence contributed to legislative and program design that was not well tailored to the needs of the counties, and to guidance that was short on details, potentially short-sighted in its implementation, and that prompted siloed responses from CRF fund recipients. Intergovernmental collaboration involving knowledgeable experts at all levels of government was needed in drafting the legislation and the guidance, and in responding to questions during program operationalization. Such collaboration should be the rule in developing and operationalizing future legislation.

- ***Federal departments or agencies responsible for implementing a program such as CRF – in this instance, the Treasury Department -- need legislative funding to stand up a program office with personnel with the skills and expertise needed to design the program, develop effective guidance, and anticipate and respond to questions and issues that will arise, especially***

during early days (Finding/Recommendation 2.2). While Treasury was accomplished at distributing the CRF funds, sources said that expertise in state and local operations was limited. Treasury staff who implemented the CRF program did so as collateral duty, with Treasury covering the costs of administering the CRF program from elsewhere in the Treasury budget. Not having the needed time and expertise meant that CRF guidance was developed that did not sufficiently accommodate issues related to day-to-day county-level operations. Further, getting answers to questions and issues raised by counties took too long, resulting at the county-level in extra work, confusion about the correct path to take, and in the early days slowing down county operations. In the eventuality that personnel with requisite expertise are not available or on staff, alternative sources for some county-related expertise can be advisory boards or nonprofit associations that represent and can act as go-betweens for counties and the federal government.

- ***Comprehensive guidance for program operations needs to be available when a program is initiated or very soon thereafter (Finding/Recommendation 2.3).*** Counties recognized the unique opportunity available to them to make immediate use of the CRF dollars they received, Treasury was concerned about over-defining the guidance provided. However, because the funds arrived with such limited guidance on how to use them and without reporting guidance -- and with the understanding that inappropriate use would have significant implications through audits or "claw backs" for counties that had "erred" in spending the funds -- some county leaders severely limited the uses of the funds or introduced strict requirements on approved expenses to which they could be applied. For example, one county executive felt he had to be responsible for how the county passed funds along to meet usage and reporting requirements. Put succinctly, the lack of clear guidance cost counties time and money, reduced the flexibility to direct funds for maximum impact, and sometimes strained relationships between county personnel and service organizations in their communities.

- ***State and local governments should be allowed to make expenditures with longer-term payoffs with greater flexibility in allowable uses of the funds (Finding/Recommendation 2.4).*** The CARES Act specified that costs for projects using CRF money had to be "incurred" by December 30, 2020, not just obligated. After they met initial needs early in 2020, this incentivized some counties to prioritize spending on smaller, short term investments, or to allocate CRF funds to the large, "safe" budget category of "payroll and benefits for public employees substantially dedicated to responding to the pandemic" so they could reallocate funds from that category to other purposes. One county administrator noted that their office scrapped plans to improve broad-band capabilities in a low-income area because of concerns about construction delays keeping the project from being operational by CRF's December 30 deadline.

- ***Program design should allow coverage of operational expenses and revenue replacement, not only coverage of new COVID-related costs (Finding/Recommendation 2.5).*** The design decision not to allow funds to be used for revenue replacement was significant for some counties, with implications for future county programs. Recent news articles report on the impact of the pandemic on county governments, highlighting areas of increased costs and decreased ability to cover those costs due to shrinking revenues.[1] Absent additional funding in 2021, some county administrators report they are concerned that the programs they set up in 2020 using CRF funds will simply have to be discontinued in 2021 (without additional pandemic-related funding) regardless of the continued need for these programs and the support they provide the communities.

- ***Future legislation should require that large counties are funded to provide selected services for city residents residing within their counties. (Finding/Recommendation 2.6).*** County-city arrangements include that counties provide certain services – pandemic related and otherwise – such as public and community health services, water, electricity, trash/recycling collection, etc. to city populations. Removing a city's population from the county's funding formula reduces the county's capacity to support all county residents, including those in the major municipality. Thus, the entire population of a county should be credited as including all city residents for future funding formulas.

- ***Future federal relief legislation should require formal evaluation of program impact during and at the end of the program (Finding/Recommendation 2.7).*** The CARES Act established the PRAC as an independent oversight entity within CIGIE to collect and analyze data on fund expenditures for all CARES Act funds, including CRF funds. These analyses will be part of the reviews of expenditures to assure they fall within the intended use of these moneys. The Government Accountability Office (GAO) also is required to produce reports focusing on the expenditure of funds and carrying out the other programs that are part of the CARES Act. However, no requirement has been set forth to evaluate the effectiveness of the programs and activities undertaken in operationalizing the CARES Act and the CRF. Such analysis – although complex to perform – would provide important information to be used by the Congressional and Executive branches for future program design.

Innovative Approaches by Six Counties to Address the Needs of their Inhabitants

In response to COVID-19, county governments were required to go beyond their established services, to deliver and expand upon a variety of critical social and health-related services responses specific to COVID-19. Examples of these services initially included providing personal protective equipment, services to sanitize certain county locations and facilities, expanding food

[1] "One in 20 state and city jobs slashed: most states lost revenue in crisis." Alyssa Fowers and Rachel Siegel, "Why some state and local governments are desperate for more stimulus aid," *The Washington Post*, February 15, 2021, https://www.washingtonpost.com/business/2021/02/15/biden-stimulus-state-local-aid/?arc404=true.

banks, supporting shelters for those who lost their regular living places due to job loss, and providing support for children without access to computers or the Internet.

NACo asked the Academy to identify and document innovative strategies that counties applied in using CRF dollars, with special attention to programs focusing on inclusive economic recovery and on assisting vulnerable and underserved populations. The counties profiled (and the major cities included in them) are: Cook County, Illinois (Chicago); Franklin County, Ohio (Columbus); Hennepin County, Minnesota (Minneapolis); Lee County, Florida (Fort Myers); New Castle, Delaware (Wilmington); and Pierce County, Washington (Tacoma).

A case study was developed for each of these counties. Each case study highlights selected programs and initiatives undertaken, with a focus on programs designed to advance social equity. Each county worked with nonprofit partners, developed new programs to meet new needs, and collaborated with other levels of government to meet needs and fill gaps caused by the pandemic all the while administering programs for the homeless, providing food security, and supporting small businesses.

Learning from the Impact of the Pandemic on County Governments

Without question, the pandemic has had a significant impact – financial and otherwise – on county and local governments. With vaccine distribution underway, many are looking past the fight against the virus to what it will take to restore (or re-build) their communities and improve social equity.

Recent studies and articles describe the impacts on these governments as including revenue declines, vacant positions in local governments, short and long-term staffing reductions, service cuts and program closures, and in some cases decreased compensation for county employees.

Looking ahead, county leaders are concerned about the impact of deferred maintenance and other planned investments when funds were shifted to immediate, COVID-related support. And some are concerned about changes in bond ratings due to having drawn down reserves.

Future pandemic response legislation should seek to support continued effective and innovative county COVID-19 roles and leadership. It should recognize and strengthen intergovernmental coordination and collaboration, building on lessons learned during the first year of the COVID-19 pandemic about the importance of the working relationships between federal, state, county, city, tribal, and other local governments. Future programs and legislation should also recognize and seek to strengthen counties' resources and ability to prepare for and respond to day-to-day and future challenges and crises, particularly health emergencies.

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Chapter 1: Purpose and Background

The first COVID-19 cluster was reported on December 31, 2019, in Wuhan, China. The virus quickly started spreading around the world, and the first COVID-19 case was identified in the United States in January 2020. In late January, the U.S. Secretary of Health and Human Services declared a public health emergency for the United States. As the virus spread, health care systems in some U.S. communities rapidly came under severe strain. Additionally, the virus quickly had a significant impact on the economy and on the daily life of millions of Americans. Between March 21 and May 30, 2020, there was an increase of over 42 million unemployed Americans, and an overall downturn in the U.S. economy.[2]

In response to this crisis, Congress passed, and the president signed into law on March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Supplemental Appropriations Act of 2020 which included over $2 trillion for emergency assistance to help cover health care needs for businesses, families, and individuals affected by COVID-19. As part of the CARES Act, the Paycheck Protection Program provided funds for small business loans, COVID-19 testing, and grants to health care providers. Also, the CARES Act included the Coronavirus Relief Fund (CRF), which was designated to provide direct assistance to state, local, and tribal governments, the District of Columbia, and five U.S. territories to help cover costs of responding to the COVID-19 pandemic and for mitigating the impact of that outbreak.

1.1 The Purpose of this Report

The National Association of Counties (NACo) requested that the Academy conduct an independent assessment of the CARES Act's Coronavirus Relief Fund. NACo asked for an evaluation of the effectiveness of the federal funding in meeting the needs of counties, as well as of the program guidance and oversight of the CRF. NACo also requested that the study identify innovative strategies undertaken by several counties to address the pandemic.

Counties play a vital role in the daily life of citizens, especially in health and social services. Given COVID-19, these roles have become more demanding and critical.

In its request, NACo noted that counties are performing a critical role in responding to the health and economic impacts of the coronavirus pandemic throughout the United States. Under normal circumstances, counties play a complex and vital role in the daily life of many citizens, especially in providing health and social services. Given the impact of COVID-19, these county roles have become both more demanding and critical; the pandemic has amplified the significant challenges

[2] U.S. Government Accountability Office, *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts,* GAO-20-625 (Washington, DC, 2020), 3, accessed May 3, 2021, https://www.gao.gov/products/gao-20-625.

to counties across the country. NACo describes the wide range of county-level impact in responding to COVID-19 as follows:

> "America's 3,069 county governments support over 1,900 local public health departments, nearly 1,000 hospitals and critical access clinics, more than 800 long-term care facilities and 750 behavioral health centers. Additionally, county governments are responsible for emergency operations and 911 services, court and jail management, public safety and emergency response, protective services for children seniors and veterans, and…coroners and medical examiners, among many other essential public services."[3]

This report has two objectives:

> **Objective 1:** The first objective is to provide recommendations on effective delivery and implementation of future federal aid packages for state and local governments to advance resilience, preparedness, and impact mitigation for the nation at the regional and local-level, with an emphasis on assisting vulnerable and underserved populations with public health and economic security.

> **Objective 2:** The second objective is to identify and document innovative strategies employed by counties using CRF funds, highlighting approaches to address social equity. NACo identified six counties for programs focused on inclusive economic recovery and on assisting vulnerable and underserved populations with health and economic security issues.

1.2 The CARES Act

The CARES Act of 2020 was intended to "provide fast and direct economic assistance for American workers, families, and small businesses, and preserve jobs for American industries."[4] Signed into law on March 27, 2020, it was one of four relief laws enacted as of June 2020 which -- taken together – appropriated $2.6 trillion across the government.[5]

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[3] National Association of Counties, "Counties Support Essential Aid for Local Governments in Coronavirus Relief Package," press release, September 29, 2020, https://www.naco.org/resources/press/counties-support-essential-aid-local-governments-coronavirus-relief-package.
[4] "Cares Act", U.S. Department of the Treasury, accessed March 3, 2021, https://home.treasury.gov/policy-issues/cares.
[5] "Highlights - What GAO Found," U.S. Government Accountability Office, accessed March 3, 2021, https://www.gao.gov/products/gao-20-625.

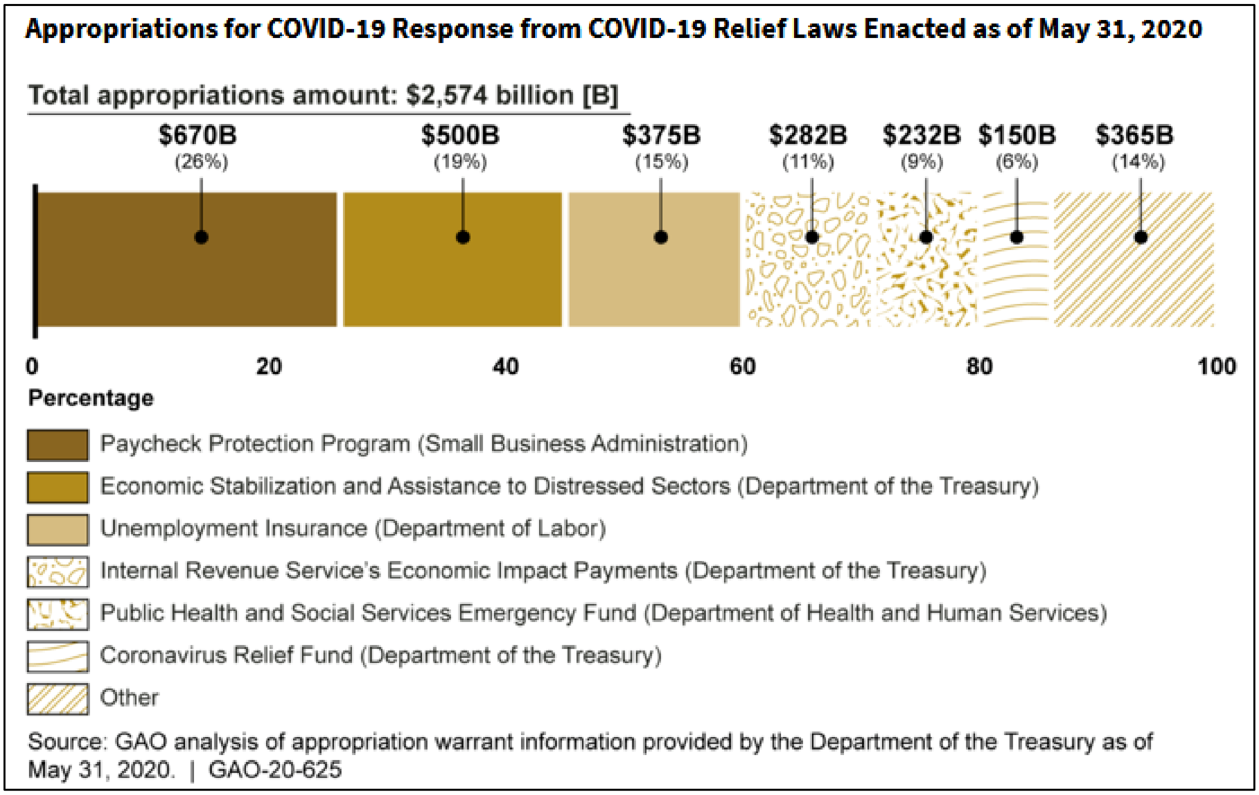

Figure 1. Appropriations for COVID-19 Response from COVID-19 Relief Laws Enacted as of May 21, 2020. (Source: GAO)

The CARES Act was the largest economic stimulus package in U.S. history, even larger than the economic stimulus passed during the Great Recession of 2008. Among the incentives for enactment were concerns about restaurant closures, the survival of the U.S. airline industry, and broad worries about increasing unemployment as almost 3.3 million Americans filed for unemployment in the week ending March 21, 2020. Predictions about the potential for significant shrinkage of the U.S. economy increased concerns and the need for prompt, bipartisan action by the U.S. Congress.

1.3 Key Provisions of the Coronavirus Relief Fund

The $150 billion Coronavirus Relief Fund was designed to be a primary source of direct assistance to state, local and tribal governments, the District of Columbia, and five U.S. territories to help cover costs of responding to the COVID-19 pandemic and for mitigating the economic and public health impacts of the COVID-19 outbreak.

Distribution of CRF Funds

Amounts paid to the States, District of Columbia, U.S. territories, and eligible units of local government were based on population as provided in the CARES Act, adjusted. Each state received a minimum allocation of $1.25 billion, regardless of size or population. Eligible local governments (i.e. with populations over 500,000) wishing to receive CRF funds submitted required certification to Treasury by April 17, 2020.

The CARES Act required that Treasury distribute the funds no later than 30 days after its enactment, or by April 26, 2020. According to the Government Accountability Office (GAO), as of May 31, Treasury had disbursed 98 percent, or almost $147 billion, of the total $150 billion in the CRF. The remaining funds (primarily allocated to tribal governments) were disbursed by mid-June.

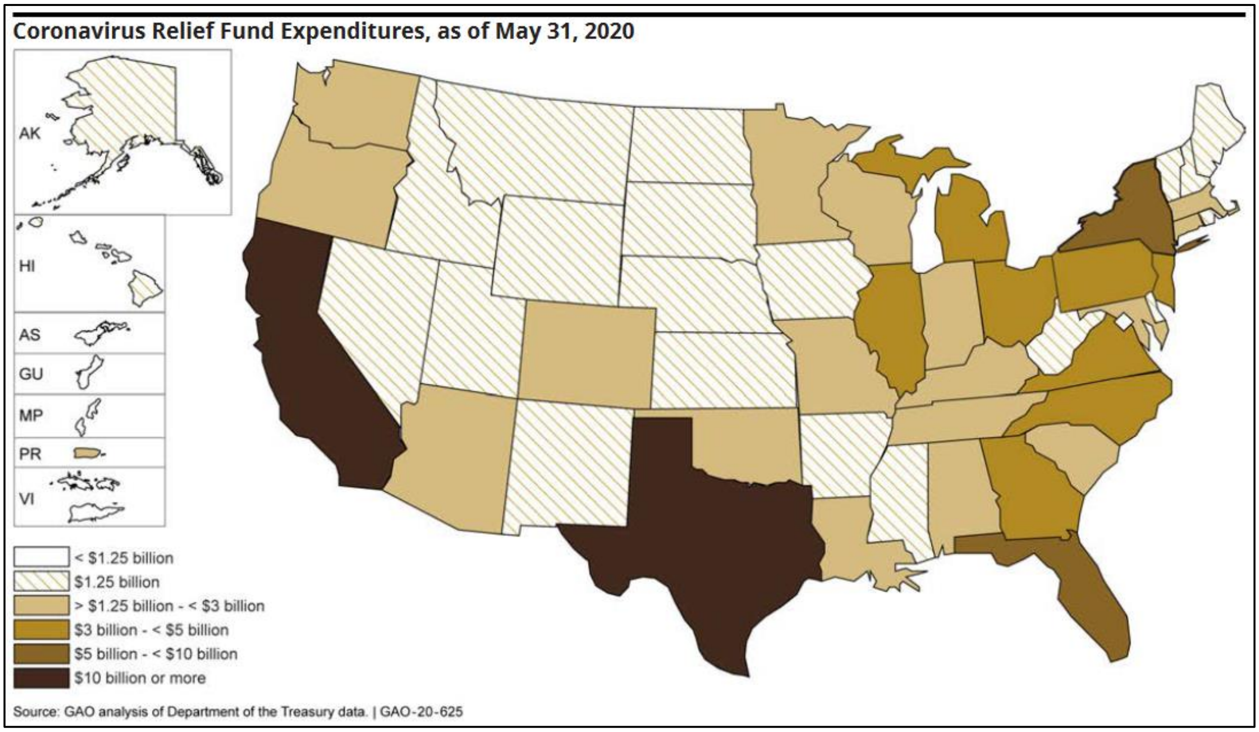

Figure 2. Coronavirus Relief Fund Expenditures, as of May 31, 2020. (Source: GAO)

Using the U.S. Census Bureau's Population Estimates Program data for 2019, 171 counties, cities, and towns had a population of more than 500,000 and were therefore eligible to receive direct payment from Treasury. In total, 120 counties, 32 cities, and 1 town (Hempstead Town, New York) received direct payment from Treasury.[6]

In April and May 2020, Treasury issued guidance that defined the eligibility requirements for localities and tribal governments and the methods it used to calculate CRF payments.

[6] "Payments to States and Eligible Units of Local Government", U.S. Department of the Treasury, accessed Feb 18, 2021, https://home.treasury.gov/system/files/136/Payments-to-States-and-Units-of-Local-Government.pdf.

Permissible Uses of CRF Funds

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

- Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- Were not accounted for in the local budget most recently approved as of March 27, 2020 for the State or governmental organization; and
- Were incurred between March 1 and (ending not later than) December 30, 2020.

In April, Treasury published guidance on what were permissible uses of CRF payments. This guidance provided that:[7]

- Eligible costs must be for direct and secondary effects of responding to the pandemic, such as addressing public health needs and providing economic support to individuals or businesses negatively affected by COVID-19-related business closures;
- CRF payments could be used to meet payroll expenses for public safety, public health, health care, human services and for employees whose services were substantially dedicated to mitigating or responding to the pandemic; and
- States may transfer CRF payments to local governments if the local government uses the funds appropriately.

Significantly, Treasury guidance noted that the funds could not be used to fill shortfalls in government revenue (referred to later in this report as revenue replacement). Examples included payroll or benefits for employees who were not primarily involved in or dedicated to COVID-related tasks. From the early days of the program, organizations representing state and local governments reported concerns about the impact of their changing/shrinking local economies and closures of certain types of businesses that significantly affected their revenue streams.[8] They emphasized the need for more flexibility in use of the federal funds amid concerns that they would be forced to drastically cut the services they could provide.

Funds Not Used by the Deadline of December 30, 2020

Under the original CARES Act, unused CRF funds would have reverted to the federal government on December 30, 2020 if the costs had not been **incurred** before that date. Treasury's June 30, 2020, iteration of CRF guidance "clarified that for a cost to be considered to have been incurred, performance must occur during the covered period but payment of funds need not be made during

[7] GAO-20-625, p. 307.
[8] Ibid., p 512.

that time (though it is generally expected that this will take place within 90 days of a cost being incurred)."[9]

The CARES Act required that if recipients did not use CRF payments in accordance with the CARES Act, or by December 30, 2020, then those funds must be returned to Treasury. Initially, there was confusion about whether CRF funds needed to be obligated or actually expended by that date. Along with uncertainties about allowable uses, this was an area of significant concern for some recipients.

Changes in Allowable Uses and Timing of Use of CRF Funds During 2020

Throughout 2020 in response to questions raised by CRF recipient organizations, Treasury issued guidance through Frequently Asked Questions (FAQ) postings to elaborate upon, clarify, and explain what were and were not allowable expenditures. This took place in response to questions raised by CRF recipients, and typically resulted in the issuance of written supplemental guidance. On December 27, 2020, Congress made changes to provisions in the original CARES Act allowing states, local, and tribal governments to continue to incur costs until December 31, 2021.[10]

While this process was essential, CRF recipients interviewed in preparing this report reported the guidance to be frustrating, confusing, and time-consuming and to have sometimes far-reaching effects on how localities used the funds and their relationships with community organizations. This was the case well into the program, with Treasury issuing major guidance as late as September 2020.

Oversight, Monitoring, and Reporting Use of CRF Funds

The CARES Act specifies that Treasury's Office of the Inspector General (OIG) has responsibility for oversight of the CRF funds – receipt, disbursement, and use of funds.[11] Accordingly, Treasury specified that CRF payments would be subject to the Single Audit Act and related provisions. CRF funds were not considered grants.

Treasury developed a reporting schedule and format for counties and organizations that received CRF fund with CRF recipients submitting their first interim report on July 17, 2020 for the period ending June 30. Reporting requirements further called for reports to be submitted in early October for the period ending September 30, 2020 and early January 2021 for the period ending December 31, 2020.

The CARES legislation also required the creation of the Pandemic Response Accountability Committee (PRAC) as an independent oversight entity within the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to collect and analyze data on activities and fund

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[9] "Interim Report of Costs Incurred by State and Local Recipients through June 30," U.S. Department of Treasury, accessed Feb 18, 2021, https://home.treasury.gov/system/files/136/Interim-Report-of-Costs-Incurred-by-State-and-Local-Recipients-through-June-30.pdf.

[10] Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, Dec 27, 2020. https://www.congress.gov/bill/116th-congress/house-bill/133, Title X, Section 1001.

[11] *Coronavirus Aid, Relief, and Economic Security Act*, Public Law 116-136, *U.S. Statutes at Large* 134(2020): 501-504, https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf.

expenditures by the counties. PRAC's website makes information available about how and where COVID-related money has been distributed, and enables researchers and others to track the distribution, spending plans, and uses of pandemic-related funds.[12]

1.4 Study Methodology and Limitations

This study was performed over four and a half months – November 2020 through March 2021 – a time of political change for the country and increasing stress for localities as the pandemic worsened, with significant impacts on county personnel, budgets, and constituents.[13] Further, the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 – enacted just in the last days of 2020 – extended by a year (to December 31, 2021) allowable spending of the CRF funds distributed in April 2020. Although this extension had long been hoped for by county personnel, some counties had already committed their funds for the period ending December 30, 2020, as originally specified by the U.S. Department of Treasury, and did not change those allocations. As of December 30, 2020, a total of $124.1 billion dollars of the CRF program, out of the $149 billion distributed to prime recipients, had been awarded.[14]

To perform this study, Academy staff assembled and worked with an Expert Advisory Group (EAG) comprised of Academy Fellows; conducted interviews with practitioners and other experts in intergovernmental relations and hands-on state, city, and county government experience; interviewed individuals involved in and responsible for aspects of implementation of the CRF and the CARES Act and similar past federal programs; interviewed current county leaders in six counties selected by NACo; and performed extensive document reviews of published material.[15]

The six counties studied are: Cook County, Illinois; Franklin County, Ohio; Hennepin County, Minnesota; Lee County, Florida; New Castle County, Delaware; and Pierce County, Washington.

Members of the Expert Advisory Group reviewed and provided comments on the report draft, as did NACo leadership, before it was finalized.

[12]PRAC tracks spending from 5 pieces of legislation that fund the coronavirus response: the Coronavirus Preparedness and Response Supplemental Appropriations Act, the CARES Act, the Paycheck Protection Program and Health Care Enhancement Act, the Families First Coronavirus Response Act, and the Coronavirus Response and Relief Supplemental Appropriations Act. Its stated mission includes promoting transparency on the government's coronavirus related spending; preventing and detecting fraud, waste, abuse, and mismanagement of that spending; and mitigating major risks that cut across programs and agencies. See, "About the PRAC", Pandemic Response Accountability Committee website, accessed Feb 18, 2021. https://www.pandemicoversight.gov/our-mission/about-the-prac
[13] See Appendix A, Study Methodology.
[14] "Coronavirus Relief Fund (CRF)", *PRAC*, accessed Mar 3, 2021, https://www.pandemicoversight.gov/track-the-money/funding-charts-graphs/coronavirus-relief-fund.
[15] See Appendix B, EAG and Study Team Members' Biographies. See Appendix C, Individuals Interviewed for this Study.

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Chapter 2: Analysis of the Design, Implementation, and Operation of the Coronavirus Relief Fund

The first objective of this study is to analyze the design, implementation, and operation of the CRF. Interviews with experts familiar with current and past intergovernmental program design, operations, and funding, represent a major source of information for this work. County leaders and administrators provided additional valuable information on the current real-world, day-to-day challenges they have faced – and are facing – since early March 2020 as they try to mitigate the impact of the coronavirus on their communities using CRF funding made available through the CARES Act.

Based on these interviews, this chapter presents findings on program design, implementation and management practices that did and did not work well. This report presents targeted recommendations to improve and maximize the effectiveness of future federal-local funding programs. Several findings address aspects of program design that can lead to overall improvements in relations between the federal government and county governments.

The chapter is organized around seven topic areas. Each topic is discussed below and includes research findings and recommendations for action. The topics are:

1. Intergovernmental collaboration in developing the county and other local level programs;
2. Providing the federal-level department lead with funding and resources;
3. Providing direction and problem-solving: timing, clarity, and communication of administrative program guidance;
4. Program design to allow state, county and local governments to make expenditures with longer-term payoff as well as to meet short term needs;
5. Allowing coverage of operational expenses and revenue replacement, not only new costs incurred by counties in providing services and support related to COVID;
6. Funding to large counties to cover costs of county services to jurisdictions within the county; and
7. Assessing the impact and effectiveness of the CRF program funding.

2.1 Intergovernmental Collaboration in Developing the County- and Other Local Level Programs

In March and April of 2020, the spread of COVID-19 unevenly impacted several large population states including Washington, California, and New York. It quickly became apparent that all states and localities would be affected by the virus. As businesses and schools shut down across the country, state and local governments began to see an immediate need for federal financial assistance to offset the economic losses, provide safety equipment, and provide public health assistance to their constituents.

Treasury distributed most of the $150 billion CRF money within about 30 days after CARES Act passage.

From the outset of the CARES Act and subsequent CRF, economic and pandemic relief required effective intergovernmental cooperation between federal, state, and local governments. However, the statutory language within the CARES Act provided minimal direction to all three levels of government. As discussed earlier, the federal government, through the Department of the Treasury, distributed the $150 billion CRF with oversight authority statutorily assigned to the Treasury Office of Inspector General. With no additional role specified for the federal government to play in the implementation and operation of the CRF, states, counties, and localities were left to use the CRF to mitigate a national crisis without a coordinating role at the federal level. This circumstance was further complicated by the threat of subsequent federal disapproval of expenditures.

Development of Legislation

County leaders appreciated Congress and the Executive Branch recognizing the COVID-19 pandemic as a problem requiring prompt Congressional action. However, drafting legislation in a compressed timeframe left little time for involving state, county, and local government officials in the design of the CARES Act. Therefore, state and local government leaders had limited opportunity to share their expertise on program design and implementation, and to share their lessons learned from earlier intergovernmental programs such as the American Recovery and Reinvestment Act (ARRA) of 2009.[16]

Advocacy groups representing state and local governments did contribute to the design of the CRF program, and focused discussions with Congress on:

- the importance of local governments in the frontline of COVID-19 response;
- the role county and city governments would have in mitigating COVID-19 spread across the United States; and
- the role of local government administrators in convening and mobilizing residents, non-profit organizations, advocacy groups, faith-based organizations, and governmental organizations essential to effective COVID-19 response and recovery.

The CRF provided direct payments to all 50 states, Washington, D.C., tribal governments, and U.S. territories, as well as to counties and cities with populations over 500,000. With little guidance provided by Treasury, at the outset, localities were left to determine how CRF dollars would be spent. The CRF implementation did not have significant direction or best practice management from the federal executive branch. Rather, Treasury left implementation to state and

[16] See Appendix D, The American Recovery and Reinvestment Act of 2009.

local governments to mitigate the COVID-19 threat without coordinating the response effort or communicating best practices guidance. Among other things, this left states, counties and other localities concerned about the potential for future federal audits to reclaim unspent funds or those that did not comply with guidance. This federal default position of governing resulted in 50 state and 3,069 county government silos responding to COVID-19.

Role of State and Local Governments

In the absence of a federal coordination with state and local governments, counties played, and are continuing to play, a significant role in responding to the coronavirus pandemic. County governments are responsible for the delivery of a variety of critical social services. These services include administering programs for homelessness, food security, small business support, education, and public health. In response to COVID-19, the traditional functions of county governments expanded to meet the needs created by the pandemic, forcing counties to increase the provision of existing services and/or take on new ones in response to increased demand from communities. While responding to the COVID-19 pandemic, counties:

- coordinated with cities and municipalities within each county jurisdiction;
- worked with local non-profit, faith-based, and resident organizations to identify community needs;
- maintained municipal services, such as mortuaries, public health programs, garbage collection, emergency services, education, etc. for county, city, and municipal residents;
- responded to emergency management needs, including providing personal protective equipment (PPE); and,
- prioritized responsiveness addressing social equity, including an equitable response across varied dimensions to COVID-19.

Many counties are still recovering from the Great Recession of 2008; this compounded the challenge of adequately funding and supporting constituents during the pandemic. A 2020 NACo research report on the health of county economies found that "despite a 41 percent increase in national economic output (from 2001 to 2018), 806 county economies have yet to return to pre-recession gross domestic product (GDP) levels."[17] County leaders now confront the long-term economic implications of COVID-19, including lost revenues, unfunded citizen services, and furloughs and layoffs of county government employees that for some will also exacerbate existing economic hardships.

Role of the Federal Executive Branch

The first eight months of the CRF implementation was characterized by uncertainty, confusion, a lack of national leadership and inconsistent communication. Several federal agencies were absent from leadership roles they exercised in more recent public health infectious disease outbreaks,

[17] "County Economies 2020", National Association of Counties, accessed Feb 18, 2021, https://www.naco.org/resources/featured/county-economies-2020.

such as the leadership role the Centers for Disease Control and Prevention (CDC) took during the Ebola virus outbreak from 2012-2015. This left state and local governments to respond to the pandemic using their own public health departments that have been underfunded since the early 2000s.[18] While flexibility to use CRF funds at the state and local government level is valued, sought after, and appreciated, a national pandemic called for central leadership by federal agencies such as CDC; coordination across federal agencies and the intergovernmental system; emergency response planning engaging state, county, tribal, and local governments; and federal partnership with those levels of government providing direct services.[19] The lack of a coordinated response between federal, state, and local governments resulted in varied COVID-19 outcomes in different parts of the country.

Leadership at the federal level should have focused on arriving at a mutual understanding of good practices and standards, so that CRF dollars could be spent more efficiently to achieve better outcomes. The federal role balances leadership with coordination. Federal leadership can set national standards to avoid inequities in response, and federal coordination enables state and local governments to break down barriers that would otherwise slow their response. Research and experts interviewed identified four roles that the federal government should perform to help coordinate an intergovernmental emergency response program, such as the CRF:

1. Offer national guidance in response to the pandemic, and specify points where authority is delegated to state and local governments.
2. Coordinate horizontally between federal agencies and convene relevant stakeholders to quickly resolve challenges that may impede federal, state, and local government response.
3. Coordinate vertically with state and local levels of government. Guidance for implementing emergency response programs, such as the CRF, should be developed in consultation with state and local governments.
4. Remain flexible enough to adapt to unforeseen conditions and develop real-time feedback mechanisms to help guide adaptations.

A significant finding of the interviews and research calls for significant and immediate reinvestment in the design, implementation, and capacity of the intergovernmental system.

Finding 2.1: The first eight months of the CRF program lacked coordination of federal, state, and local governmental activities, creating siloed responses to the COVID-19 pandemic, and resulting in different outcomes for different parts of the country.

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[18] Committee on Public Health Strategies to Improve Health, *For the Public's Health: Investing in a Healthier Future,* (Washington, D.C.: National Academies Press, 2010), https://www.ncbi.nlm.nih.gov/books/NBK201021/.
[19] See Knauer, Nancy. "*COVID-19 Pandemic and Federalism: Who Decides?", Jul 27, 2020,* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3599239 , and Sylvia Burwell and Frances Townsend, "*Improving Pandemic Preparedness: Lessons from COVID-19," Council on Foreign Relations, Oct 2020,* https://www.cfr.org/report/pandemic-preparedness-lessons-COVID-19/pdf/TFR_Pandemic_Preparedness.pdf.

Recommendation 2.1: A better coordinated national response is needed to lead state, local, county, city, and tribal governments so that future emergency funds are spent more efficiently and achieve better outcomes. Federal agencies should coordinate intergovernmental partnerships that identify, mitigate, and manage risks; prioritize challenges and responses; and develop procedures and metrics to advance health outcomes.

2.2 Providing the Federal-Level Department Lead with Funding and Resources

Unlike ARRA, which used multiple agencies and departments to provide funds and guidance to states and localities, the CRF was distributed and administered by one department - Treasury. Even though Treasury is generally not the administrator of emergency response programs like the CRF, county administrators widely praised Treasury's speed in delivering the emergency funds.

County administrators widely praised Treasury's speed in delivering the emergency funds.

However, the CARES Act itself provided no funding for a program office in Treasury designed to operationalize the CRF program, and the Department of Treasury did not have the state and local government expertise needed due to staff attrition. Consequently, two major issues emerged:

- The slow and inadequate guidance from Treasury limited the effectiveness of expenditures in the first 6 months of the CRF rollout (discussed in the next topic area); and
- Counties were concerned that their initial interpretations of the limited guidance might result in mistakes, with early expenditures resulting in future penalties from after-program audits.

Treasury made a good faith effort to solicit the expertise of some key stakeholders during the design of the program, but it was not enough to resolve unclear initial guidance. Treasury itself was concerned about over-defining CRF guidance out of concern that it would overly complicate the CRF program and, thereby, limit the ability of states and localities to respond to the pandemic. Consequently, the guidance caused some counties to manager their CRF spending practices to minimize the risk of penalties resulting from Treasury Office of Inspector General (OIG) audits at the end of the program period rather than to maximize impact.

Finding 2.2: While the Treasury Department expeditiously and efficiently distributed CRF funds to the counties, the lack of a program office and the absence of state and local government expertise due to staff attrition resulted in slow and inadequate guidance for the first six months of the CRF program.

Recommendation 2.2: Future programs should provide the designated central coordinating agency with funding for a program office that will have sufficient staff and expertise (in this case, state and local government expertise) and the ability to draw upon the knowledge and experience of other organizations.

2.3 Providing Direction and Problem Solving: Timing, Clarity, and Communication of Administrative Program Guidance

CRF funds were distributed quickly by a formula that accounted for population size and overlapping jurisdictions. County officials interviewed by the study team praised the speed at which Treasury deposited funds into county accounts, citing it as one of the most important features of the CRF. Within a week of the passage of the CARES Act and faster than the required 30-day deadline, Treasury released significant funds to counties, with some counties receiving funds that totaled at least half of their annual budget.[20]

Guidance Rollout

Although the quick receipt of funds was appreciated by counties, the funds arrived with limited guidance to state and local governments on how to use the money, and without reporting requirements. The information initially provided instructed counties to spend the funding within the parameters of the CARES Act to cover expenses that:

- were necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- were not accounted for in the budget most recently approved as of March 27, 2020 for the State or governmental organization; and
- were incurred between March 1 and (ending not later than) December 30, 2020.

Number of Iterations	
CRF Frequently Asked Questions	**CRF Guidance**
April 22	**April 22**
May 4	**June 30**
May 28	**July 31**
June 24	**September 2**
July 8	
August 10	
September 2	

Table 1 Number of Iterations of CRF Guidance. (Source: The National Academy of Public Administration)

However, the lack of clarity in what the CRF funds could be used for led to cautious and sometimes risk-averse spending practices at the state and local-level. Given prior experiences, interviewees were skeptical that the Treasury would not release additional administrative guidance. Treasury released its first set of CRF guidance and responses to frequently asked questions (FAQs) on April 22, 2020, which was Revised three times between April 22 and September 2, 2020. The CRF guidance was officially incorporated into the federal register on January 15, 2021.[21]

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[20] For CRF payments by state and locality see https://home.treasury.gov/system/files/136/Interim-Report-of-Costs-Incurred-by-State-and-Local-Recipients-through-June-30.pdf.
[21] Mehreen Haroon, *CARES ACT Coronavirus Relief Fund: The Prime Recipient Perspective,* Government Finance Officers Association, October 2020, https://www.gfoa.org/materials/crf-recipient-perspective, p.5

Treasury's responses to questions raised by counties about allowable uses, etc., of CRF funds were slow to be issued, and were sometimes inconsistent or contradictory, causing confusion. This directly impacted and slowed county administrators' ability to respond to their communities' needs.

Additionally, Treasury's responses to FAQs went through six iterations between April 22 and September 2, 2020. Answering FAQs was important because it helped define the allowable and unallowable uses of CRF dollars. However, interviewees stated that the guidance and FAQs released by Treasury caused confusion because of inconsistent and contradictory guidance in the various FAQs released. This directly impacted and slowed the ability of county governments to respond to the COVID-19 pandemic. Interviewees noted the following challenges from changing guidance.

- Counties had to reprogram money because dollars they committed were later deemed inappropriate. In some instances, county personnel reported that they could not in fact reprogram funds when new guidance was received, because those funds had already been spent.
- Large amounts of staff time were necessary to keep up with changing rules and requirements. County budget and financial personnel said that, especially in the early days of the pandemic, they kept extremely detailed records of every expenditure and commitment to be able to justify every expenditure, no matter its size, because there was no guidance about CRF reporting requirements. They also went through complicated procedures to verify that organizations to which they provided funding or contracted with for services could meet very specific requirements in case the expenditures were questioned later.
- The uncertainty and changing guidance sometimes had a direct impact on the relationship counties had with their non-profit, faith-based, and citizen organizations who were implementing COVID-19 response programs. Some counties reported having to reach back out to community groups with which agreements had been made to modify or cancel some agreements.
- Representatives of some non-profit organizations said they felt it was too risky to work with the county using CRF funds out of fear they could be at risk of losing their non-profit status if they ended up in violation of changing Treasury guidance.

During the first six months of implementation, counties spent substantial time and effort seeking clarification and answers to questions about allowable expenses. In August 2020, GFOA sent a survey to prime recipients of CRF funds, including all 120 counties. GFOA found that prime recipients "stated they avoided proceeding with their interpretation to prevent any potential disagreement with future updated guidance from Treasury."[22]

Finding 2.3: While the CRF achieved the priority goal of quickly making funds available at local levels, the Department of Treasury did not develop or provide sufficient initial administrative guidance that would have made CRF funds readily spendable by localities. The slow release of implementation guidance over time and the lack of specifics early on limited the effectiveness of program implementation for at least the first six months of the CARES Act and led to risk-averse spending practices at the local government level. It also required considerable time and effort from county personnel who sought clarification from Treasury and required counties to change program plans and operations as additional Treasury guidance was released, occasionally undoing what had been specified previously.

Recommendation 2.3: Comprehensive administrative guidance should be released when a program is announced, with a process for the lead federal agency to quickly address additional questions that arise early in program implementation. Further, to the extent possible, the process of developing administrative guidance that directly impacts county governments should be done in consultation with state and local government officials who will be responsible for carrying out the legislation, or with representatives of professional associations that work with or represent state and local governments. Doing so will help identify and mitigate potential problem areas before the program is enacted, maximizing benefits/results, and minimizing false starts and wasted time.

2.4 Program Design to Allow State, County and Local Governments to Make Expenditures with Longer-Term Payoff and to Meet Short Term Needs

The decision by Congress to specify a December 30, 2020, expenditure deadline significantly limited the ability of state and local governments to plan for the long-term impact of COVID-19. On average, county governments with a population of over 500,000 received $167,626,457.12 and were expected to not only obligate, but to spend, all of it within 9 months. Even in a non-emergency scenario, county governments have limited capacity to stand up and execute multimillion-dollar programs, and the December 30, 2020, provision required county governments to do just that during this stressful period.

In addition, state and local governments were required to have **incurred** all CRF-related cost by December 30, 2020. Counties would not be allowed to carry over CRF funds to pay for costs **incurred after** that date. This incentivized county governments to prioritize immediate spending as opposed to thinking strategically about county needs beyond December 30, 2020. This deadline resulted in counties prioritizing spending on smaller, short-term investments, such as PPE, increased capacity at food banks, and on shelters for the homeless.

[22] Haroon, *Coronavirus Relief Fund the Prime Recipient Perspective*, p 9.

Counties also developed programs for mortgage and rental assistance, small business support and childcare support to provide immediate impact for residents. While these programs addressed community needs, the requirement to spend all CRF funds by December 30, 2020 resulted in on-going resident-serving programs facing financial challenges in 2021 without additional sources of funding.

Effects of CARES Act 2 on CRF Spending

On December 27, 2020, the Consolidated Appropriations Act of 2021 (CARES Act 2) was signed into law. While it provided no additional money to county governments, it did extend the deadline to spend CRF funds by one year – to December 31, 2021. In some cases, state governments infused additional unused CRF cash into county government programs for 2021. However, the value of a program extension diminishes when it is issued close to the end date of the program. For that reason, the extension of the CRF program three days before the initial spend deadline helped counties administratively close out their books and spend what money was left, but it was too late to change their overarching spending plans. This limited their ability to use CRF funds to continue supporting their local communities.

County officials reported that they would have spent their money differently had they had advance notice that the CRF fund expenditure deadline would be extended to December 31, 2021.

County officials reported that they would have spent their money differently had they had advance notice that the CRF fund expenditure deadline would be extended to December 31, 2021. Many counties would still have spent a share of their CRF allocation early in the pandemic responding to immediate needs of the community. However, extending the deadline would have given county administrators more time to plan strategically for the longer-term economic and public health impact of COVID-19 on their communities, including expenditures for infrastructure (such as broadband investment), as well as continued funding for citizen-support services, such as mortgage and rental assistance.

Following the Great Recession, recovery was especially slow because reduced state and local government revenue resulted in fewer purchases by state and local governments that directly impact economic recovery.[23] Research suggests that state and local government expenditures can contribute to and be an effective means of recession relief. The Congressional Research Service (CRS) released a report on fiscal policy and recovery from the COVID-19 recession.[24] The report summarizes numerous research articles that evaluated past recession relief efforts. It finds that fiscal assistance to state and local governments (as well as enhanced unemployment benefits) is unique in that it serves as relief that sustains businesses and individuals, as well as a traditional

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[23] Congressional Budget Office, *What Accounts for the Slow Growth of the Economy After the Recession?,* November 2012, *https://www.cbo.gov/system/files/2018-10/43707-SlowRecovery-one-column.pdf*.
[24] Jane G. Gravelle and Donald J. Marples, *Fiscal Policy and Recovery from the COVID-19 Recession*, CRS Report No. R46460 (Washington, D.C.: Congressional Research Service, 2021), https://crsreports.congress.gov/product/pdf/R/R46460.

stimulus aimed at stimulating economic activity and full employment. Research suggests "larger multipliers are associated with transfers to state and local governments, which are likely to spend funds in a recession because they have lost part of their revenue base."[25] For ARRA relief provisions passed in 2009 (as a result of the Great Recession), the Congressional Budget Office "estimated that, by the first quarter of 2012, the multipliers for provisions enacted in 2009 were 1.5 for federal purchases, 1.3 for spending on state and local infrastructure, 1.25 for transfers to individuals, 1.15 for unemployment benefits, and 1.1 for other state and local transfers."[26]

Finding 2.4: The legislation with a December 30, 2020, deadline for use of CRF funds did not give counties adequate time to develop a strategy for spending their CRF dollars over the course of the year. The result was a program design that incentivized immediate/short-term spending based primarily on current needs only, as opposed to needs that might arise or continue beyond the December 30, 2020 date. This was particularly problematic given the longer than expected duration of the pandemic and given the ultimate (11th hour) extension of the spend-by date to December 31, 2021.

Recommendation 2.4: Future program designs should have a funding-spending structure that allows time both for responding to immediate needs and for planning for longer-term projects and expenditures. If a short spending deadline is a requirement, then money should only have to be obligated, rather than costs incurred. Additionally, the allowable uses for the money need to be flexible, and the criteria for using the funds need to be clear. Otherwise, vague terms in legislation and program guidance may slow state and local government spending and response.

2.5 Allowing Coverage of Operational Expenses and Revenue Replacement, Not Only New Costs Incurred by Counties in Providing Services and Support Related to COVID

Local governments rely on sales tax, property tax, hotel, and lodging tax, and many other taxes and fees as primary revenue sources for their annual budgets. "County governments raise 71 percent, or $469 billion, of revenue locally through taxes, administrative charges and fees and utility revenue, with voter approval."[27] "More than two-thirds of counties (69 percent or 2,125 counties) are severely restricted in [their] authority to raise any additional revenue, since these counties operate under Dillon's Rule or Hutchinson's Rule authority – which permit these counties to raise revenue only from sources explicitly outlined in state law."[28]

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[25] Ibid., "How effective a fiscal stimulus is depends on the share of the spending or tax cut that is initially spent, which can be summarized in a multiplier…. a multiplier estimates how much additional output is produced for an additional dollar of spending or tax cuts. For example, a multiplier of 1.5 indicates that $1 dollar of fiscal stimulus leads to $1.50 in output." P. 13.
[26] Ibid., p 17.
[27] *Executive Summary Analysis of the Fiscal Impact of COVID-19 on Counties*, National Association of Counties, May 2020, https://www.naco.org/sites/default/files/documents/NACo_COVID-19_Fiscal_Impact_Analysis-Executive_Summary.pdf, p. 5.
[28] Ibid.

In September 2020, Treasury clarified that CRF funds could be used to cover payroll and benefits for public employees substantially dedicated to responding to the pandemic, freeing up general revenue to help fund services and maintain public safety jobs amid the pandemic. Despite this workaround, the continued decision to prohibit the use of CRF dollars for revenue replacement will have a lasting impact on local governments.

As discussed later in chapter 4 and highlighted in the case study counties, local governments provide direct relief to residents in the form of small business support, rental and mortgage assistance, and public health services, and by providing food security and support to those experiencing homelessness. This type of support is critical during a pandemic that has seen 90 million households nationwide report difficulty paying for usual expenses, half of households losing employment income during the pandemic, and the economy losing 9.3 million jobs in 2020 which is more than the 3.7% drop from 2008 to 2009 during the Great Recession.[29] Without the ability to recover lost revenue, local governments will be forced to reduce services and local government employment that make these programs possible.

Analysis from the Government Accountability Office (GAO) finds some promising signs of recovery. Improving spreads on municipal bonds since July 2020 suggest "that perceived risk among municipal borrowers and access to credit for state and local governments have also improved slightly." However, state and local government employment, "a timely measure of fiscal stress facing state and local governments as well as an indicator of the capacity of state and local governments to provide services to the public," has dropped significantly as a result of the pandemic and has not yet recovered to pre-pandemic levels (see Figure 3).

[29] "State of the Union in Numbers", USAFacts, accessed Feb 18, 2021, https://usafacts.org/state-of-the-union/.

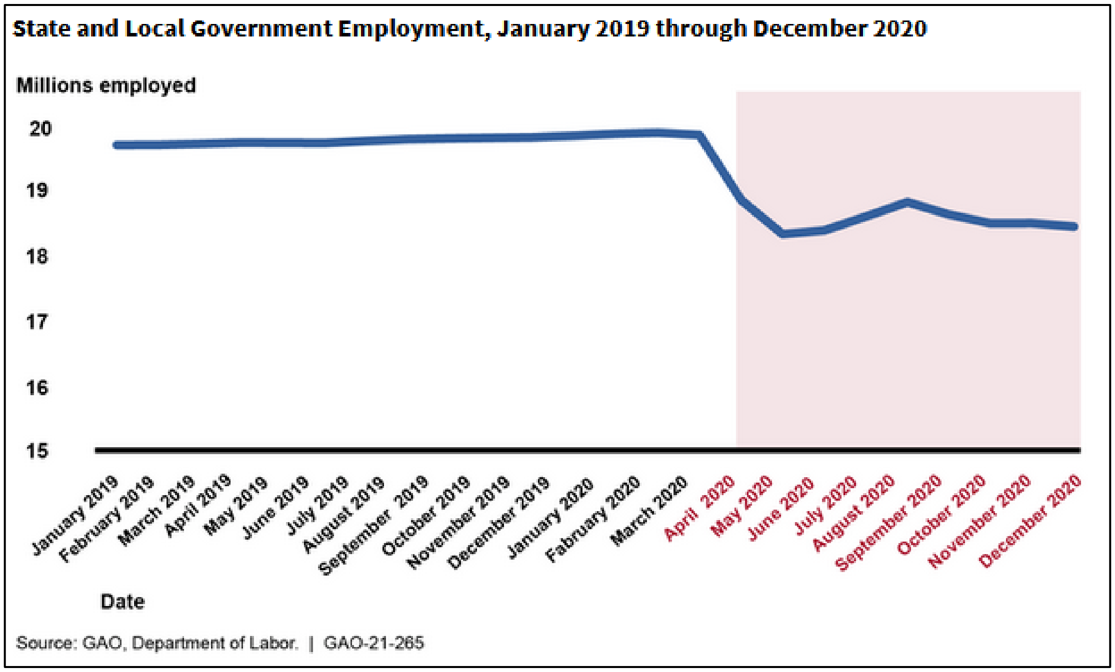

Figure 3. State and Local Government Employment, January 2019 through December 2020. (Source: GAO, Department of Labor)

GFOA surveyed local government finance officers in October 2020 and found that the biggest need for local governments going forward is revenue replacement.[30] Four early congressional proposals for state and local COVID-19 fiscal aid included provisions for revenue replacement, but neither CARES Act 1 nor CARES Act 2 allowed CRF funds to be used for revenue replacement.[31]

According to a May 2020 NACo analysis of the fiscal impact of COVID-19 on counties using U.S. Census Bureau data and analysis of a NACo-fielded survey to county leaders, counties were potentially facing "$114 billion in lost revenue and $30 billion in response costs." That estimate "[did] not account for revenue loss or delay from property tax disruptions, nor [did] it consider funding and revenue share cuts from state sources, like state-collected sales, income or gasoline taxes."[32]

In the GFOA October 2020 survey of its members, the revenue sources of greatest concern to local governments are included in the chart that follows.

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[30] Haroon, *Coronavirus Relief Fund The Prime Recipient Perspective,* p 19.
[31] "Comparison Chart: Proposals for State and Local Fiscal Aid", National Association of Counties, accessed Feb 18, 2021, https://www.naco.org/sites/default/files/documents/Comparison%20Chart%20Proposals%20for%20State%20and%20Local%20Fiscal%20Aid.pdf.
[32] Ibid.

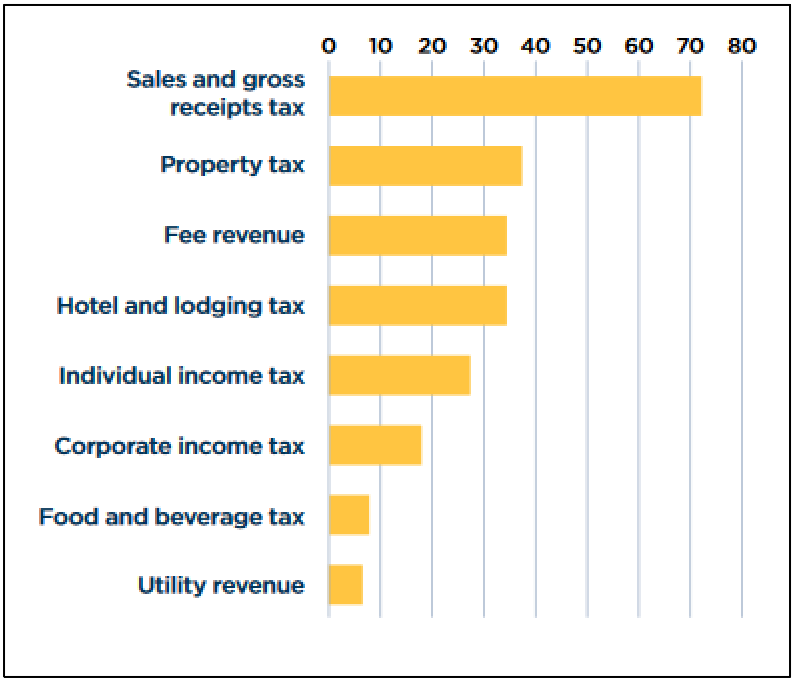

Figure 4. Which sources of revenue are of greatest concern to your state/jurisdiction over the next 12 months? (Source: Government Finance Officers Association Survey)[33]

With declining revenues in some states or regions, certain county governments are facing tough decisions on community services and local government employment.

Finding 2.5: While the intention of the CARES Act may not have been to restore counties to the economic level they were at prior to the pandemic, the decision not to allow funds to be used for revenue replacement means counties are facing tough decisions about cuts to county programs and staffing to offset lost revenue in the form of lower sales revenue, decreased property values, and/or lower levels of tourism. These tough conversations are happening now and will continue to take place in the months and years ahead.

Recommendation 2.5: Future federal COVID-19 relief programs should consider providing funds to counties and cities for revenue replacement. Doing so will help ensure that counties can maintain the level of local government services provided prior to the pandemic and will reduce the likelihood that local government jobs need to be cut to offset lost revenue in the years after the pandemic.

2.6 Funding to Large Counties to Cover Costs of County Services to Jurisdictions within the County

The CRF made significant funds available to state and local governments, including counties with populations greater than 500,000, all at one time using a formula from the Department of Treasury to distribute funds. Treasury carved out the population of cities above 500,000 from the individual county populations in determining the funding level for this specific subset of large urban counties. However, the formula itself did not account for different mandates and duties

[33] Haroon, *Coronavirus Relief Fund: The Prime Recipient Perspective*, p 10.

imposed on these two levels of government: counties provide direct services to cities as well as to unincorporated areas within the county. The distribution methodology/formula for units of local government added a provision for overlapping jurisdictions.

> Some local governments (for example, a city) may be entirely within the boundaries of a larger local government (for example, a county or parish). The larger local government may include, for purposes of determining whether it meets the 500,000 threshold for *eligibility*, the population of the smaller, constituent local government.[34]

If the local government has a population over 500,000, then that local government can provide certification to Treasury requesting to receive a portion of the CRF. The illustrative County C below provides an example.[35]

County C has a total population of 900,000

- 750,000 in City D (the incorporated part of the county)
- 150,000 in the unincorporated part of the county

Both County C and City D are eligible to provide a certification because their total respective populations exceed 500,000.

If County C provides a certification, but City D does not, County C's payment amount will be based on a population of 900,000.

If both County C and City D provide certifications:

- County C's payment amount will be calculated based on a population of 150,000 (total population less the population of City C).
- City D's payment amount will be calculated based on its population of 750,000.

In the example above, removing the city's population of 750,000 from the county's funding formula puts counties at a disadvantage when it comes to COVID-19 response. The formula fails to recognize the division of roles and responsibilities between counties and their included cities. Some counties are responsible for providing services to all residents within the county – that includes cities, towns, small municipalities, and unincorporated areas.

The types of services provided by a county can be markedly different than those provided by a city. In addition to health and human services, counties often provide basic utilities, such as water, electricity sewage and trash/recycling collection, transportation, and natural gas to cities and municipalities within their jurisdiction. Removing a city's population from the county's funding

[34] "Eligibility of Local Governments," Department of the Treasury, accessed Feb 18, 2021, https://home.treasury.gov/system/files/136/Census-Data-and-Methodology-Final.pdf, p. 1.
[35] Ibid.

formula reduces the county's capacity to support all county residents, including those in the major municipality.

This funding formula also created inequities between counties receiving direct CRF funding as demonstrated by a comparison of the CRF funding amounts to annual county budgets. For example, New Castle County, Delaware (with no individual city over 500,000 residents) received a $322 million CRF allotment which was more than 100 percent of its FY 2020 Approved Operating Budget of $301 million.[36] In comparison, Mecklenburg County, North Carolina, which includes Charlotte, the only city in North Carolina to receive direct funding, received a CRF allotment of $39 million, equating to 2 percent of its FY 2020 Approved Operating Budget.[37] Charlotte received $154 million, equating to 5 percent of its FY 2020 Approved Operating Budget.[38] The funding methodology for overlapping jurisdictions created unanticipated shortfalls in certain counties and cities.

Finding 2.6: Large counties with a population size of 500,000 or more typically provide significant services for the city-based populations in their counties. The CRF funding formula carved out the population of cities above 500,000 from the individual county populations in determining the funding level for this specific subset of large urban counties. Thus the funding may not provide a county with the adequate resources to cover services for its city residents.

Recommendation 2.6: Legislation providing emergency relief to counties and cities should ensure that large counties are funded to provide selected services for city residents. Future legislation should ensure that the entire population of a county is credited as including all city residents, as they are also residents of a county and may receive county services.[39]

2.7 Assessing the Impact and Effectiveness of the CRF Program Funding

Measuring the success of a federal program, especially one as expensive as the CRF, is vitally important to understanding the programmatic effects on economic and health outcomes of Americans. Beyond the ability of Treasury OIG to audit county CRF expenditures (as reported to PRAC by the counties), there were no metrics nor requirement for an overall post-program

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[36] "New Castle County Operating Budget Fiscal Year 2020 Approved", New Castle County Delaware, accessed Feb 18, 2021, https://nccde.org/DocumentCenter/View/30141/FY2020-Approved-Operating-Budget.

[37] "Adopted Budget Mecklenburg County, North Carolina Fiscal Year 2020", Mecklenburg County, North Carolina, accessed Feb 18, 2021, https://www.mecknc.gov/CountyManagersOffice/OMB/PriorBudgets/Documents/FY2020.pdf.

[38] [38] "Adopted Budget FY 2020 Budget", City of Charlotte, North Carolina, accessed Feb 18, 2021, https://charlottenc.gov/budget/FY2020%20Documents/FY%202020%20Adopted%20Budget%20Book%207-31%20Complete.pdf.

[39] Exceptions are those living in the cities of Baltimore, St. Louis, and independent cities in Virginia.

evaluation of the CRF. GAO was given certain monitoring and oversight roles by the CARES Act.[40] Counties are also unclear on what to expect in a future audit of their spending, what the auditing process will look like, and to what extent counties will be in jeopardy of paying back “misused” funds.

There is an organizational tendency to use Treasury OIG and auditors to evaluate the CRF program but determining whether expenditures fell within allowable expenses, but that type of evaluation is vastly different from studying the outcomes of those expenditures. As of this date, no metrics have been established by which to measure or calibrate the success and effectiveness of the expenditures. Based on the audit, the measure of success is whether the money was spent by the deadline and within Treasury’s guidance.

Further, the reporting process for using CRF funds is cumbersome and time-consuming. At least initially, only two people could be on the system at the same time, prompting an outsized impact on county-level staff who were required to report expenditures of CRF dollars. Even the criteria for “good use” were not specified. Crises and needs are many and varied yet auditors will focus on what the funds were spent on, not why nor what were the results and effects.

Finding 2.7: The decision to have GAO review COVID-19 challenges and opportunities in real time is beneficial because it helps assess overall CRF program effectiveness and identifies lessons that can be applied to future relief programs. However, additional, program evaluation to identify both impact and lessons learned is needed to guide the development of future programs.

Recommendation 2.7: Future federal relief legislation should include a provision that the impact and success of the program be formally evaluated during and at the end of the program.

One alternative for accomplishing this is to include it as a responsibility of GAO, but other options are available. For example, the impact of program design on the health of Americans could be evaluated by CDC or the Department of Health and Human Services. Additionally, the impact on community economies of different programs could be evaluated by other organizations (e.g., the Department of Housing and Urban Development or another organization could evaluate the effectiveness and impact of programs to temporarily constrain evictions of those unable to pay rent or mortgages). Such evaluations will help the country be better prepared for future economic and health challenges and should be built into key program legislation. However, it is not too late to assure that such evaluations are performed on the relief programs authorized in the current crisis. This will lead to documentation of progress made, remaining challenges, and lessons learned in developing major federal relief packages, thereby documenting best practices and establishing a baseline for future relief programs.

[40] According to GAO Report 20-625, the CARES Act includes a provision for GAO to conduct monitoring and oversight of the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic. GAO is to report on, among other things, the pandemic’s effects on the public health, economy, and public and private institutions of the US. It also is to report on loans, loan guarantees, and other investments and to conduct a comprehensive audit and review of charges made to federal contracts pursuant to the CARES Act. GAO submitted its first report in June 2020, with subsequent reports due (and thus far released in accordance with the CARES Act) every 60 days, until March 2021.

Chapter 3: Innovations While Implementing the CARES Act/Coronavirus Relief Fund in six Counties

The second purpose of this study is to identify and document innovative county-level strategies using CRF dollars. NACo selected six counties for this purpose. The counties selected are among those paying special attention to programs focusing on inclusive economic recovery and on assisting vulnerable and underserved populations with health and economic security issues. They are:[41]

- Cook County, Illinois
- Franklin County, Ohio
- Hennepin County, Minnesota
- Lee County, Florida
- New Castle, Delaware
- Pierce County, Washington

3.1 Common COVID-19 Impacts and Responses

The following section describes commonalities across the six counties in their response to COVID-19, challenges faced, and innovative strategies developed. Each county is described in more detail in the case studies found at the end of this chapter.

County governments are responsible for the delivery of a variety of critical social services. These services include administering programs for homelessness, food security, small business support, education, and public health. In response to COVID-19, the traditional functions of county governments expanded to meet the needs created by the pandemic, forcing counties to increase the provision of existing services and/or take on new ones in response to increased demand from communities. Despite the geographic dispersion of the counties studied, each experienced similar community needs and program design requirements.

At a minimum, all six counties extended their normal social service roles because of COVID-19. In addition to their usual services, these counties supported the distribution of PPE, provided IT equipment or internet connectivity for virtual education, and expanded services like food banks and homeless shelters to meet new heightened demand, among others.

To facilitate in-person interactions in a safe manner, counties provided PPE to any businesses, including restaurants and childcare centers. Pierce County, Washington, implemented a Restaurant Rally program that provided grant funding to restaurants so they could offer reduced menu prices, and distributed over 300,000 pieces of PPE to local restaurants.[42] The Lee County Childcare Assistance Program, which provided childcare scholarships to individuals returning to

[41] Each county is represented by a star on the cover of this report.

[42] *2020 CARES Act Economic Stabilization & Recovery Programs*, Pierce County Economic Development Department, accessed Feb 19, 2021, https://issuu.com/pierceco/docs/edd_covid_19_recap_final?fr=sMTgxZDI3OTYwNDk, p. 20-21.

work, included an allocation to clean and sanitize 117 childcare facilities in the county for safe operations.

Counties also used CRF dollars to support new digital infrastructure demands created by mandatory remote learning. Franklin County coordinated with the city of Columbus to provide 10,000 computers and 10,000 Wi-Fi hotspots for the transition to remote learning.[43] Counties also saw an increased demand for services related to food security and homelessness. Lee County, Franklin County, New Castle County, and Pierce County all allocated additional resources to support food banks and expanded homeless shelter programs. Using $19.5 million from their CRF funding, New Castle County purchased a 192-room former Sheraton hotel, expanding access to safe housing for residents experiencing homelessness during the pandemic.

3.2 Common Challenges

Each of the counties studied shared a common set of challenges in implementing the CRF, including:

- interpreting guidance from Treasury;
- maximizing impact despite program uncertainty given the December 30, 2020 deadline;
- difficulty defining "COVID-19 related;" and
- processing claims for people receiving multiple layers of support of local, state, and federal government.

Given this uncertainty, counties turned to other counties, cities, and other organizations, including NACo and GFOA, for guidance and information. These organizations and others provided – or in some cases, helped obtain – answers, and information that would clarify roles, responsibilities, and activities that fell within the guidelines of the CARES Act and CRF funding.

3.3 Shared Innovations Across Counties

The responses of county administrators to the demands placed on them demonstrated that although the six counties selected faced similar challenges, they each developed innovative and exemplary responses to COVID-19. The six counties:

- Furthered social equity through explicit consideration of community needs and action to ameliorate disparities;
- Stretched existing capacity to establish internal programs to meet needs;
- Partnered effectively with outside nonprofit service providers when necessary to deliver impact greater than existing capacity allowed;
- Developed distinct new programs to leverage CRF funding;
- Used data in creative ways to inform decision making in real time and create reliable programs;
- Nimbly responded to CRF guidance and funding, using contingency plans to maximize impact and flexibility given program uncertainties; and
- Distributed CRF funds to localities within their jurisdictions in response to needs.

[43] Interview with Franklin County, OH.

Counties developed innovative responses to mitigate the impact of COVID-19, focusing on addressing the impact on social equity.

Social Equity

The counties addressed social equity in a variety of different ways that, when taken together, illustrated a well-balanced, robust approach to advancing social equity through COVID-19 responses. Social equity programs seek to address historical disinvestment and marginalization of certain communities. Due to long-standing disparities of wealth and healthcare access, communities of Black, Indigenous and People of Color (BIPOC) have experienced increased rates of infection of COVID-19. In January 2021, researchers at Oxford, Cambridge, University College London, Harvard, and Georgia State University examined the Social Vulnerability Index for U.S. counties, including approximately 327 million people. Research found that "the most socially disadvantaged counties had, on average, twice the rate of COVID-19 cases and deaths relative to the least disadvantaged counties." The study called for "policy interventions to tackle the pandemic that more explicitly focus on health equity and social justice. A greater attention to, and proportionate resource mobilization for, disadvantaged counties is needed (including improved opportunities for COVID-19 testing and policies to support appropriate physical distancing), to ensure this pandemic does not widen existing social inequalities."[44]

Efforts to address social equity at the local level have been occurring for years, but the pandemic created additional urgency to help combat the health and social inequities facing many Americans. In 2018, county leadership in Franklin County, Ohio, developed an anti-poverty initiative through their board of commissioners to address social equity. With the advent of the pandemic, the Franklin County Health Department declared racism a public health crisis citing a rate of infant mortality in the Black community nearly triple that of non-blacks.[45] The goals and action steps of the plan were tied directly to COVID-19 relief dollars. Franklin County's leadership in creating equity initiatives set the direction for the COVID-19 recovery.

Cook County recognized that the last economic recession had increased the disparity gap and acted to reduce the gap through independent, data- driven funding disbursement. To do so, Cook County designed an equitable distribution model using weighted variables to account for historical disparities. The allocations were determined for each municipality using a formula based on its population, median income, COVID-19 deaths, percentage of population in disinvested areas, and tax base per capita.

[44] Nazrul Islam, Ben Lacey, Sharmin Shabnam, et all., "Social inequality and the syndemic of chronic disease and COVID-19: county-level analysis in the USA," *Journal of Epidemiology & Community Health*, Jan 5, 2021, https://jech.bmj.com/content/early/2021/01/05/jech-2020-215626/.

[45] Franklin County Commissioners Declaration of Racism as a Public Health Crisis, Franklin County Commissioners Res. No. 0341-20, (2020), https://crms.franklincountyohio.gov/RMSWeb/pdfs/68146.FINAL_Resolution_FCPH_DeclaredRacism PublicHealthCrisis.pdf.

To increase application rates for county programs funded through the CRF, Hennepin County used trusted networks in communities of color to provide outreach and support. As a result, minority-owned businesses accounted for 44 percent of the recipients of the county's COVID-19 small business support programs. Pierce County also expanded support services for their application process, reaching out to small businesses that would qualify, but had not applied, and providing help for incomplete applications. The county placed special emphasis on providing these services to minority-owned businesses. Finally, Lee County identified barriers to BIPOC and non-English speaking communities and responded by hiring multilingual call center operators to build internal capacity directed toward serving social equity.

Nonprofit partners and internal capacity

Counties partnered with nonprofit organizations to increase service delivery for residents while also stretching existing internal capacity to meet needs. With the surge in program applications, nonprofit partnerships were vital for processing and providing support services. Franklin County partnered with the Center of Science and Industry[46] (COSI), to address the learning gap created by the transition of students to remote learning, amplifying the need for broadband access and digital resources. COSI helped create a free digital web and mobile resource – COSI Connects – to provide digital tools to kids via a new type of science, technology, engineering, arts, and math (STEAM) learning kit called the COSI Learning Lunchbox. The Learning Lunchbox was also paired with boxes of food for the families, providing additional support for students who often receive school-provided lunches.

New and expanded programs

Counties both expanded existing pre-pandemic programs and developed distinct new programs to make full use of their CRF funding. Hennepin County successfully expanded a previous community block grant for housing assistance and through coordination with the existing support contractor, significantly increased the scale of the operation.

For some counties, the CRF allowed them to "think big" when providing support for their most vulnerable populations. In October 2020, New Castle County purchased a 192-room hotel using $19.5 million in CRF funds. This investment allowed the county to provide temporary housing for many of the county's residents experiencing homelessness with the goal of reducing exposure to COVID-19 while providing wraparound support, including substance abuse counseling and mental health services.[47]

Using $5 million of its CRF funds, New Castle County partnered with Delaware State University's Kirkwood High Campus to create a COVID-19 testing laboratory to reduce both the cost of

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[46] The Center of Science and Industry is a non-profit science museum and research center. It opened to the public in 1964. As a center of science and industry, it maintains important partnerships with local organizations, including Ohio State University, the Columbus Historical Society, and others. In 2020, COSI was named the #1 science museum in the United States by USA Today.
[47] "Hope Center," New Castle County Delaware, accessed Feb 19, 2021, https://www.nccde.org/2156/Hope-Center.

individual tests and the overall wait time for results. The first tests were conducted on December 24th, 2020, and the county expects to reach a robust capacity mid-to late-February.

Creative use of data

Cook County and Hennepin County used data in creative ways to inform decision making and create programs that best served the needs of their diverse populations. As previously discussed, the equitable distribution model developed by Cook County was innovative in its social equity lens, as well as in its use of data. The model, with a slight formula adaptation, can be replicated in other counties to create equitable funding distributions. It also attached data to an objective process to meet critical needs in an area often confounded with subjective interpretations and limitations.

Hennepin County was also innovative in their use of data to inform the public of CRF spending. They used GPS mapping of COVID-19 cases and program usage rates to identify areas in the county with the greatest for need. The rental and mortgage assistance program was adjusted after data analytics revealed a portion of tenants did not participate, even though their landlords were willing. They also created a separate administrative portal to allow landlords to apply for assistance directly, increasing the number of tenets served at a more cost-effective rate. Through mapping technology Hennepin County also visualized small businesses across the county and could direct efforts towards those in need.

Nimble response to federal guidance and funding

Counties responded nimbly to CRF funding and subsequent guidance, using contingency plans to maximize impact and flexibility given program uncertainties. Pierce County designed programs to meet initial federal funding and guidance, and then quickly pivoted to scaling up innovative county programs that had proven to be successful in the past. For instance, in response to changing federal guidance and funding, the business loan program was modified seven times.[48] Increased demand and changing funding amounts allowed Pierce County to ramp up the size of loans, and then eventually shift towards grants as CRF funding was allocated. Criteria for the size of eligible businesses also changed in response to the needs of businesses. All counties regularly used peer institutions like NACo and GFOA to stay informed on how other counties were planning for changes in funding or guidance and the six counties examined created contingency plans in the case of changes in guidance or new funding opportunities.

Intergovernmental response and collaboration

Counties also used their CRF allocations to work closely with other levels of government to meet needs and fill gaps caused by the pandemic. New Castle and Cook County both gave funding from their CRF allocations to localities within their jurisdictions and in December 2020, New Castle County provided $136 million to the State of Delaware, bringing the county's total contribution to the state to $170 million. As the only county in the country to share its direct CRF funding with its state, New Castle saw an opportunity to bolster the capacity and capability of state programs through a cost sharing formula designed to account for program benefits for

[48] 2020 CARES Act Programs Report, Pierce County Washington, p 8-9.

New Castle residents.[49] Cook County through its equitable distribution model allocated CRF funding to smaller municipalities within its jurisdiction. Given existing intergovernmental relationships between states and localities, some counties provided direct support for other units of government including villages and townships.

3.4 Case Studies

The following section includes case studies that highlight innovations in six counties.

[49] "New Castle County to provide an additional $136 million in CARES Act funding to State of Delaware", New Castle County Delaware, Dec 17, 2020, https://nccde.org/CivicAlerts.aspx?AID=1930.

Cook County, Illinois

Correcting for historical disinvestment in social equity through independent, data driven funding distribution

Quick Facts

Major City: Chicago

Total Coronavirus Relief Funding:
$428.5 million

Population: 5,150,233
White – 42.0%
African American – 23.8%
Asian – 7.9%
Hispanic or Latino – 25.6%

Poverty Rate: 13%

Cook County, Illinois, the second-most-populous county in the United States, distributed $51 million of its Coronavirus Relief Fund (CRF) money to 134 local municipalities within Cook County using an equity lens. The program, called the Suburban Municipality Funding program, addresses historic disinvestments by using a formula to allocate CRF dollars to suburban municipalities based on community need and the diverse impact COVID-19 has on different populations.

Suburban Cook County municipalities were forced to make unbudgeted expenditures due to COVID-19; reduce spending in program and service areas to cover COVID-19-realted costs; and make reductions in salaries, hiring, and capital projects. Cook County leaders surveyed the suburban municipalities regarding the financial impact COVID-19 has had on the community. The survey, the results of which can be seen at the end of this case study, identified operational needs for suburban municipalities that included direct COVID-19 expense reimbursements, personal protective equipment (PPE)/cleaning supplies, labor costs (including overtime, emergency paid leave), redesign of workspaces, and telework equipment).

Recognizing that the impact of COVID-19 on suburban municipalities was closely correlated with socio-economic factors, Cook County sought an equitable distribution model to allocate funds to municipalities hardest hit by COVID-19. To do so, Cook County reached out to the Chicago Metropolitan Agency for Planning (CMAP), the regions local comprehensive planning organization. CMAP brought to Cook County's attention a model it used to leverage socio-economic data to score municipalities in the region. Cook County considered its model, which used population, economic, and social data to evaluate local municipalities and adjusted it to include public health factors. The model begins with a municipal allocation of 1/3 based on the population of the municipality (fixed at a $5.83 per person baseline). The other 2/3 are based on weighted socio economic and public health considerations using publicly available data.

Under Cook County's governance structure, a subcommittee of county employees (including the Chief Equity Officer, the Chief Financial Officer, Chief Legal Counsel, and the County Auditor) developed and reviewed the weights. Together, they agreed the funding allocation should utilize the CMAP Model and leverage publicly available third-party data for three reasons: (1) it creates buy-in through transparency, (2) it can be updated and used in future funding allocations, and (3) it allows the model to be used by other counties who are interested. The municipal data categories and weights are described in the following visual.

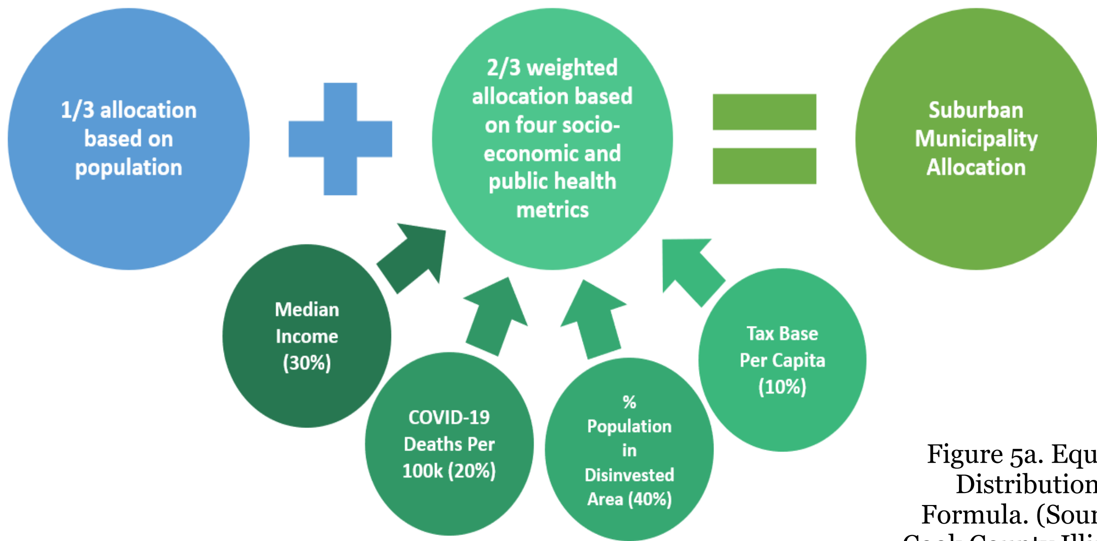

Figure 5a. Equity Distribution Formula. (Source: Cook County Illinois)

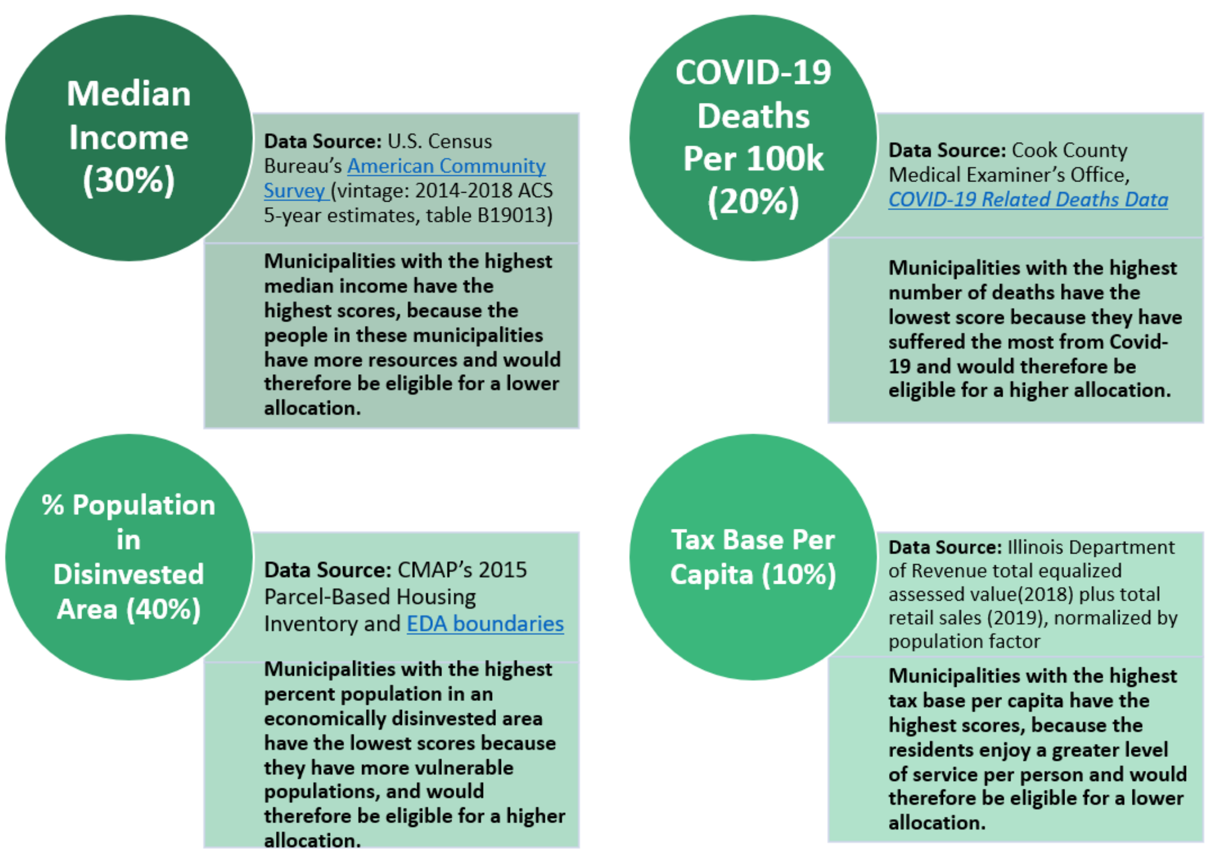

Figure 5b. Equity Distribution Formula. Source: Cook County, Illinois

The formula itself (1/3 population + 2/3 municipal data w/ equity lens) is run through an open-source statistical analysis software known as "R."[1] The result is a listing of municipalities from highest need to lowest need, meaning all suburban Cook County municipalities receive an allocation that reflects the population, economic, social, and public health factors of their community.

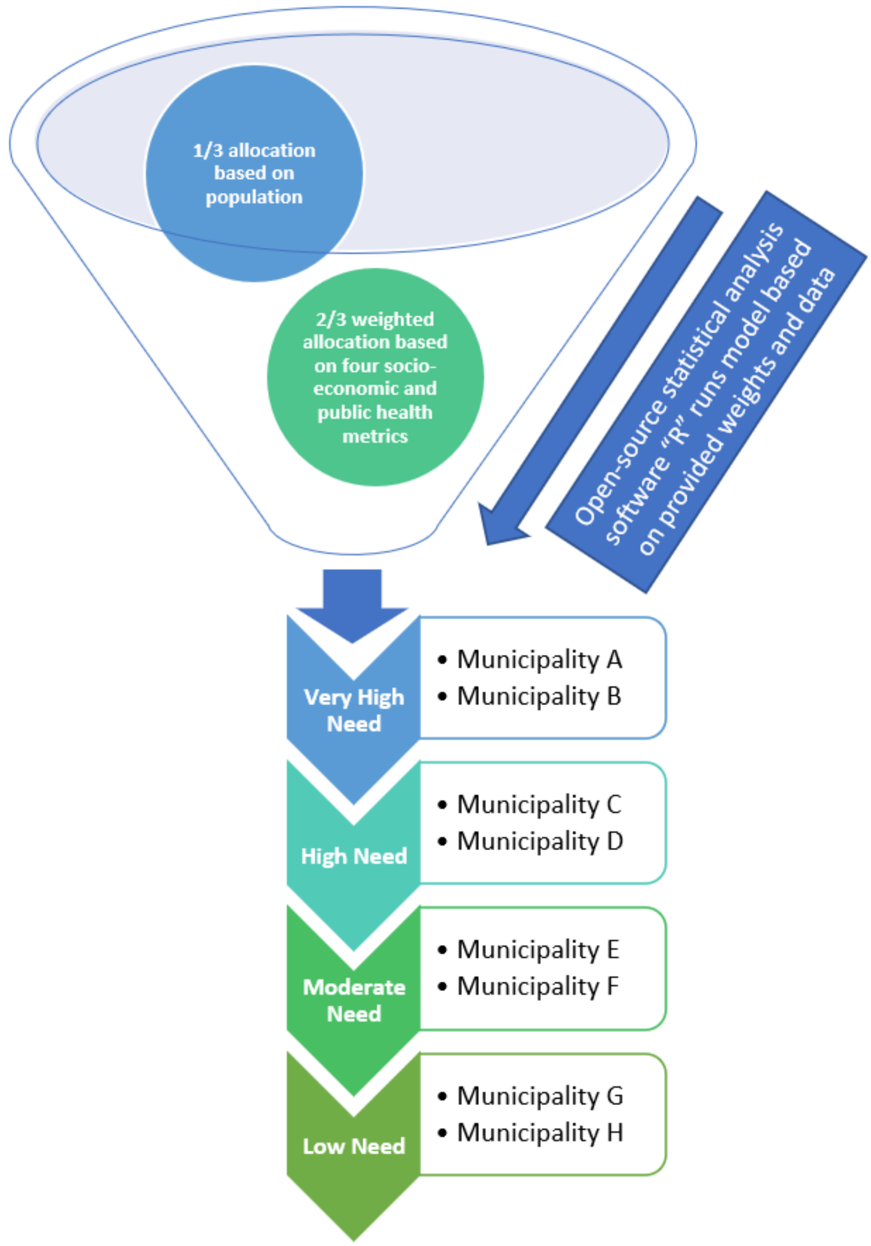

Figure 5c. Equity Distribution Formula. (Source: Cook County Illinois)

This is important because pandemic viruses have historically affected poorer populations with higher levels of chronic disease. An Oxford-Cambridge research study compared the Centers for Disease Control and Prevention's (CDC) Social Vulnerability Index (SVI) to COVID-19-related cases and deaths.[2] The SVI uses census data to determine social vulnerability, which is measured by several factors "including poverty, lack of access to transportation, and crowded housing."[3] The study found that socially disadvantaged counties (measured by CDC's SVI) "had, on average, twice the rate of COVID-19 cases and deaths relative to the least disadvantaged counties."

The Oxford-Cambridge study "highlights the importance of policy interventions to tackle the pandemic that more explicitly focus on health equity and social justice," and that is exactly what Cook County's Suburban Municipality Funding program achieves. The figures below demonstrate that the funding was sent to the areas of highest need, not the areas of highest population. The darker purple colors on the total population graphic equal a higher population, and the darker blue on the final weighted scores graphic equal a greater relative allocation of CRF dollars.

Outreach, communication, and education were critical to the success of the Suburban Municipality Funding Program, and it created a renewed sense of partnership between Cook County and its municipalities. Cook County leadership held regular meetings and press conferences with local leaders and legislative personnel. A website was created as a repository of presentations, frequently asked questions, forms, and applications. Cook County's Deputy CFO provided technical assistance to all municipalities in the form of online office hours and on an ad hoc basis as applications were received.

The Suburban Municipality Funding program is one program in Cook County's larger COVID-19 response. In May 2020, Cook County released *Cook County COVID-19 Response Plan: From Rapid Response to Equitable Recovery*. It includes both a Rapid Response plan (January 2020-April 2020), and an Equitable Recovery (May 2020-May 2022) plan for the county. It recognizes the social vulnerability of certain populations, highlighting the disproportionate impact COVID-19 is having on Cook County's Black and Latinx residents. Cook County is an exemplar for implementing a data-driven recovery effort that targets resources to where they are needed most.

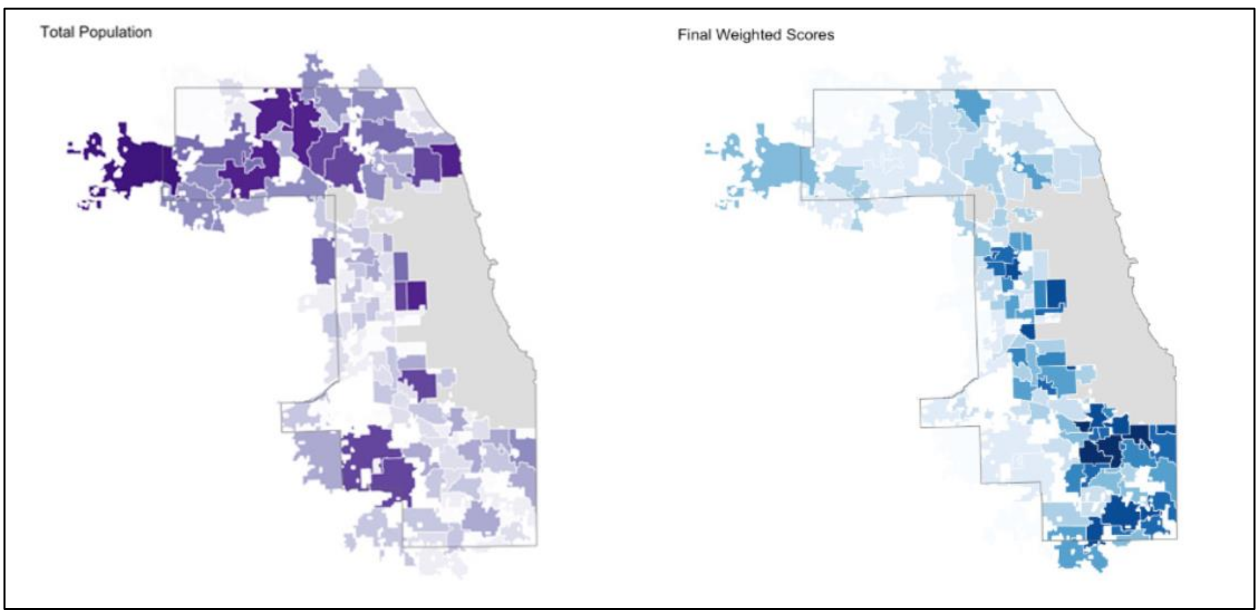

Figure 5d. Equity Distribution Formula. Source: Cook County Illinois

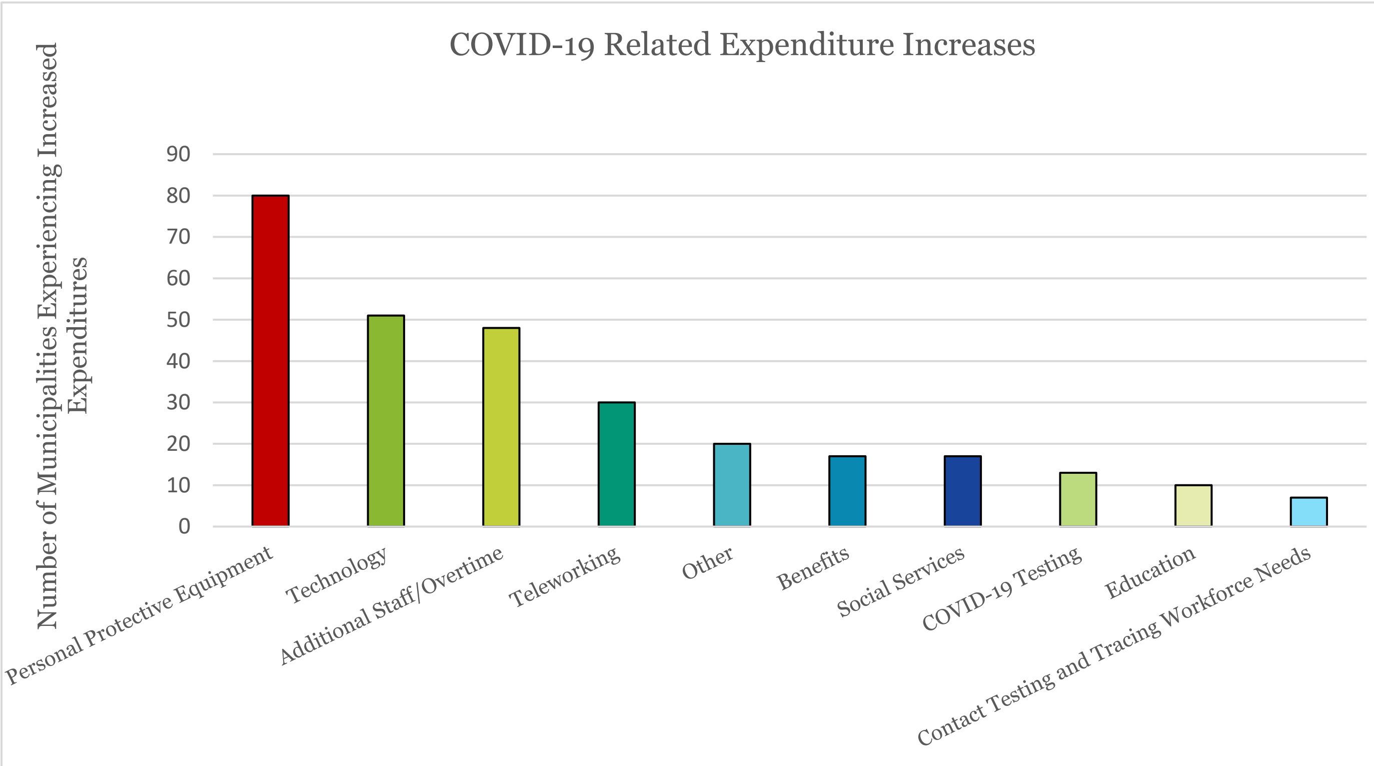

Figure 6. COVID-19 Related Expenditure Increases. Source: Cook County, Regional Recovery Survey. In total, 105 municipalities responded to the survey. The question was "Which of the following categories have caused an increase in expenditures for your government?"

Interviewees and Contacts:

- Tanya Anthony, Bureau of Administration, Cook County
- Ammar Rizki, Bureau of Finance, Cook County
- Michael Ambolo, Bureau of Finance, Cook County
- Dean Constantinou, Bureau of Finance, Cook County
- Stephanie Reyes, Bureau of Finance, Cook County
- Lauren (Ché) Anderson-Justice, Bureau of Finance, Cook County
- Xochitl Flores, Bureau of Economic Development, Cook County
- Irene Sherr, Bureau of Economic Development, Cook County

Cook County Government

118 N. Clark Street
Chicago, IL 60602
(312) 443-5500
https://www.cookcountyil.gov/

Resources:

- *Response Plan: From Rapid Response to Equitable Recovery,* Cook County Illinois, accessed Feb 19, 2021. https://www.cookcountyil.gov/service/cook-county-covid-19-response-plan
- "An Equitable Distribution Model of Cook County's CARES Act Funding", Cook County Illinois, accessed Feb 19, 2021. https://www.cookcountyil.gov/file/15332/download?token=4xPQyV_6
- "Allocation of CARES ACT Funding to Suburban Cook Municipalities", Cook County Illinois, accessed Feb 19, 2021 https://www.cookcountyil.gov/file/15369/download?token=PM6lN84D
- Nazrul Islam et all, "*Social inequality and the syndemic of chronic disease and COVID-19: county-level analysis in the USA",* Journal of Epidemiology & Community Health, Jan 5, 2021 *https://jech.bmj.com/content/early/2021/01/05/jech-2020-215626*
- *Fact Sheet: CDC Social Vulnerability Index*, Agency for Toxic Substances and Disease Registry, accessed Feb 19, 2021. https://www.atsdr.cdc.gov/placeandhealth/svi/fact_sheet/fact_sheet.html

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[1] *What is R?,* R Project, accessed Feb 19, 2021. https://www.r-project.org/about.html
[2] Islam, *Social inequality county-level analysis*.
[3] *Fact Sheet: CDC Social Vulnerability Index*, ATSDR.

Quick Facts

Major City: Columbus

Total Coronavirus Relief Funding:
$76.3 million

Population: 1,316,756
White – 62.1%
African American – 23.8%
Asian – 5.7%
Hispanic or Latino – 5.8%

Poverty Rate: 11.2%

Franklin County, Ohio

BUILDING ON A COMMITMENT TO ADDRESS RACIAL INEQUITIES IN A TIME OF COVID

Commitment to Reducing Poverty and Ending Racism Influenced the COVID-19 Relief Approach

In 2018 and 2019, a Franklin County Task Force developed the *Rise Together Blueprint for Reducing Poverty* and embarked upon a 10-year/$25 million program to address causes of poverty and racial wage gaps through the establishment of an Innovation Center. They identified racism as a root cause of constricted economic mobility and poverty. As part of the *Blueprint,* the Commissioners established 13 major goals with 120 actions steps. These provided the guidance Commissioners used to allocate Franklin County's Coronavirus Relief Funds in March 2020.

Franklin County also recognized it needed to address the poor health of communities of color, working class residents, and those with disabilities in order to reach the *Blueprint* goals. Thus, on May 19, 2020, in the face of the pandemic, Franklin's County Commissioners declared racism to be a "public health crisis" (Resolution No. 0341-20).

County Commissioners developed a Rise Together Blueprint for Reducing Poverty.

Using the *Blueprint* and continuing earlier commitments to addressing poverty, newly developed CRF-funded programs focused on affordable housing, employment, public transportation, and health. Examples include a partnership with the Building and Construction Trades Council to increase access to high paying jobs via a paid pre-apprenticeship program, and the Roads2Work program, that leads to commercial drivers' licenses for graduates. These and numerous other activities document community-wide awareness of and commitment to addressing racism and other causes of poverty.

COVID-19 exacerbated the need for action and support for individual people, and for small and disadvantaged businesses. After acquiring and distributing personal protective equipment (PPE) and providing essential cleaning services, the Franklin County Commissioners focused on addressing food insecurity, remote learning challenges for education, and assistance to small and disadvantaged businesses to meet the challenges posed by the pandemic.

RISE TOGETHER
A BLUEPRINT FOR REDUCING POVERTY IN FRANKLIN COUNTY

Programs initiated included rapid retraining for people who were laid off, providing economic support for small businesses, and technology investments. The County's plans were built firmly upon the foundation laid out in the *Rise Together Blueprint,* and CRF funding enabled a significant part of many of these initiatives. Franklin County officials credit the existence of the *Blueprint* for enabling the Commissioners to move quickly to provide relief where as most needed, including:

- the establishment of an equity fund targeted towards underrepresented businesses, focusing on businesses left out of the Payroll Protection Program (businesses with 5 or fewer employees);
- $2.6 million for eviction and foreclosure assistance, helping thousands of families; and
- funds to support the Mid-Ohio Food Bank.

Building STEAM Skills and Helping Kids as Part of Addressing Unemployment: COSI Learning Lunchbox Initiative

At the start of the pandemic, the Center of Science and Industry[1] (COSI), located in Columbus, analyzed the virus' local impact on distance learning, and the digital divide. Early research showed that the pandemic was exacerbating learning problems in critical Science, Technology, Engineering, Arts and Math (STEAM) disciplines in vulnerable kids, threatening to leave them disproportionately behind.[2]

The pandemic also expanded the digital divide with underserved kids lacking broadband access and digital resources.[3] Thus, COSI collaborated with others to create a free digital web and mobile resource – COSI Connects – to provide digital tools to kids via a new type of "physical" STEAM learning kit called the COSI Learning Lunchbox. The Learning Lunchbox was paired with boxes of food for the families.

The Learning Lunchbox program was the result of a partnership of COSI with the Franklin County Board of Commissioners, the Children's Hunger Alliance, and other youth-serving organizations. Their goal was to "feed hungry lives, and feed hungry minds."

"Feed hungry lives and feed hungry minds!"

The Learning Lunchboxes were kits (boxes) filled with the materials for 5 to 10 hours of science-related activities by kids. Each week, the kit had a different theme…such as water, nature, space, etc. Different organizations – including NASA, the US Department of Energy, and private and nonprofit entities -- developed activities around science, technology, engineering, and math (STEM) and other topics that went into the Lunchbox kits, typically providing a work plan, free books, and other materials to use during the week.

"Look who stopped by @COSI to check out the new "Space" Learning Lunchbox with Dr. Bertley: three-time astronaut Kathryn Sullivan! Thank you @AstroKDS!"

Locations were set up so families could drive by to pick up meals for a week. When they picked up the food, they also received a Learning Lunchbox filled with the science-related activities.

Each distribution stop was also converted into a mobile community hotspot by a COSI transit vehicle, which featured a powerful Wi-Fi signal so families could get access to broadband. Franklin County allocated $375,000 in CRF dollars to this program. They also undertook a regional effort to refurbish and distribute 10,000 computers and provide 10,000 hotspots to low-income families with students in grades K-12 for their use for 12 months.

COSI's external partners helped develop the Lunchbox delivery method at each location and worked to assure the programs met high state and national educational standards, as well as to define the digital core components that would extend the learning resources.

In addition, it was critically important to ensure health-related safety at every level of the program at drop offs, including rigorous safety and cleaning protocols, social distancing, etc.

"And finally, thank you to @ComMarilynBrown for your support today! We are grateful for @FranklinCoOhio's dedication to #STEM learning."

Organizers report that at some distribution locations, demand was so high that cars lined up to wait for lunches and the science kits! And feedback on the program has been very positive – from both organizers and recipients.

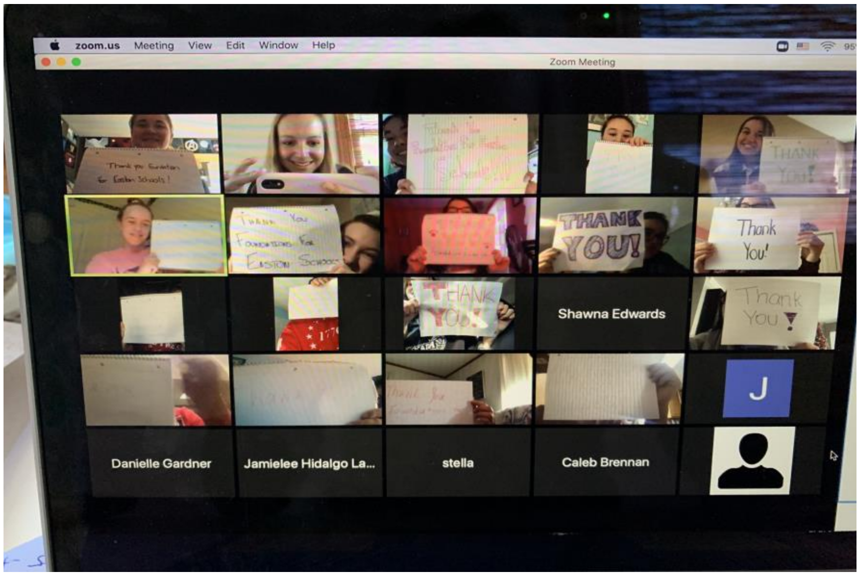
As it matured, the Learning Lunchbox program has grown from its initial goal of "feeding hungry lives and feeding hungry minds" to a larger goal of "feeding hungry minds and fulfilling human services." Thus, the Learning Lunchbox program now also reaches out with STEM kits to mothers and families who are struggling with addiction, to youth who are in foster homes, to some who are struggling with mental health, to youth in Juvenile Detention Centers, and some in the Ronald McDonald House and at Nationwide Children's Hospital.

COSI provides a monthly progress report to the Franklin County Board of Commissioners. They established goals and performance measures to evaluate their results. Thus far they have distributed over 10,379 Learning Lunchboxes across Franklin County. Happily, 96% of student users who responded to a survey indicated the Lunchbox helped them learn more about science!

Employees of country service centers said that "...the boxes are helping the children's self-esteem, getting them to think logically and critically while also sparking [STEM] occupational interest." All partners working on the COSI program reported being satisfied or very satisfied with the content and quality of the kits.

COSI connects
learning
lunchbox

Source: https://cosi.org/zoo/item/cosi-holiday-drives



Block 5 Anatomy students want to extend a huge thank you to @ffedirector for the opportunity to watch a virtual Autopsy from @COSI! Such a great learning opportunity! Now on to figure out the cause of death! #easdroverpride

Source: Twitter @carlyegberts, Dec. 10, 2020

The success and reach of the program continues: in December 2020, Ohio's Lieutenant Governor and other officials helped distribute the Learning Lunchboxes during holiday drive-through events, prompting great local news coverage. And the concept is being shared with other communities: The National After School Alliance features the program on their website as a case study example for other communities across the country.

Interviewees and Contacts:

- Kenneth N. Wilson, County Administrator, Franklin County
- Zak Talarek, Director of Office of Management and Budget, Franklin County
- LaGrieta Holloway, Senior Budget Officer, Franklin County
- Dayna McCrary, Administrator, Community Partnerships, Franklin County

Franklin County Board of Commissioners

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[1] *About COSI,* Center of Science and Industry website, accessed Feb 19, 2021. https://cosi.org/about-cosi The Center of Science and Industry is a non-profit science museum and research center. It opened to the public in 1964. As a center of science and industry, it maintains important partnerships with local organizations, including Ohio State University, the Columbus Historical Society, and others.
[2] "School-system Priorities in the Age of Coronavirus", McKinsey & Company, Apr 21, 2020. https://www.mckinsey.com/industries/public-and-social-sector/our-insights/school-system-priorities-in-the-age-of-coronavirus
[3] "Broadband Access in City of Columbus, Ohio", AECOM, Jun 30, 2020. https://columbusfoundation.org/umbraco-media/6661/broadband-access-in-city-of-columbus-2020-06-30.pdf

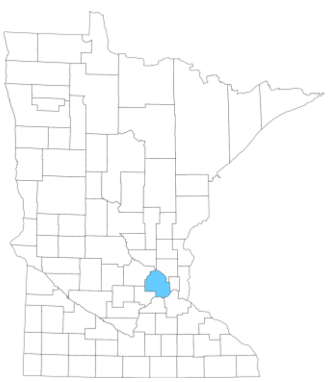
Quick Facts

Major City: Minneapolis

Total Coronavirus Relief Funding:
$220 Million

Population: 1,265,843
White – 68.4%
African American – 13.8%
Asian – 7.5%
Hispanic or Latino – 7%

Poverty Rate: 9.7%



Hennepin County, Minnesota

As the most populous county in Minnesota, more than one in five Minnesotans live in Hennepin County making it the 32nd-most populous county in the United States.

Since 2015, Hennepin County has focused its efforts on disparity reduction to increase its capacity for advancing racial equity by normalizing and operationalizing conversations about race, advancing inclusive and equitable policies and practices, and generating community-driven results. In 2020, following the death of George Floyd, Hennepin County declared "racism a public health crisis."[1]

As such, Hennepin County's response to COVID-19 embraces the vision of disparity reduction by applying a social equity lens to support small businesses and provide rental and housing assistance.

Rental and Housing Assistance Program

More than 37,000 residents of Hennepin county earning less than 50% of Area Median Income (AMI) pay over half of their income in rent.[2] The Rental and Housing Assistance Program was designed to provide grants ($1,500 on average) for renters and homeowners to help cover rent and utility bills as well as other emergency financial costs.[3] Applicants could apply more than once and were required to provide proof that COVID-19 has impacted their ability to pay rent.[4]

Renters with incomes below 50 percent of the area median income (AMI) were targeted for the program and more than 4,000 grants were awarded by the program. All tenants served were below 50% AMI, and 2/3 were below 30% AMI.

Administrators worked to identify at-risk communities, and channeled funding and attention to them, including outreach through community organizations. Hennepin leveraged existing contractor relations, learning how to scale up a previous rental assistance program to ten or twenty times the size in a short period of time. To promote the program, Hennepin executed a largescale marketing campaign including print, digital and television ads in multiple languages, with an intentional focus on culturally specific media outlets. To increase the application rate for Rental and Housing Assistance Grants, Hennepin created a separate funding pool so landlords can apply directly on behalf of their tenants. This allowed the program to reach more constituents than would have otherwise been possible, and at a more cost-effective rate.

Emergency Housing Assistance Grants Map[5]

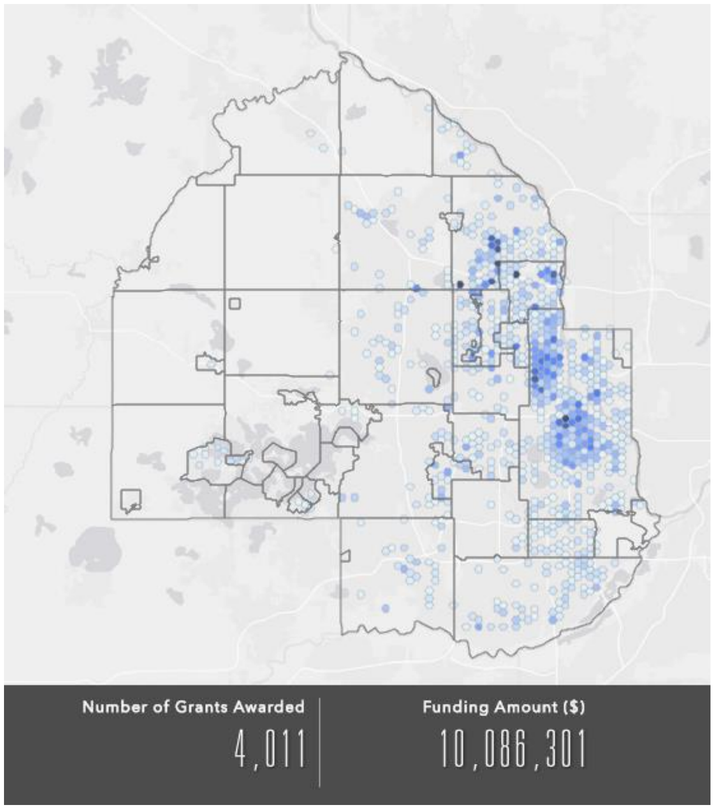


Figure 7. Emergency Housing Assistance Grants Map. Source: Hennepin County Minnesota

Small Business Relief Grant program

The Small Business Relief Grant Program was designed to provide direct emergency financial relief to businesses impacted by COVID-19.[6] Businesses were eligible based on criteria including business size, revenue impact due to COVID-19, and eligible expenses. The program's allocation of $44.74 million was distributed over five rounds, each with distinct recipients and criteria:[7]

- Round 1: April 27-May 8, 2020 - Grants up to $10,000 for businesses with 1-20 employees
- Round 2: May 19-29, 2020 - Grants up to $5,000 for self-employed entrepreneurs
- Round 3: July 30-August 12, 2020 - Grants up to $15,000 for businesses with 1-50 employees

- Round 4: November 23-December 1, 2020 - Restaurants, bars, fitness, and entertainment venues directly impacted by Executive Order 20-99 (*Implementing a Four Week Dial Back on Certain Activities to Slow the Spread of COVID-19*)[8] were able to apply for grants up to $15,000.
- Round 5: January 4-14, 2021 - Small businesses and nonprofits that earn revenue similar to businesses were able to apply for funds provided by the State of Minnesota.

Hennepin County's "Open to Business" program supplements the small business relief grant program by including free consulting for small businesses to help them navigate the grant application process, as well as other "technical and financial assistance including business plan development, feasibility studies, marketing, loan request preparation, and finance projections."[9] Additionally, Hennepin released a COVID-19 Response Toolkit for businesses to help small businesses "navigate and survive the repercussions of COVID-19."[10] To guide use of CARES Act funds and inform small business support strategies during the pandemic, Hennepin convened a diverse Business Advisory Council made up of local business leaders.[11] Hennepin also led a coordinated "Love Local" marketing campaign targeting 11 key business districts encouraging residents to "Shop Local and Shop Safe" for the holidays and beyond.[12] The county also worked with the regional chamber of commerce to launch Elevate Business HC, an online platform that pairs small businesses with free technical assistance through a network of providers, as well as convening peer roundtables and offering topical webinars.[13]

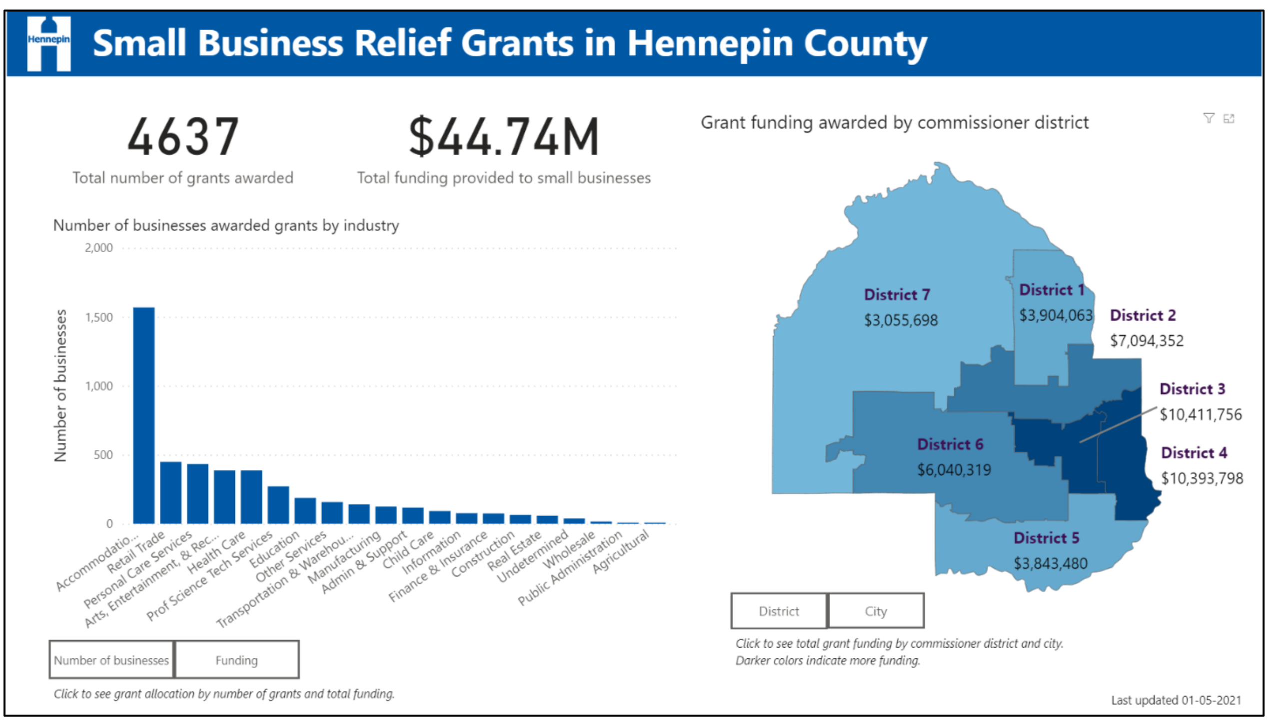


Figure 8. Small Business Relief Grants in Hennepin County, by Number of Businesses and by Commissioner District. Source: Hennepin County Minnesota

To provide transparency to the community, Hennepin maintains an outcome/impact dashboard on its website – a screenshot overview can be seen above.[14] A total of 4,637 grants were awarded as of December 31, 2020. More than 40% of grants have gone to businesses owned by Black, Indigenous, and People of Color (BIPOC).[15] The program increased application rates of BIPOC communities through outreach to trusted networks in the community.

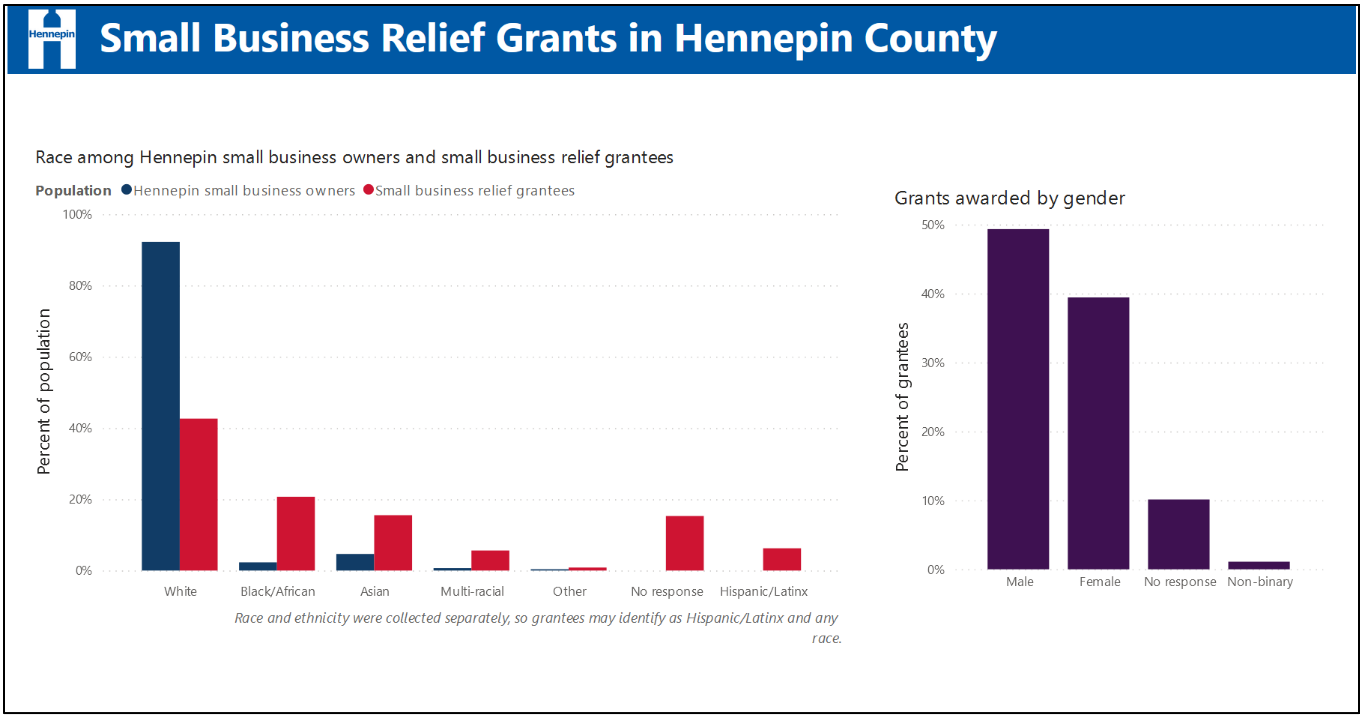


Figure 9. Small Business Relief Grants in Hennepin County, by Race Among Small Business Owners and Grantees and by Grants Awarded by Gender. Source: Hennepin County Minnesota

Interviewees and Contacts:

- David Hough, County Administrator, Hennepin County
- Dave Lawless, Director of Budget & Finance, Hennepin County
- Kevin Dockry, Director of Housing and Economic Development and Deputy Director for Housing Authority, Hennepin County
- Patricia Fitzgerald, Economic and Community Development Manager, Hennepin County
- Julia Welle Ayres, Housing Development and Finance Manager, Hennepin County

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[1] "Hennepin County Board resolution 20-0242", Hennepin County Minnesota, accessed Feb 19, 2021. https://www.hennepin.us/-/media/hennepinus/your-government/overview/docs/racism-as-public-health-crisis-response.pdf
[2] David Chanen, "Hennepin County Board approves federal funds for emergency housing and small businesses", Star Tribune, May 5, 2020. https://www.startribune.com/hennepin-county-board-to-vote-on-using-federal-funds-for-emergency-housing-and-small-businesses/570211222/
[3] *Emergency housing assistance due to COVID-19*, Hennepin County Minnesota, accessed Feb 19, 2021. https://www.hennepin.us/rent-help
[4] Chanen, *Hennepin County approves housing and small business funds*.
[5] Emergency Housing Assistance Interactive Map, Hennepin County Minnesota, accessed Feb 19, 2021. https://www.arcgis.com/apps/webappviewer/index.html?id=2cb285c795ac45338d91a54654106ac3&extent=-10502932.4065%2C5569395.4473%2C-10307253.6141%2C5656533.6595%2C102100
[6] *Small Business Relief Fund impacts,* Hennepin County Minnesota, accessed Feb 19, 2021. https://www.hennepin.us/economic-development/impacts/success-stories/Small-Business-Relief-Fund-impacts
[7] *Small Business Relief Fund,* Hennepin County Minnesota, accessed Feb 19, 2021. https://www.hennepin.us/economic-development/programs/Emergency-relief#hcquestions
[8]"Emergency Executive Order 20-99", State of Minnesota Executive Department, Nov 19, 2020. https://mn.gov/governor/assets/EO%2020-99%20Final%20%28003%29_tcm1055-454294.pdf
[9] *Open to Business*, Hennepin County Minnesota, accessed Feb 19, 2021. https://www.hennepin.us/economic-development/programs/open-to-business
[10] "COVID Response Toolkit: Business Districts", Hennepin County Minnesota, Jun 19, 2020. https://www.hennepin.us/economic-development/-/media/economic-development/docs/619-HCCovidToolkitBusinessDistricts-Version-20.ashx
[11] *Business Advisory Council,* Hennepin County Minnesota, accessed Mar 2, 2021. https://www.hennepin.us/economic-development/programs/Business-Advisory-Council
[12] *Love Local Initiative,* Hennepin County Minnesota, accessed Mar 2, 2021. https://www.hennepin.us/economic-development/impacts/success-stories/Love-Local-Initative
[13] *Elevate Business HC,* Elevate Business HC website, accessed Mar 2, 2021. https://www.elevatebusinesshc.com/home
[14] *Small Business Relief Fund impacts*.
[15]Ibid.

Lee County, Florida

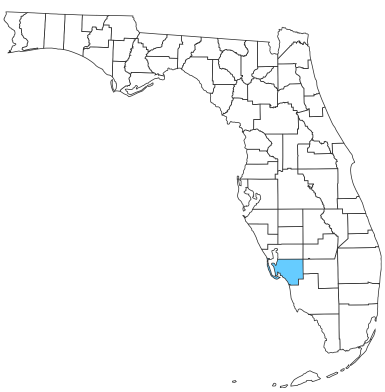
Quick Facts

Major City: Fort Myers

Total Coronavirus Relief Funding:
$134 million

Population: 770,577
White – 66.2%
African American – 9.1%
Asian – 1.8%
Hispanic or Latino – 22.5%

Poverty Rate: 11.2%



Home to one of the fastest growing cities in America – Fort Myers – Lee County, Florida is tale of two counties.[1] With single-family home sales increasing 35 percent and median home prices increasing by $53,000 between December 2019 and December 2020, Lee County appears to be economically thriving. Yet, despite these positively trending economic indicators, Lee County saw a 15 percent decline in seasonally adjusted tourist tax revenues from November 2019 to 2020 and a December 2020 unemployment rate of 6 percent, up from 3.1 percent the prior year.[2]

Heavily reliant on tourism, Lee County sought to use its Coronavirus Relief Funds to support all residents through five primary assistance programs:

1. Business Assistance
2. Childcare Assistance
3. Individual Assistance – Rent/Mortgage and Utilities
4. Human Services Grants
5. Food Security Program

The county also provided more than $3 million of Personal Protective Equipment (PPE) for businesses, along with assistance to the county's six municipalities.

Business Rehire Program: A LeeCares Initiative

Early in the pandemic, Lee County's economic reliance on the service industry experienced immediate economic impacts resulting in a 14.6 percent unemployment rate in April 2020. To offset the economic injury and preserve positions in businesses facing temporary closures, Lee County provided $16.2 million of assistance to 1,446 businesses and nonprofits, partly through the Business Rehire Program which provided grants to businesses that promised to rehire lost positions.

For some businesses, the CARES Act Paycheck Protection Program (PPP) provided necessary relief. But for others that were unable to access PPP funds, the Business Rehire Program offered access to grants of up to $5,000 per full-time employee rehired. The county received over 1,000 applications and provided more than $8 million to small local businesses.

In total, Lee County allocated $25 million for small business relief, with the Business Rehire Program serving as the second round of a two-part program. Qualified businesses received grants based on their number of employees with the following terms:

- $5,000 grants per rehire with maximum grants of $10,000 for businesses with 10 or fewer employees for hiring up to 2 full-time equivalents (FTEs).
- $5,000 grants per rehire with maximum grants of $20,000 per business with between 11 and 250 employees for hiring up to 4 FTEs.
- $2,000 of each job grant could be accessed once the FTE position is back on the payroll on July 6th or, afterwards. The other $3,000 of each job grant could be accessed once the FTE position has been retained for 60 days.[3]

LeeCARES Small Business Rehire Assistance

Small Business	Non Profits
Applications Received **336**	Applications Received **35**
Applications Approved for Initial Payment **134**	Applications Approved for Payment **16**
Paid Out **$1,370,900**	Paid Out **$184,800**
Rehires (FTEs) **323**	Rehires (FTEs) **43**
Pending Payments **$229,500**	Pending Payments **$37,200**
Total **$1,600,400**	**Total** **$222,000**

Table 2 LeeCARES Small Business Rehire Assistance. Source: Lee County Government[4]

Childcare Scholarships: A Partnership with the United Way

With many Lee County residents returning to work in the service industry, access to quality childcare became a high priority. Partnering with United Way to carry out the scholarship program, Lee County received 1,125 applications and approved more than $2.3 million in scholarship funding. Additionally, the county used more than $900,000 from the Childcare Assistance Program to clean 110 childcare facilities.

Scholarships allowed applicants who lost their jobs or saw their hours cut to receive up to $3,500 per child for childcare services.[5]

Gold Seal Providers, 3.5 + Composite Score Providers, Municipalities, and United Way Partner Agencies are eligible to receive funding to scholarship children whose families have been impacted by COVID-19.[6]

LeeCARES Childcare Scholarships

Scholarships Requested	Scholarships Received	Providers Enrolled	Scholarship Commitment
1,478	1,125	109	$3,600,000

LeeCARES Childcare Facility Deep-Disinfecting Assistance

Childcare Organizations	Facilities Cleaned
90	110

Approved Funds Requested	Avg. Assistance Per Agency	Average Disinfecting Cycle
$918,103	$10,201	Every 7 Days

Initial Assistance Date – June 1, 2020 through August 7, 2020
Extended Assistance Date – August 8, 2020 through December 30, 2020
Facilities may include exterior playgrounds and buses.

Table 3 LeeCARES Childcare. Source: Lee County Government[7]

Call Center Support for LeeCares Programs

Lee County set up a call center staffed by roughly 100 county employees and temporary workers to meet the needs of its citizens and provide application assistance for those in need of resources. The call center targeted populations without internet access and hired Spanish and Creole speaking staff to assist Lee County's diverse population.

LeeCARES Assistance Support Call Center

Assistance Type	Call Volume
Business Assistance	7,670
Human Services Assistance	58,464
TOTAL	**66,134**

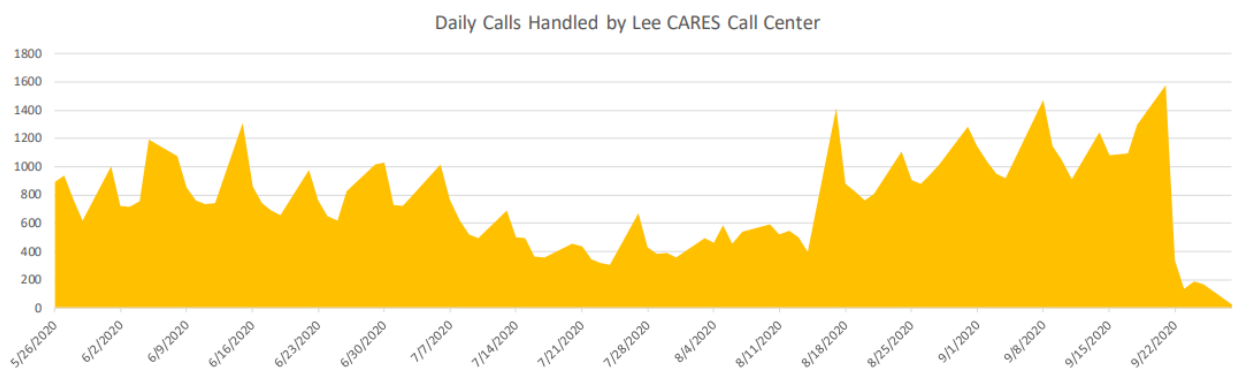


Table 4 LeeCARES Assistance Support Call Center. Source: Source: Lee County Government[8]

Interviewees and Contacts:

- Roger Desjarlais, County Manager, Lee County
- Glen Salyer, Assistant County Manager, Lee County
- John Talmage, Director, Economic Development, Lee County

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[1] https://www.census.gov/newsroom/press-releases/2020/south-west-fastest-growing.html
[2] "Southwest Florida Regional Economic Indicators", Florida Gulf Coast University, Feb 2021. https://www.fgcu.edu/cob/reri/rei/indicators_current.pdf
[3] "LeeCares Small Business Rehire Grant Application", Southwest Florida Business Today, accessed Feb 19, 2021. https://swfloridabusinesstoday.com/leecares-small-business-rehire-grant-application/
[4] "Lee County Coronavirus Relief Fund Reporting", Lee County Florida, Dec 31, 2020. https://www.leegov.com/covid-19/Documents/Transparency%20Documents/LeeCARES_DEC%20Report_2020.pdf
[5] Kaitlin Greenockle, "'We all need help,' scholarships available for child care in Lee County", News-Press, Aug 3, 2020. https://www.news-press.com/story/news/2020/08/03/we-all-need-help-scholarships-available-child-care-lee-county/5539739002/
[6] *Childcare,* United Way, accessed Feb 19, 2020. https://www.unitedwaylee.org/childcare/
[7] *Lee County Coronavirus Relief Fund Reporting*.
[8] Ibid.

New Castle County, Delaware

Quick Facts

Major City: Wilmington

Total Coronavirus Relief Funding: $322 million

Population: 558,753
White – 56.3%
African American – 26.4%
Asian – 5.7%
Hispanic or Latino – 10.4%

Poverty Rate: 10.4%

Driven by three principles, New Castle County seeks to provide innovative solutions to its residents.

1. Eradicate COVID-19 in the community.
2. Protect the most vulnerable populations.
3. Build back better – bring back jobs to the county.

Intergovernmental Response Improves Regional Outcomes

With nearly 60 percent of Delaware's total population, New Castle County received $322 million in direct Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds via the Coronavirus Relief Fund (CRF). Concurrently, the state of Delaware received $927 million for its more than 900,000 residents. One of only three counties in the state, New Castle was the only county to receive direct CRF dollars.

From the outset, New Castle County sought to collaborate with state budget officers to support the needs of both county and state residents. Leveraging existing state programs like its unemployment insurance program, the county looked for opportunities to supplement Delaware's efforts to aid residents.

In December 2020, New Castle County provided $136 million to the state, bringing the county's total contribution to collaborative programs with state government to $170 million. The county's CARES Act funding contribution broke down into the following categories

1. Unemployment Insurance Trust Fund: $67 million
2. Essential Childcare Program: $38 million
3. Statewide Testing Program: $20.6 million
4. Statewide Contract Tracing Program: $3.1 million
5. Enhanced Rent & Utility Program: $4.7 million
6. Hospitality Emergency Loan Program: $1.8 million

As the only county in the country to share its direct CRF funding with its state, New Castle County saw an opportunity to bolster the capacity and capability of state programs through a cost sharing formula designed to account for program benefits for New Castle County residents. The following press release outlines funding for these programs.[1]

"Unemployment Insurance Trust Fund

Based on actual unemployment claims through mid-September and estimates through the rest of the year, the total statewide amount of COVID-19 unemployment claims paid for the forty-two-week period, March 15 to December 30, 2020, will be $273 million. Approximately 55% of the statewide claims are from residents in New Castle County.

Essential Childcare Program

The state childcare program provides supplemental benefits to centers during the pandemic. During the various stages of the Governor's State of Emergency many facilities have had to, and continue to, either reduce their capacity or close completely. In order to maintain an infrastructure of childcare facilities post COVID-19 this grant/subsidy program was created. Total cost of the program state-wide is estimated to be $128 million.

Statewide Testing Program

Program will continue to provide access to testing regardless of symptoms to all residents of Delaware. Statewide costs are expected to be approximately $80 million.

Statewide Contract Tracing Program

Program for contractual and technology expenses to run contact tracing program in Delaware. Statewide cost expected to be $12 million.

Enhanced Rent & Utility Program

It is estimated that 70% of the recipients of this program reside in New Castle County. The program provides emergency housing assistance to renters affected by shutdowns, closures, layoffs, reduced work hours, or unpaid leave due to the COVID-19 health crisis. The Delaware Housing Assistance Program (DEHAP) provides eligible households up to $1,500 in assistance, with payments made directly to the property owner or utility company.

Hospitality Emergency Loan Program

Program established to assist hospitality-related businesses in Delaware that have been economically impacted by COVID-19. No-interest loans of up to $10,000 per business per month to help the estimated 2,700 affected Delaware businesses in the hospitality industry cover immediate, unavoidable expenses. Statewide program expected to cost $8.5 million with an estimated 48% of applicants are in NCC.

New Castle County has also collaborated with State of Delaware on other programs including housing assistance ($20m), Delaware relief grants ($10m), non-profit support program ($5m) and unemployment retraining program ($1.1m)."

Hotel to Hope: New Castle Invests in New Accommodations for Residents Experiencing Homelessness

In October 2020, New Castle purchased a 192-room former Sheraton hotel using $19.5 million in CRF funds. This investment provides emergency temporary non-congregate housing for many of the county's residents experiencing homelessness with the goal of reducing exposure to COVID-19 while providing wraparound support, including substance abuse counseling and mental health services.[2]

On December 15, 2020, Hope Center opened with more than 73 residents. Within weeks, the Hope Center housed over 200 individuals, including over 60 children experiencing homelessness. Continuing to contract with the previous hotel management, residents are provided with meal delivery, coffee service, and wellness checks. Designed to reduce the spread of COVID-19, residents are placed in individual rooms for the safety of the community. As a county-owned building, the Hope Center has access to testing. Residents are provided shuttle transportation between the hotel and bus depot daily from 7 am to 7 pm.

New Castle County Hope Center

Source: https://www.nccde.org/2156/Hope-Center

The non-profit Friendship House has been providing services throughout the winter and are on site 24 hours a day. As part of the state's Code Purple network, Friendship House ensures that residents receive daily wellness checks and provides social services and medical care through community healthcare providers.[3] The Hope Center also dedicates an entire floor to a bridge clinic for mental health and substance abuse and plans to provide round-the-clock staffing in the coming months. The Presidential Suite on the 6th floor is now a medical office with Christiana Care Hospital System and other doctors donating their time to provide holistic medical services. Efforts are underway to create a Learning Pod for the Hope Center's K-12 students learning in a virtual environment.

"The Hope Center is more than funding, it's about dignity."

Community Support

The Hope Center purchase sparked thoughtful discussions about individual dignity and community cohesion throughout the county. Beyond the immediate need for pandemic-related housing, this innovation has broadened the discussion of homelessness and the need for more affordable housing in both New Castle County and Delaware.

Leveraging the private goodwill of community members, the Hope Center has received donations of money and gift cards, diapers, feminine products, and more. As of January 27, 2021, the Hope Center has received more than $6,300 via a GoFundMe site.

County Support

Flexibility and support from the county are cited as key to turning this former hotel into emergency non-congregate temporary housing for some of New Castle County's most vulnerable residents in less than four months. Given the quick turnaround between the purchase of the hotel and the first residents to enter the Hoper Center, the county has worked to have purchase orders expedited, sometimes having them completed in a single day.

"Flexibility is key. This is government working at its best!"

Continued Financial Support

Beyond the direct CRF funding, the county has also formed a 501(c)(3) to support fundraising efforts. A state hotel voucher program provides per diem revenue to offset the cost of housing residents and U.S. Department of Housing and Urban Development Coronavirus funding will be used to finance an estimated $2.5 million annual budget. The county continues to work to find alternate sources of funding through grants and private donations.

Delaware State University COVID-19 Testing Lab

Using $5 million of its CRF funds, New Castle County partnered with Delaware State University's (DSU) Kirkwood Highway Campus to create a COVID-19 testing laboratory to reduce both the cost of individual tests and the overall wait time for results. The lab conducted its first tests in the early morning hours of December 24, 2020 and has now begun testing the entirety of DSU's on-campus population, as well as some county employees.

Since the outset of the COVID-19 pandemic, New Castle County has relied on several private laboratories to conduct diagnostic testing. This requires patient samples to be sent out of Delaware to California, Massachusetts, New Jersey, and Washington, D.C., and results in long wait times and high testing costs.[4] Tests provided by these private labs regularly cost between $90 and $150 per test.[5]

Delaware State University Kirkwood Campus Laboratory

Source: https://www.desu.edu/news/2020/11/university-ncco-partner-covid-19-testing-lab

Delaware State University, led by President Dr. Tony Allen, joined New Castle County to stand up a COVID-19 laboratory site as the university faced concerns over student safety on campus. With this new laboratory, students throughout the county can be tested and results provided generally within 24 hours at costs roughly 60-70 percent below private laboratories. The laboratory is now processing an average of 1,000 tests per day, but it is estimated that at full capacity, it will be able to conduct up to 5,000 tests daily.

Beyond CRF funding, Delaware State University has also secured a $1.5 million foundation grant to provide testing capacity for other regional Historically Black colleges and universities. Additionally, the lab has procured two Illumina genome sequencing instruments, which will provide valuable insight on the overall trajectory of the virus in local, state, and regional communities. Beyond the current COVID-19 pandemic, the county expects this facility to provide additional scientific opportunities for the community as a fully funded and functional teaching and research genomics laboratory.

The Delaware State University laboratory enables the state and local government to invest millions of dollars of additional stimulus dollars in local institutions, through the purchase of COVID-19 tests, rather than in out-of-state laboratories. It further enhances the local pandemic detection system in the future and enhances the ability of local health medical practices to utilize advanced genomics technology to provide personalized medicine.

Interviewees and Contacts:

- Matt Meyer, County Executive, New Castle County
- Aundrea Almond, Chief of Staff, New Castle County
- Brian Boyle, Senior Policy Director, New Castle County
- Carrie Casey, Manager, New Castle County Division of Community Development and Housing

New Castle County Government Center
87 Read's Way
New Castle, DE 19720
(302)395-5555
https://www.nccde.org/

[1]"New Castle County to provide an additional $136 million in CARES Act funding to State of Delaware", New Castle County Delaware, Dec 17, 2020. https://nccde.org/CivicAlerts.aspx?AID=1930
[2]Charlie Ban, "Counties address pandemic housing needs", Nov 20, 2020. https://www.naco.org/articles/counties-address-pandemic-housing-needs
[3] Mark Eichmann, "Wilmington Code Purple shelter shifts to winter-long hotel stay", Dec 14, 2020. https://whyy.org/articles/wilmington-code-purple-shelter-shifts-to-winter-long-hotel-stay/
[4]Chris Barrish, "Delaware getting COVID-19 testing lab to save money, turnaround time" Nov 27, 2020. https://whyy.org/articles/delaware-getting-covid-19-testing-lab-to-save-money-turnaround-time/
[5] Ashley Johnson, "New COVID-19 testing site to open at Delaware State University in New Castle County", Nov 11, 2020. https://6abc.com/covid-19-testing-site-delaware-coronavirus-state-university-college-campus/7867521/

Quick Facts

Major City: Tacoma

Total Coronavirus Relief Funding:
$158 Million

Population: 904,980
White – 65.7%
Black – 7.7%
Asian – 7.1%
Hispanic or Latino – 11.4%

Poverty Rate: 9.4%

Pierce County, Washington

Supporting small businesses with innovative strategies in the short term to maintain long term viability.

Pierce was one of the first counties in the country to be affected by COVID-19. The County Government developed assistance programs to support their citizens, even before passage of the CARES ACT. Relying on past experiences with county economic support programs, Pierce County initiated several innovative small business support programs. County and community leaders convened approximately three weeks prior to the passage of the CARES Act, allowing leaders in various sectors to identify the areas that should be addressed to both initiate economic support and maintain agility. Over time, Pierce County was successful in adapting existing programs to new resources made available through the CARES Act. Throughout 2020, Pierce County began with a solid plan to address their needs but remained flexible to pivot to meet market demands.

"Bringing an initial group of leaders together really established broad community engagement."

The advisory committee provided a principles and priorities resolution to the Pierce County Council that identified 8 principles and 5 funding priorities that would guide the county's funding policy development.

Pierce County Council Resolution No. R2020-35[1]

Funding Principles

The following principles apply broadly to all expenditures of the Coronavirus Relief Fund:

Principle 1. Accountability and Outreach – Pierce County will be accountable and transparent in its funding decisions. Pierce County will actively communicate information about its efforts to the public and will prepare and maintain reports regarding the use of funds that will be readily available to the public.

Principle 2. Financial Stewardship – Pierce County will be strategic in the use of funds and prioritize those uses that result in the greatest community benefit and reach at the lowest long-term cost.

Principle 3. Leverage – Pierce County will seek to leverage funds through partnerships with other governments, institutions, non-profit community, and the private sector in order to increase the reach and effectiveness of the Coronavirus Relief Fund when possible.

Principle 4. Countywide Approach (One Pierce County) – Pierce County will consider countywide needs including needs within cities and towns when programming and expending funds and will structure programs to provide countywide benefit whenever possible and appropriate.

Principle 5. Timeliness and Flexibility – Pierce County will be timely in the expenditure of funds to support the needs of the community. Pierce County will also maintain a measure of flexibility in its use of funds to adapt to changing circumstances and needs.

Principle 6. Equity and Vulnerability – Pierce County will consider social vulnerability and demographic equity when utilizing funds.

Principle 7. Compliance – All expenditures will be compliant with the requirements of the CARES Act and other applicable laws.

Principle 8. Civil Rights – Use of Pierce County Coronavirus Relief Funds for isolation and quarantine housing and contact tracing will be limited to activities that are non-mandatory with voluntary utilization and participation by members of the public.

Funding Priorities

The funding priorities for the Coronavirus Relief Fund are as follows:

Public Health Emergency Response: Protect and promote the health of the public by supporting programs to include, but not be limited to:

- Diagnostic and serological testing
- Countywide COVID-19 surveillance
- Contact tracing
- Isolation and quarantine housing
- Proactive testing and disease prevention
- Access to and training on personal protective equipment
- Local healthcare system capacity
- Data collection, analysis, sharing, and reporting
- Public education programs

Economic Stabilization and Recovery Programs: Promote the stabilization and recovery of the local economy by supporting programs to include, but not be limited to:

- Support business readiness to reopen, innovation, and recertification of licenses
- Workforce training (COVID protocols, retooling, and other COVID related activities)
- Loans and grants to support micro, small, and medium-sized businesses including agricultural businesses
- Broadband and Wi-Fi service
- COVID-19 response kits, including personal protective equipment, with initial emphasis on businesses that support critical infrastructure such as food and agriculture
- Purchase goods and services from local businesses and farms to support COVID-19 response activities. Examples include COVID-19 related food aid to food banks, senior centers, and schools.

Community Response and Resilience: Support community response and resiliency programs to include, but not be limited to:

- Food and nutritional aid
- Housing stability and homelessness response
- Domestic and family violence prevention
- Transportation and other support services for disabled and elderly populations
- Veterans services
- Behavioral health services
- Child and family services

Vital Government Services: Provide support for COVID response activities of governments in Pierce County including, but not limited to, emergency management services and regional criminal justice services.

Contingency Reserve: Pierce County will maintain a contingency reserve to better enable Pierce County to adapt and respond to changing conditions and emergent needs.

Emergency Small Business Relief Grant

The Pierce County Council enacted the *COVID-19 Emergency Small Business Relief Loan Program* to keep local businesses in operation and protect jobs threatened by the pandemic. Initially using general funds and designed only for unincorporated businesses, it was replaced by CARES Act funding and the loan program was expanded to all businesses with 20 or fewer employees. Over seven iterations were made to reflect marketplace needs including moving to a forgivable loan and finally conversion to a grant program.[2] Face to face meetings to gather information with applicants allowed administrators to understand the changing business considerations and responses to COVID-19 in Pierce County.

With a total program allotment of $7.45 million, loan amounts varied by the number of employees. Qualified businesses received $1,000 per each full-time employee (FTE), with a maximum loan of $20,000. Over 1,000 businesses received Emergency Small Business Relief Grants, with 87% of qualified businesses employing 10 or fewer FTEs. As a result of the relief grant, 6,751 employees were able to retain their jobs. Pierce County takes great pride in this relief grant because it provided economic support to small businesses representing a diverse population of business owners with 38% minority owned, 50% women owned, and 9% veteran owned.[3]

"[The Relief Grant] support helps us continue our mission "enriching lives through the art form of musical theater!" This funding is an investment for years to come- to help us through a difficult time for the arts." – Tacoma Musical Playhouse[4]

Restaurant Rally

On October 6, 2020, the Pierce County Council passed an emergency ordinance to establish the Pierce County Restaurant Rally Program designed to encourage patronage at full-service restaurants and keep local restaurants in business. The program, adapted from a program in the United Kingdom, received $7.5 million in CRF funding.[5] Participating restaurants offered guests a 30% discount on dine-in or takeout, and the county provided restaurants with a reimbursement of 50% of gross sales.[6]

In total, 283 restaurants, or roughly 72% of Pierce County full-service restaurants, participated in the Restaurant Rally program. Every restaurant received between $10,000 and $90,000. In addition, 290,000 masks, air filters, gloves, sanitizer, and other Personal Protective Equipment (PPE) supplies were delivered.[7] Washington Governor Jay Inslee issued a two-week ban on inside dining mid-way through the program. In response, the county supported transition costs for restaurants standing up new take-out systems or outside service by reimbursing 100% of costs the following week.

Figure 10. $158 in Federal CARES Act Funding. Source: Pierce County Washington

Interviewees and Contacts:

- Chris Carlson, Chief of Staff, Pierce County Council
- Wolf Opitz, Deputy Director – Budget and Finance, Pierce County
- Betty Capestany, Director, Economic Development Department, Pierce County
- Paul Bocchi, Senior Budget Analyst, Pierce County Council
- Hugh Taylor, Principal Policy Analyst, Pierce County Council

Pierce County
930 Tacoma Avenue S
Tacoma, WA 98402
https://www.co.pierce.wa.us/

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[1] "Resolution No. R2020-35", Pierce County Washington, May 5, 2020. https://online.co.pierce.wa.us/cfapps/council/iview/proposal.cfm?proposal_num=R2020-35
[2] "2020 CARES Act Economic Stabilization & Recovery Programs", Pierce County Washington, accessed Feb 19, 2021. https://issuu.com/pierceco/docs/edd_covid_19_recap_final?fr=sMTgxZDI3OTYwNDk
[3] Ibid.
[4] Ibid. p. 10
[5] Joanna Partridge, "'Eat out to help out': venues claimed more than 849m through scheme", Nov 25, 2020. https://www.theguardian.com/business/2020/nov/25/eat-out-to-help-out-venues-claimed-more-than-849m-through-scheme
[6] *Restaurant Rally*, Pierce County Washington website, accessed Feb 19, 2021. https://www.co.pierce.wa.us/CivicSend/ViewMessage/message/125704
[7] Kristine Sherred, The News Tribune, Jan 8, 2021. https://www.kiro7.com/news/local/restaurant-rally-sent-checks-least-10000-289-pierce-county-restaurants/IGP22KOBFFDE7LOLKB3OKO4XCQ/

Chapter 4: Summary

Articles, association reports, and newspaper accounts provide information on the impact of COVID-19 on state and county governments – both immediate and longer term. The Washington Post, NACo, The New York Times, and numerous organizations and publications have and are publishing stories that describe the impact on counties of the costs – financial and otherwise – they are bearing to meet immediate needs in response to COVID-19. Looking ahead past the fight against the virus itself, state, city, county, and local governments are analyzing what it will take to restore their economies and return their populace to self-sustaining economic progress.

Lost revenues due to the impact of the pandemic have affected counties, prompting some to cut programs and staffing while incurring additional pandemic-related costs.

County officials interviewed for this study described not only the nature and size of impact of the pandemic on the people and businesses of their counties, but the impact on their own operations and personnel. The International City/County Management Association (ICMA) categorized the major impacts on state, city, and county operations, highlighting the extent and potential impact of their increased costs and (in some cases) decreased revenues on county governments themselves:[50]

- Revenue reductions due to sales tax losses, and lower hotel tax revenue in counties that heavily depend upon tourism;
- Vacant positions in local governments due to the freezing or elimination of un-filled local government positions to maintain a balanced budget, potentially placing critical positions and functions (e.g., police, fire fighting, health services) at risk;
- Short and/or long-term staffing reductions, including furloughs, layoffs, or job elimination;
- Service cuts, closure of facilities or programs (e.g., park programs, summer camps and aquatic facilities), reduced library services, eliminated maintenance of facilities and vehicles, sports fields;
- Decreased compensation for county employees – leaders and other workers—including furloughs, pay cuts, uncompensated extra hours of work, deferrals of scheduled pay increases;

[50] Gerald Young, "10 Common Outcomes of COVID-19 on Local Government Budgets," International City/County Management Association, Nov 4, 2020, https://icma.org/blog-posts/10-common-outcomes-covid-19-local-government-budgets.

- Deferred planned programs, maintenance, and investments in favor of immediate, COVID-related support; and
- Drawing down on reserves, potentially threatening bond ratings.[51]

State, city, county, local and tribal governments are analyzing what it will take to restore their economies and return their populace to self-sustaining economic progress.

Although not all counties have faced losses as a direct result of the COVID-19 pandemic, some county-specific examples are instructive as to the variety and range of impacts:[52]

- Los Angeles County, California, executed funding reduction of 8 percent across all county departments to make up for a $935 million tax revenue shortfall caused by the pandemic and subsequent economic crisis.
- Cook County, Illinois, officials are bracing for a budget gap of nearly $281 million for the rest of this fiscal year and as much as $409 million for next fiscal year.
- In New York, Nassau County and Suffolk County face budget deficits of $749 million and $800 million, respectively.
- Cuyahoga County, Ohio, faces a $76 million budget deficit. In response, all departments are implementing 15 percent cuts. Many employees were also asked to take a two-week furlough, and the county currently has a hiring freeze.
- Charlotte County, Florida, was notified that the state would likely decrease its funding to counties by 50 percent, which would cause the county to lose over $14.5 million.

There is no question that the pandemic has had a direct and potentially lasting impact on counties and the residents and the businesses that the governments are striving to serve while keeping their communities viable. As a result, many localities are prioritizing expenditures for affordable housing, food, mental health, and assistance to small businesses.

4.1 Conclusion

With the support of CRF funding, counties are on the frontline of the pandemic response in public health, emergency management, social services, and public safety. Due to COVID-19, county

[51] Ibid. ICMA cites examples in Decatur, Georgia; San Diego, California; and Eugene, Oregon.
[52] "Comprehensive Analysis of COVID-19's Impact on County Finances and Implications for the U.S. Economy," National Association of Counties, July 2020, https://www.naco.org/sites/default/files/documents/Analysis-of-COVID-19s-Impact-on-County-Finances-and-Implications-for-the-US-Economy.pdf.

services are under critical strain from increased and un-planned demands. In response, counties have adapted and used CRF dollars to provide life-sustaining support in innovative ways.

County programs provide support to "over 1,900 local public health departments, nearly 1,000 hospitals and critical access clinics, more than 800 long term care facilities and 750 behavioral health centers. Additionally, county governments are responsible for emergency operations and 911 services, court and jail management, public safety and emergency response, protective services for children seniors and veterans, and … coroners and medical examiners, among many other essential public services."[53] Given these varied responsibilities, counties have undertaken a significant portion of the COVID-19 response including, but not limited to, distribution of PPE, the transition to virtual learning equipment, and expansion of previous responsibilities that have gained heightened importance during COVID-19 such as food banks and homeless shelters, and even the provision of temporary storage facilities for the deceased when local mortuaries are unable to provide this service.

This report has examined the strengths and challenges of the design and implementation of the CRF. The rapid allocation of funds was a welcome relief to counties and provided critical liquidity to their economies. Although additional funding was critical, the implementation of the CRF created significant challenges. A more effective program is possible in the future with changes to implementation. Effective future program response requires improved federal coordination, clearer and more timely guidance, and better-thought-through deadline requirements for expending the funds provided. Consideration also should be given to revenue replacement, the county-city distribution formula, selecting and preparing the optimal lead federal agency for overall program implementation, and the assessment of CRF impact and effectiveness.

This report also examined six counties to identify innovative uses of CRF funding. Social equity was a focus for all the counties. Each implemented different innovative programs including the use of pre-pandemic equity commitments to direct COVID-19 programs, the development of an equitable distribution model using data analysis, and increased application rates among BIPOC communities through effective community outreach. Counties partnered effectively with nonprofit service providers to deliver impact greater than existing capacity allowed. Counties nimbly responded to new funding by piloting programs, identifying what worked, and then rapidly scaling up services. The counties' responses demonstrate flexible, creative program design and implementation that maximized impact, sometimes using new technologies. Despite staffing cutbacks and unclear guidance uncertainty, counties advanced social equity and optimized the resources available to them.

Future pandemic response legislation should seek to support continued effective and innovative county COVID-19 responses. Representatives from local governments should be included in legislation development to avoid many of the challenges of the 2020 CARES Act. Likewise, sufficient local and state expertise is needed at the federal level to facilitate implementation effectiveness, maximize program benefit, and minimize uncertainty.

[53] "Counties Support Essential Aid for Local Governments in Coronavirus Relief Package," National Association of Counties, September 29 2020, https://www.naco.org/resources/press/counties-support-essential-aid-local-governments-coronavirus-relief-package.

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Appendix A: Study Methodology

Expert Advisory Group

To answer its charge from the National Association of Counties, the Academy convened a three-member Expert Advisory Group (EAG) of Academy Fellows with broad experience in county government operations, budgets, financing, public health, and addressing social equity challenges. The EAG provided the Academy study team with in-depth background experience on state and local government challenges and on county governance, structures, decision-making processes, and staffing. In addition, the EAG members provided advice and direction on sources of expert information for the research objectives, study methodology, and findings and recommendations. The EAG met twice as a group, supplemented by individual interviews, during the 4 ½-month long study.

Interviews with Intergovernmental Programs Experts and Federal Officials

To collect data for the first objective – recommendations about the design, implementation, and operation of the CRF program – the study team interviewed individuals with current and past knowledge of, and experience with, intergovernmental relations and federal and local-level funding programs. To the extent possible, the study team interviewed representatives of major organizations involved in federal program design and operation, including individuals at the Department of the Treasury, Treasury's Office of the Inspector General, CIGIE, and PRAC. The study team did not interview Congressional staff involved in drafting the CARES Act legislation.

Interviews with County-Level Leaders and Staff

As input for both objectives 1 and 2, the study team conducted group interviews with officials from the six counties selected for case studies to learn how they used their CRF dollars, what worked, and what challenges they faced. All interviews and group discussions were conducted on a not-for-attribution basis. The counites are: Cook County, Illinois; Franklin County, Ohio; Hennepin County, Minnesota; Lee County, Florida; New Castle County, Delaware; and Pierce County, Washington.

Document Reviews

In performing the study, the study team reviewed the CARES Act, Treasury guidance and frequently asked questions, and prime/subrecipient spending as reported by Treasury and the PRAC. The study team also reviewed reports and materials from government and non-government agencies, including the Government Accountability Office, Congressional Research Service, National Association of Counties, Government Finance Officers Association, International City Managers' Association, National League of Cities, the National Governors Association, etc.

Briefings and Recordings Hosted by NACo

Additional important information sources for the study team were live briefings and recorded programs by counties across the country – of different sizes and circumstances – that were available on or through the NACo website. The conversations between and among participating county representatives, presentations by federal officials during group phone or video calls, and summaries of programs, legislation, and resources developed by NACo gave the study team broader access to information and points of view than would have otherwise been possible given the short duration of the study.

Limitations

Three factors limited the study methodology design and completion: time, legislative changes, and cross-checking data:

- This study was performed over 4 ½ months – November 2020 through early March 2021 – a time of political change for the country and of stress for localities as the pandemic initially worsened, with significant impacts on county personnel and budgets.

- The CARES Act and CARES Act 2 – enacted just in the last days of 2020 – allowed extension of a year (to December 31, 2021) for spending the CRF funds distributed to the counties in April 2020. Although this extension had long been hoped for by county personnel, some counties had already committed their funds for the period ending December 30, 2020, as originally specified by Treasury, and did not change those allocations.

- The study team largely relied upon information provided in interviews by county personnel without in-depth cross checking on additional source documents in budgets, payrolls, economy, and health to verify the information provided.

Within these limitations, the study team is confident that findings and recommendations are data driven, well informed by expert analysis, and fact-based.

Appendix B: EAG and Study Team Members' Biographies

Expert Advisory Group of Academy Fellows

Dr. Richard Callahan* is a Professor at the University of San Francisco, with a joint appointment from the USF School of Management and the USF School of Nursing and Health Professions. Dr. Callahan is Co-Director of the USF Master of Public Health Program in Sacramento and the Director of the Health Services Administration concentration in the Master of Public Administration in the School of Management. He has strong professional experience with county level government policy and fiscal analysis from working for over five years for the County of Los Angeles, with significant responsibilities for policy and budget analysis in an annual budget exceeding $10 billion dollars. For the past 10 years, he has worked as a consultant for the California State Association of Counties, leading training seminars annually for 120 to 160 elected officials, appointed executives and career managers. In addition, he was the initial Principal Investigator on a three-year Haynes Foundation funded research project on fiscal sustainability for counties and cities in Southern California. He has been published in practitioner focused journals on the fiscal sustainability in The Government Finance Officer Association journal and in The National Civic Review.

Lisa Gordon*, CPA, MPA, is President and Chief Executive Officer of Atlanta Habitat for Humanity—one of the top 10 Habitat for Humanity International affiliates in the United States. She is a recognized leader in transformational redevelopment efforts for quality affordable housing and neighborhood revitalization. Ms. Gordon joined Atlanta Habitat in July 2015 and set the nonprofit homebuilder on a new course to become a catalyst for holistic neighborhood revitalization. As a leader in urban redevelopment and government service before joining Atlanta Habitat, Lisa was Vice President and Chief Operating Officer for the Atlanta Belt Line, Inc., cabinet member in former Atlanta Mayor Shirley Franklin's administration, City Manager of East Point, GA and Assistant City Manager of Austin, Texas. Prior to these roles, she worked in county government for 10 years. She is an Advisory Board member of the Urban Land Institute, a member of the U.S. Council Advocacy Committee for Habitat for Humanity International, International Women's Forum, Women's Affordable Housing Network, Leadership Atlanta and Commercial Real Estate Women (CREW).

Chris Morrill*, MPA, is the Executive Director/CEO of the Government Finance Officers Association (GFOA) of the US & Canada, a 21,000-member professional association that advances excellence in government finance to build thriving communities. He has decades of experience in local government, serving as city manager of the City of Roanoke, VA, the only seven-time All-America City, Assistant City Manager and Budget Director for the City of Savannah, GA, a budget analyst for Catawba County, NC, and downtown project manager for Lynn, MA. Mr. Morrill also served as Senior Municipal Finance Advisor to the South African National Treasury under a United States Agency for International Development project. In this position, he assisted the South African government with developing local government finance legislation, municipal budget reforms, and capacity building programs. He was in the first group of U.S. Peace Corps volunteers in the former Soviet Union, where he advised the City of L'viv, Ukraine on finance and management issues. Mr. Morrill is a recipient of the Southern Christian Leadership Council (Roanoke Chapter) Martin Luther King, Jr. Drum Major for Justice Award.

Study Team

Brenna Isman, *Director of Academy Studies,* Ms. Isman has worked at the Academy since 2008 and oversees the Academy studies, providing strategic leadership, project oversight, and subject matter expertise to the project study teams. Prior to this, Ms. Isman was a Project Director managing projects focused on organizational governance and management, strategic planning and change management. Her research engagements have included working with the National Aeronautics and Space Administration, the Environmental Protection Agency, the Social Security Administration, the Department of Veterans Affairs, as well as multiple regulatory and Inspector General offices. Prior to joining the Academy, Ms. Isman was a Senior Consultant for the Ambit Group and a Consultant with Mercer Human Resource Consulting. Ms. Isman holds a Master of Business Administration (MBA) from American University and a Bachelor of Science (BS) in Human Resource Management from the University of Delaware.

Sarah (Sally) Jaggar,* *Project Director,* Ms. Jaggar is a Project Director and Fellow. She was most recently project director on the Congressionally mandated, 4 1/2-year long assessment of governance and management improvements at the National Nuclear Security Administration, a semi-autonomous agency within the Department of Energy. Also, at the Academy, she was Senior Advisor on No Time to Wait: Building a Public Service for the 21st Century (Reports 1 and 2) and other projects. She is also Senior Advisor for the Academy on its Agile Government initiatives. Prior to joining the Academy, Ms. Jaggar was a Senior Strategic Advisor at the Partnership for Public Service where she led numerous projects leading to reports on cybersecurity, Civil Service reform, innovation, performance management and improvement, and especially on successful recruiting, hiring, and retention for federal agencies. Her career at the US Government Accountability Office included roles as Managing Director for Mission Support in the Human Capital Office; Managing Director for Health Financing and Public Health Issues; and Director of Operations in the Accounting and Information Management Division, among others. She holds an MA from The American University and a BA from Duke University.

Kate Connor, *Research Analyst,* Ms. Connor joined the Academy in 2018 and has served on studies for the Agricultural Research Service, the Defense Nuclear Facilities Safety Board, the International Life Sciences Institute (ILSI), the U.S. Forest Service, the National Coalition of STD Directors, and the Administrative Conference of the United States. Prior to joining the Academy, she taught high school social studies, and later interned with the American Association of University Women and the U.S. Senate Committee on the Budget. Ms. Connor graduated from Georgetown University with a Master's in Public Policy. She also holds a Bachelor of Arts in History and Political Science and a Master's in Teaching from the University of North Carolina at Chapel Hill.

Adam Darr, *Research Analyst* Mr. Darr joined the Academy in 2015 as a Research Associate having previously interned in the summer of 2013. He has served on numerous Academy projects, including work for the National Science Foundation, Farm Service Agency, U.S. Secret Service, Federal Aviation Administration, and National Nuclear Security Administration. His areas of emphasis have been governance and management reform, organizational change, human capital, project and acquisition management, customer service best practices, and strategic planning. Mr. Darr graduated from Virginia Commonwealth University (VCU) with a B.A. in Political Science and Homeland Security/Emergency Management.

Allen Harris, *Research Associate,* Mr. Harris joined the Academy in October 2019 as a Research Associate. Prior to joining the Academy, he had numerous internships including working at the Brookings Institute and the U.S.–Japan Bridging Foundation. Most recently he was working for an Impact Investor on projects including affordable housing in U.S. National Parks and bio-herbicide development in Kenya. Mr. Harris graduated from the University of St. Andrews, Scotland, in 2018 earning an MA, Honors in International Relations and Modern History.

*Academy Fellow

Appendix C: Individuals Interviewed for this Study

County Administrators

Cook County, Illinois

Michael Ambolo, Deputy Chief Financial Officer

Tanya Anthony, Chief Administrative Officer

Dean Constantinou, Manager, Financial Planning and Analysis

Xochitl Flores, Bureau Chief, Economic Development

Ammar Rizki, Chief Financial Officer

Irene Sherr, Assistant Deputy Bureau Chief, Economic Development

Franklin County, Ohio

LaGrieta Holloway, Senior Budget Officer

Dayna McCrary, Administrator, Community Partnerships

Zak Talarek, Director, Office of Management and Budget

Ken Wilson, County Administrator

Hennepin County, Minnesota

Kevin Dockry, Director, Housing and Economic Development, Deputy Director, Housing Authority

David Hough, County Administrator

Dave Lawless, Director, Budget & Finance

Patricia Fitzgerald, Manager, Economic and Community Development

Julia Welle Ayres, Manager, Housing Development and Finance

Lee County, Florida

Roger Desjarlais, County Manager

Glen Salyer, Assistant County Manager

John Talmage, Director, Economic Development

New Castle County, Delaware

Aundrea Almond, Chief of Staff

Brian Boyle, Senior Policy Director

Carrie Casey-Sawyer, Staff Person for Housing Advisory Board

Matt Meyer, County Executive

Pierce County, Washington

Chris Carlson, Chief of Staff, Pierce County Council

Paul Bocchi, Senior Budget Analyst, Pierce County Council

Betty Capestany, Director, Economic Development Department

Wolf Opitz, Deputy Director, Budget and Finance

Hugh Taylor, Principal Policy Analyst, Pierce County Council

Subject Matter Experts including Current and Former Federal Officials

Emily Brock, Policy Director, Government Finance Officers Association

Sandra Bruce, Inspector General (Acting), U.S. Department of Education

Richard Delmar, Inspector General (Acting), U.S. Department of the Treasury

Edward DeSeve*, Executive in Residence, Brookings Executive Education, Former Senior Advisor to the Office of Management and Budget for Director for Implementation of the Recovery Act

Greg Devereaux*, Former Chief Executive Officer, County of San Bernardino, California

William Dodge*, Principal, Regional Excellence Consulting, Former Executive Director, National Association of Regional Councils

Mark Funkhouser*, Former Mayor, Kansas City, Missouri

Bryon Gordon, Assistant Inspector General for Audit, U.S. Department of Education

Stephen Hamill*, CEO and Founder, Public Purchasing Exchange

Deborah Harker, Assistant Inspector General for Audit and Special Deputy Inspector General for Small Business Lending Fund Audits, U.S. Department of the Treasury

Donald Kettl*, Professor and Academic Director, Lyndon B. Johnson School of Public Affairs University of Texas at Austin

Daniel Kowalski, former Counselor to the Secretary, U.S. Department of the Treasury

Thomas Lauth*, Dean and Professor Emeritus, School of Public and International Affairs, University of Georgia

Linda Miller, Deputy Executive Director, Pandemic Response Accountability Committee, CIGIE

Michael Pagano*, Dean of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago

Mark Pisano*, Professor of Practice of Public Administration, University of Southern California

Lisa Reijula, Associate Director of Outreach and Engagement, Pandemic Response Accountability Committee, CIGIE

Michelle Sager*, Director, Strategic Issues, Government Accountability Office

Robert Westbrooks, Executive Director, Pandemic Response Accountability Committee, CIGIE

Katherine Willoughby*, Professor of Public Administration, Department of Public Administration and Policy, School of Public and International Affairs, The University of Georgia

National Association of Counties (NACo)

Matthew Chase*, Chief Executive Officer and Executive Director

Teryn Zmuda, Chief Economist and Director of the Counties Futures Lab

Mark Ritacco, Director of Government Affairs

Kevin Shrawder, Associate Economist

Eryn Hurley, Associate Legislative Director, Finance, Pensions, and Intergovernmental Affairs

*Academy Fellow

Appendix D: The American Recovery and Reinvestment Act of 2009

The federal government has helped states balance their budgets and provide stimulus funding during previous, recent recessions. The recessions of 2001 and 2007 both prompted the federal government to provide stimulus funding to states.[54] The fiscal response to the 2001 recession was the Jobs and Growth Tax Relief Reconciliation Act of 2003, providing tax relief and expanding the federal share for Medicaid in addition to a one-time appropriation that helped states balance budgets.

The Great Recession of 2008 was more significant. The ARRA (2009) was the primary fiscal response from the federal government. This act included tax relief and also emphasized spending on programs initially estimated to reach almost $500 billion over 10 years. This funding included an increase in the federal funding for Medicaid, and also included a State Fiscal Stabilization Fund that provided grants for education and other budgetary needs. [55]

Among the important lessons learned from these initiatives, especially ARRA, was that quick implementation of new legislation required cooperation across levels of government, coupled with risk identification. The size of ARRA, in conjunction with the need for speed, made this important – a lesson that applied in March 2020 when the CARES Act was approved. In 2009, the Office of the President created the Recovery Implementation Office within the Office of Management and Budget (OMB) to facilitate communication among federal agencies, states, and other funding recipients. In addition, the White House Office of Intergovernmental Affairs managed frequent, direct communication between governments at multiple levels,[56] and worked with associations such as the National Governors Association to coordinate funds use and recovery efforts.

A study published by the National Academy of Public Administration identified five major lessons to be taken from the ARRA and its implementation:[57]

1. The goals and tone of ARRA were set by the highest elected officials.

[54] "Lost Decade Casts a Post-Recession Shadow on State Finances," The Pew Charitable Trust, accessed Mar 4, 2021, https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/06/lost-decade-casts-a-post-recession-shadow-on-state-finances.

[55] U.S. Office of the Vice President, "2010 Fiscal Year End Report to the President on Progress Implementing the American Recovery and Reinvestment Act of 2009," H.R. 1 (2009), https://obamawhitehouse.archives.gov/sites/default/files/recovery_act_report_9-30-2010.PDF.

[56] U.S. Government Accountability Office, *Recovery Act: Grant Implementation Experiences Offer Lessons for Accountability and Transparency*, GAO-14-219, (Washington, DC: 2014), accessed Mar 4, 2021, https://www.gao.gov/assets/670/660353.pdf.

[57] *Raymond Scheppach*, previously the Executive Director of the National Governors Association during ARRA, *Stan Czerwinski,* GAO Director for state and local governments during ARRA, and *G. Edward DeSeve,* Senior Advisor to President Obama during ARRA. National Academy of Public Administration, Federal State Coordination of the American Recovery and Reinvestment Act During the Great Recession, https://www.napawash.org/news/fellow-article-federal-state-coordination-of-the-american-recovery-act-during-the-great-recession.

2. Several informal and flexible working groups with specific missions were created:

> The Elected Group – "At least twice a month, the Vice President would reach out to governors and other elected officials. The purpose of the phone calls and occasional meetings was to give the officials a chance to let the Vice President know directly if there were any problems or concerns that the officials had. As concerns were voiced, the Vice-President instructed staff to resolve the matter and report to him within 24 hours. All issues were resolved within this time frame."
>
> Worker Bee Group – This group was composed of the budget officers of the 50 states, some National Governors Association and National Association of State Budget Officers staff, as well as staff of OMB, which was the lead agency for the administration. Weekly conference calls were held by this group to share information and determine obstacles to either quickly spending the funds or ensuring full transparency. Over time, staff from the GAO participated on the calls, where they would talk about problems they were seeing in some states regarding accountability.
>
> Accountability Group – "This group, consisting of the Recovery and Transparency Board, the GAO, relevant federal agency Inspectors General, state and local auditors, controllers, and treasurers, routinely met to coordinate work and compare findings."

3. A free flow of information across all three working groups was developed.

> "This meant the worker bees could listen in on the conference calls between the Vice-President and the 50 governors, and members of the accountability team could participate on the weekly worker bee conference calls."

4. Ad-hoc groups of state budget directors, federal agency and OMB staff were created to quickly identify and eliminate obstacles.

5. The accountability group operated concurrently with two operations groups rather than subsequently.

As the CARES Act and other legislative programs have been and continue to be deployed during the COVID-19 pandemic, lessons learned from past recessions/events can help improve the distribution and use of aid to the different levels of government, leveraging the funds to maximize their impact and effectiveness.

Appendix E: References and Resources

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