



June 26, 2020

The Honorable Gina M. Raimondo  
Governor  
State of Rhode Island  
State House  
Providence, RI 02903  
*via email*

Dear Governor Raimondo:

I write to follow up on our letter of April 24, in which the League of Cities and Towns and its members asked that your Administration dedicate a portion of the \$1.25 billion Coronavirus Relief Fund (CRF) for municipal needs related to COVID-19 response. To date, municipalities have received no funds from the CRF. Further, during a recent call with the Governor's Office, local officials were told that they should not expect any reimbursements from the CRF unless Congress passes another stimulus bill. Not only did that position contradict some of your public pronouncements that municipalities would be reimbursed from the CRF, but it also defies guidance from the U.S. Department of the Treasury and is out of step with the actions of many other states that have distributed funds to local governments. We ask again that you follow Federal guidance and the best practices of other states and establish a process for local governments to access a portion of the CRF for COVID-19 reimbursement.

As you know, Congress established a \$150 billion Coronavirus Relief Fund in the CARES Act to provide emergency funding for state and local governments to respond to the COVID-19 crisis. Rhode Island benefited from the state minimum allocation of \$1.25 billion, but none of our municipalities reached the population threshold of 500,000 people to receive direct funding. However, as intended by Congress and clarified by the U.S. Department of the Treasury, a portion of the CRF should be transferred to local governments for COVID-19-related costs. Treasury's published guidance on the CRF says that states should distribute CRF funds to local governments with populations less than 500,000 on a per capita basis (see attached).

Our New England neighbors are following this approach and distributing CRF funds to cities and towns while also providing guidance on qualifying uses. Massachusetts [plans to distribute \\$502 million to local cities and towns](#) for eligible costs; New Hampshire has announced [at least \\$32 million in direct payments](#) to local government; and Connecticut Governor Lamont has created [a \\$75 million Pandemic Relief Fund for municipalities](#). To date, Rhode Island has made no direct payments to cities and towns from the CRF. While \$50 million from the CRF has been set aside for school reopening costs, that announcement came only after \$42 million in Federal Elementary and Secondary School Emergency Relief (ESSER) funding to school districts was swapped for state education aid for state deficit reduction. Local officials appreciate

that dedicated CRF funding but are also concerned that school reopening costs could far exceed the \$50 million allocation. Additionally, with the end of the fiscal year looming, we are increasingly worried that the Federal ESSER funds will not be disbursed by June 30, possibly causing cash flow issues in some communities.

We recognize and appreciate that the state is facing significant budget deficits, but local governments are also struggling with revenue shortfalls as a result of this crisis – drastically reduced meals and beverage and hotel tax receipts, lower projected property tax collection rates and decreased revenues from permits and fees. In the FY 2020 supplemental budget, the state appears to have used at least \$25 million in CRF funding to cover personnel costs for public safety, public health and other state agencies responding to COVID-19. Cities and towns have also been on the front lines of this response effort, but they have not been provided a similar opportunity to fund their public safety personnel costs through the CRF. Unfortunately, many of those local personnel costs may not qualify for reimbursement by the Federal Emergency Management Agency, and any FEMA reimbursements could take years to receive. We believe that local governments should be afforded the same access as the state for qualifying COVID-19-related costs. Further, we believe that the CRF should be used to reimburse municipalities for the 25% local match required for FEMA, as authorized by Treasury (see attached).

As noted in our April 24 letter, we have worked closely with our Congressional delegation to demonstrate the need for additional Federal stimulus funds for state and local governments, but we cannot be assured that those efforts will prevail, especially to recoup lost revenues from the economic downturn. Without assistance from the state or Federal government, cities and towns will be forced to pursue layoffs, service reductions and tax increases. For that reason, our members strongly urge you to revisit the state's use of the CRF and support the COVID-19 response efforts of our municipalities in this crisis. Thank you for your consideration of this request.

Sincerely,



Brian M. Daniels  
Executive Director

cc: The Honorable Jack Reed, U.S. Senate  
The Honorable Sheldon Whitehouse, U.S. Senate  
The Honorable David Cicilline, U.S. House of Representatives  
The Honorable James Langevin, U.S. House of Representatives  
Daniel Connors, Special Advisor to the Governor  
Brett Smiley, Director, Rhode Island Department of Administration  
Jonathan Womer, Director, Rhode Island Office of Management and Budget

Enclosures (1)

**Excerpts from U.S. Department of Treasury  
Coronavirus Relief Fund – Frequently Asked Questions  
Updated as of June 24, 2020 <sup>1</sup>**

*The Guidance states that **the Fund may support a “broad range of uses” including payroll expenses for several classes of employees** whose services are “substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” What are some examples of types of covered employees?*

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. **These classes of employees include public safety**, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. [...] (page 3)

***Should States receiving a payment transfer funds to local governments that did not receive payments directly from Treasury?***

**Yes, provided that the transferred funds are used by the local government for eligible expenditures under the statute.** To facilitate prompt distribution of Title V funds, the CARES Act authorized Treasury to make direct payments to local governments with populations in excess of 500,000, in amounts equal to 45% of the local government’s per capita share of the statewide allocation. This statutory structure was based on a recognition that it is more administratively feasible to rely on States, rather than the federal government, to manage the transfer of funds to smaller local governments. **Consistent with the needs of all local governments for funding to address the public health emergency, States should transfer funds to local governments with populations of 500,000 or less, using as a benchmark the per capita allocation formula that governs payments to larger local governments. This approach will ensure equitable treatment among local governments of all sizes.**

For example, a State received the minimum \$1.25 billion allocation and had one county with a population over 500,000 that received \$250 million directly. The State should distribute 45 percent of the \$1 billion it received, or \$450 million, to local governments within the State with a population of 500,000 or less. (page 7)

***May funds be used to satisfy non-federal matching requirements under the Stafford Act?***

**Yes, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund’s eligibility criteria and the Stafford Act.** Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA’s determination of eligibility under the Stafford Act.

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<sup>1</sup> Retrieved June 24, 2020 from U.S. Department of Treasury. Emphasis added  
<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>