

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## Local Officials Say They Need More Time to Spend CARES Act Money, as Future Aid Remains in Doubt.

**State and local governments are up against a Dec. 30 deadline to use the coronavirus relief money, a timeframe that many local officials say should be extended.**

Local officials say a looming end-of-year deadline for their governments to use hundreds of millions of dollars in federal coronavirus aid could force them to unnecessarily rush spending over the coming three months and will limit them from spreading the money into next year when the virus is likely to still be a threat.

It would be immensely helpful, they say, if the federal government pushed the cutoff date to use the money from Dec. 30, out into 2021.

“One of the best things the federal government could do for us, in Hamilton County, would be to extend the time that we can use our current allocation so that we can make sure these dollars get to where they’re needed,” said Jeff Aluotto, the county administrator in Hamilton County, Ohio, home to Cincinnati, and a recipient of about \$142 million of the federal relief funds.

City and county officials in places that received the direct federal aid say that the money has been crucial for covering public health costs and extending a financial lifeline to struggling businesses and residents at a time when government budgets are otherwise crunched. But along with getting more time to dole out relief dollars, some officials say they could still use additional flexibility to cover costs not currently allowed by the program.

The money is coming from the Coronavirus Relief Fund, which was created under a law President Trump signed in March known as the CARES Act. The fund included \$139 billion in aid to states, as well as localities with over 500,000 residents.

“We could not have responded to the pandemic without this money,” said Maricopa County, Arizona assistant county manager Lee Ann Bohn. With about 4 million residents and a roughly \$2.5 billion budget in recent years, the county received \$398 million. That money was channeled into a variety of programs, including coronavirus testing, small business assistance and aid to renters at risk of eviction.

Bohn also said moving the deadline, at least until next June 30, would be a huge help. “Covid does not end on December 30, but our CARES Act money does,” she said.

There are also questions about how to keep the programs that the relief money is now paying for afloat if the current slug of aid money runs out and is not replenished. This point has been hammered repeatedly by associations representing state and local governments, lobbying Congress to come up with more aid. But Democrats and Republicans have so far failed to agree on a deal to provide another round of federal support to states and localities. Republicans in the Senate have been generally unsupportive of the idea.

“We really haven’t figured out what happens after December 30 in terms of our economic recovery support that we’re providing, some of the food assistance, some of the housing assistance that we’re providing through the CRF-funded programs,” said Margaret Danuser, Denver’s deputy chief financial officer.

Danuser noted that the economic slowdown and the fact that people are going out and traveling less as they try to avoid the virus, is hurting Denver’s budget. “We rely significantly on sales and use tax and lodgers tax and that came to a screeching halt,” she said. This means there’s not a ton of extra cash available to spend on the programs that the relief funding has gone to.

“We are trying to shove a lot through the pipeline right now,” Danuser said. “A little bit more breathing room in terms of the timeframe to spend the dollars, as well as maybe some additional flexibility around the use of the funds, would be certainly very helpful.”

Some officials also make a case—one made repeatedly by state and local government advocates in past months—that the relief funds would be more useful if they could be used to backfill parts of budgets that are getting eroded by the virus-driven economic downturn, but are not necessarily tied directly to the pandemic response.

Jefferson County, Alabama is planning to funnel about \$27 million of the \$114 million in aid it received to 35 cities within its borders. County manager Tony Petelos said the county and cities would benefit from being able to use at least some of the federal money to shore up their budgets as tax revenues fall short of earlier expectations.

He endorsed a proposal that Republicans in the U.S. Senate have put forward that would allow a portion of the relief funds local governments received to be used this way.

ROUTE FIFTY

BILL LUCIA

SEPTEMBER 26, 2020