



Municipal Resilience Task Force

Overview of the impacts of and response to the COVID-19 public health emergency and associated economic downturn

**RHODE
ISLAND**

AGENDA

This presentation reviews the economic impacts of COVID-19, the fiscal impact it has on state government, the federal response, and actions taken by the state aimed at responding to the emergency as well as the subsequent economic downturn.

01

COVID-19 Economic and Fiscal Impacts

02

COVID-19 & Rhode Island's Economy

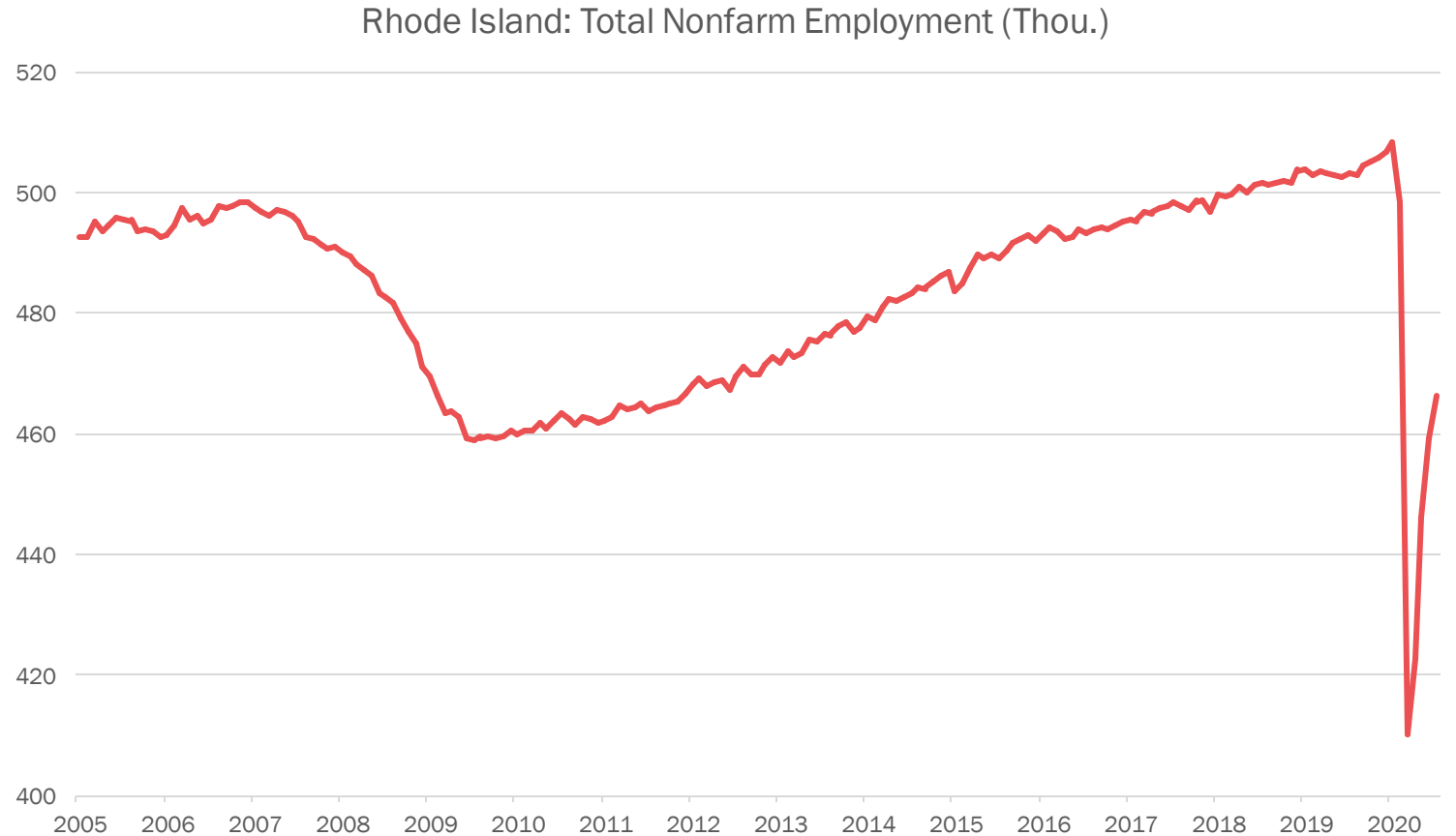
03

Federal Resources & State Response

The State Economy Falls into Recession

Rhode Island's economic expansion ended quickly, initial rebound has been sharp but uncertainty remains

- Following the state shutdown in mid-March, the unemployment rate peaked at 18.1% in April, far and away the highest rate on record.
 - The unemployment rate currently rests at 12.8% following a slight uptick in August.
- Job losses occurred sharply and severely as well, with payrolls declining over twice as much as they did during the Great Recession.
- Total nonfarm employment is currently just above the trough seen during the Great Recession.



Source: U.S. Bureau of Labor Statistics (BLS)

State Revenue Impact

Official estimates of FY 2020 and FY 2021 state general revenue are down more than \$600 million compared with pre-pandemic expectations

Pre-Pandemic Revenue Estimates

FY 2020*	\$4,178.8M
FY 2021*	\$4,241.6M
Total:	\$8,420.4M

* November 2020 Revenue Estimating Conference

Current Revenue Estimates

FY 2020**	\$4,063.9M	(\$114.9M)
FY 2021***	\$3,725.9M	(\$515.7M)
Total:	\$7,789.8M	(\$630.6M)

** FY 2020 Preliminary

*** May 2020 Revenue Estimating Conference

FY 2021 Projected Deficit

FY 2021	Amount
FY 2020 Carryforward	\$180.4M
Projected Revenue	\$3,725.9M
Transfer to “Rainy Day”	(\$117.2M)
Projected Expenditures	(\$4,377.5M)
Replenish RICAP	(\$120.0M)
Projected Deficit	(\$708.4M)

FY 2020 Carryforward

- Carryforward of FY 2020 surplus as indicated in Controller’s Preliminary Closing Report

Revenue Projection

- As adopted at May 2020 Revenue Estimating Conference

Transfer to Rainy Day Fund

- Statutory 3% transfer to Budget Reserve and Cash Stabilization Account (\$117.2M).

Expenditures Projection

Makes several assumptions including:

- Restores savings and shifts to federal funds taken in the FY 2020 Final Enacted Budget.
- Education/State Aid at FY 2021 Governor’s recommended levels.
- Other programs generally funded at Governor's recommended levels.
- Assumes +\$22.6M of costs relative to Gov. rec. level at Eleanor Slater Hospital.
- Assumes that CRF eligibility and FEMA eligibility end on 12/30/2020 while essential COVID-related services continue through end of FY 2021.

Replenish RICAP

- Funds for capital expenditures (RICAP) are no longer available following a transfer from the Budget Reserve and Cash Stabilization Account. Per RIGL §35-3-20 the RICAP fund must be repaid in the following year.

Federal Response

In response to the public health emergency and associated economic downturn, the federal government enacted several relief bills, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and made available Federal Emergency Management Agency (FEMA) reimbursement.

Coronavirus Relief Fund (CRF)

- \$1.25 billion Coronavirus Relief Fund (CRF) for State
- May be used for expenditures necessary to respond to public health crisis, including secondary impacts
- May not be used for revenue backfill
- Generally limited to *unbudgeted* expenses
- Must be spent by December 30, 2020

Other Federal Relief

- FEMA reimbursement
 - Total depends on reimbursement rate and what expenses are deemed eligible
 - Typically 75% federal reimbursement
- Direct federal grants included in legislation, including epidemiological grants, human services grants, and K-12 and higher education relief grants

Direct Grants to Municipalities

Assorted grants to municipalities based from March through June 2020

Municipality	Amount	Grants
Providence	\$5.5M	Community Development Block Grant \$3.1M; Emergency Solutions Grant \$1.5M; Byrne JAG \$0.7M; Housing \$0.2M
Pawtucket	\$1.8M	Community Development Block Grant \$1.1M; Emergency Solutions Grant \$0.5M; Byrne JAG \$0.2M
Woonsocket	\$1.3M	Community Development Block Grant \$0.8M; Emergency Solutions Grant \$0.4M; Byrne JAG \$0.1M
Cranston	\$0.7M	Community Development Block Grant \$0.6M; Byrne JAG \$0.1M
Warwick	\$0.6M	Community Development Block Grant \$0.6M; Byrne JAG \$0.0M
East Providence	\$0.5M	Community Development Block Grant \$0.4M; Byrne JAG \$0.0M
Central Falls	\$0.1M	Byrne JAG
Newport	\$0.0M	Byrne JAG
West Warwick	\$0.0M	Byrne JAG
Total	\$10.6M	

State COVID-19 Response

The State has worked to respond the public health crisis and associated economic downturn through a robust public health response, support for hard-hit hospitals and nursing homes, economic support to small businesses and individuals in need, and by bolstering childcare and education across the state. To date the state has committed over \$880 million to this effort. Key components of the state response include:

Public Health Response

- Testing - \$216.7M
- Contact Tracing & Case Investigation - \$27.2M
- Surge - \$77.0M
- PPE & Other Supplies - \$98.1M

Hospitals & Nursing Homes

- Hospital Partnership Program - \$95.5M
- Workforce Stabilization Program - \$16.5M
- Long-Term Services & Supports Resiliency - \$25.0M

Economic Support

- Small Business Support: Restore RI - \$76.0M
- Back to Work RI - \$45.0M
- Rental Assistance \$6.5M
- Eviction Diversion - \$7.0M
- Supportive Housing for Homeless - \$4.0M

Childcare and Education

- Childcare Center Rate Increases & Childcare Recovery Fund - \$8.9M
- K-12 Support - \$50.5M
- Summer 2020 Education - \$20.9M

State COVID-19 Response

Significant efforts have been made to conserve and redirect resources to fund the COVID-19 response and ensure continued financial and operational stability of the State.

Steps taken include:

- Funding FY 2021 in monthly allotments to control spending
- Utilizing \$120 million of the Budget Reserve and Cash Stabilization Account (also known as the Rainy Day Fund) in FY 2020
- Reducing State personnel costs, primarily through the Workshare Program (\$8.0M in savings), which allowed state employees to reduce hours and receive unemployment benefits over the summer
- Postponing new and non-critical capital projects
- Implemented ongoing hiring freeze for non-critical positions; spending restrictions