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THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT - THE "CARES ACT"

According to the Congressional Research Service (CRS), the Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act" responds to the novel coronavirus (COVID-19) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. The President signed the bill into law on Friday, March 27, 2020.

The bill provides FY2020 supplemental appropriations for federal agencies to respond to the COVID-19 outbreak.

Also, the bill:

- funds various loans, grants, and other forms of assistance for businesses, industries, states, local governments, and hospitals;
- provides tax rebates of up to \$1,200 per individual and an additional \$500 per child, subject to limits based on adjusted gross income;
- temporarily expands unemployment benefits; and
- suspends payments and interest on federal student loans.

The bill includes several other provisions that modify a wide range of programs and requirements, including those regarding

- oversight of the activities and funding authorized by the bill;
- tax treatment of withdrawals from retirement accounts, business income, losses, and charitable contributions;
- medical product supplies;
- health insurance coverage for COVID-19 testing and vaccinations;
- health care and aviation workforces;
- mortgage payments, evictions, and foreclosures for properties with federally backed mortgages;
- student loans and financial aid;
- aviation excise taxes;
- Medicare and Medicaid;
- Food and Drug Administration drug approval process;
- emergency paid sick leave program;
- banking and accounting rules; and
- U.S. Postal Service's borrowing authority.

Our Mission: As a governmental organization created by the Legislature, we evaluate Clerks' court-related budgetary needs, and recommend the fair and equitable allocation of resources needed to sustain court operations.

STATE AND LOCAL GOVERNMENT ASSISTANCE IN THE CARES ACT

Coronavirus Relief Fund

The largest and most direct federal assistance to state and local governments is the Coronavirus Relief Fund (Fund), established through Section 5001 of the CARES Act. The Fund provides a total of \$150 billion in federal fiscal support for state and local governments. The funding is available to states, tribal governments, and local governments with populations exceeding 500,000, to cover necessary expenditures related to COVID-19 that were not accounted for in that government's budget and are incurred between March 1 and December 30, 2020.

The Department of the Treasury's Inspector General has oversight and monitoring responsibility for these funds. If the Inspector General determines that funds were not spent on proper expenditures, the state or local government will owe the amount to the federal government.

According to CRS:

Coronavirus Relief Fund payments may not be used to directly account for revenue shortfalls related to the COVID-19 outbreak. Such funds, however, may indirectly assist with revenue shortfalls in cases where expenses paid for by the Coronavirus Relief Fund would otherwise widen the gap between government outlays and receipts. For instance, if \$3 billion in Coronavirus Relief Fund assistance is sent to a government with revenues that are \$10 billion lower than expected and \$5 billion in new COVID-19-related expenses, that assistance will reduce the fiscal gap (from \$15 billion to \$12 billion) by the same amount regardless of whether it applies to revenues or spending. Only in cases where governments have revenue shortfalls and less related spending than the program provides are governments limited by the eligible purpose restrictions. For instance, in that same example but with no new COVID-19-related expenses, the government could not use Coronavirus Relief Fund assistance despite its decrease in revenues.

Eligibility

Fund assistance is generally provided to state governments. Local governments serving a population of at least 500,000, as measured in the most recent census data, may elect to receive assistance directly from Treasury. Such direct local assistance allocations reduce the allocation made to the state government (keeping the state allocation constant) and are equal to the product of

- the state or territory allocation amount;
- the percentage of the state or territory population served by the local government; and
- 45 percent

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The CARES Act does not explicitly prevent local governments (regardless of their eligibility for direct assistance) from receiving Fund payments from state governments, so long as the local governments use the funds for eligible purposes.

Eligibility Update– April 15, 2020

On Monday, April 13, 2020, the U.S. Department of Treasury provided guidance regarding eligibility and announced the creation of a web portal to allow eligible State, local, and tribal governments to receive payments to help offset the costs of their response to the coronavirus pandemic.

Governments eligible for payments must provide payment information and required supporting documentation through an electronic form. To ensure the Department of Treasury can make payments within the 30-day period specified by the CARES Act, governments must submit completed payment materials not later than 11:59 p.m. EDT on April 17, 2020. There are 12 counties and one city eligible in Florida to receive direct payments from the Coronavirus Relief Fund:

1. Brevard County
2. Broward County
3. Duval County
4. Hillsborough County
5. Jacksonville
6. Lee County
7. Miami-Dade County
8. Orange County
9. Palm Beach County
10. Pasco County
11. Pinellas County
12. Polk County
13. Volusia County

Eligible cities and counties that wish to receive direct payment from the Department of Treasury should complete the online eligibility form:

<https://forms.treasury.gov/caresact/stateandlocal>

In addition to the Fund, the CARES Act provided other relief to state and local governments. While these funds may not be available to the clerks for court-related duties, they are part of this memo for your information in the event you encounter questions in your other constitutional duties.

Other Local Government Relief included in the CARES Act

Federal Reserve Loans, Loan Guarantees, and Investments: The CARES Act gives the U.S. Treasury new authority to authorize loans and make municipal bond purchases to aid state and local governments. The Act created a \$500 billion Economic Stabilization Fund and authorizes the U.S. Treasury to purchase obligations of states, local governments, and political

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subdivisions of them, to cover losses incurred because of COVID-19. Thus, the Federal Reserve may participate as an investor in securities that mature in greater than six months. The Economic Stabilization Fund also provides loans and loan guarantees to small businesses.

<https://home.treasury.gov/news/press-releases/sm968>

FEMA Disaster Relief Fund: FEMA has an allocation, based on the President's national emergency declaration, of nearly \$43 billion for FEMA's Disaster Relief Fund. The CARES Act adds another \$45 billion, with \$25 billion for assistance with major disaster declarations and \$15 billion for other disaster assistance

For FEMA's Disaster Relief Funds, all counties are now eligible to apply for the 75 percent federal cost-share for eligible activities under the Public Assistance Program, Category B. To apply, enroll online at <https://grantee.fema.gov/EventOpenRequestPeriod>

FEMA Guidelines for Emergency Medical Care – Counties in states with a major disaster declaration from FEMA may be eligible for extra aid. Counties can find a full listing of FEMA disaster declarations at <https://www.fema.gov/disasters>

Housing and Urban Development: \$17.4 billion for the Department of Housing and Urban Development. This amount includes the following:

- \$5 billion in Community Development Block Grant funds
- \$4 billion to Homeless Assistance Grants to fight COVID-19 among the homeless
- \$1.25 billion for tenant-based rental assistance
- \$685 million to provide additional operating funds for public housing agencies; and
- \$65 million for the Housing Opportunities for Persons with AIDS (HOPWA) program

<https://www.hudexchange.info/programs/cdbg/disease/>

Economic Development Assistance Programs: \$1.5 billion for the Department of Commerce to distribute as economic adjustment assistance to eligible recipients under Section 209 of the Public Works and Economic Development Act of 1965, which includes state and local governments.

The Economic Development Administration's (EDA) role in the pandemic response will likely emphasize coordinated, long-term, regional, and strategic responses to economic recovery. Short-term responses to address budget shortfalls or proposals to address rural residential infrastructure needs are not likely to be competitive in the Economic Adjustment Assistance (EAA) program. In prior rounds of Disaster Supplemental Notice of Funding Opportunities, EDA sought proposals that created "resiliency" to respond to future economic shocks.

State and Local Law Enforcement Assistance: \$850 million available to assist state and local law enforcement with their needs related to COVID-19, including overtime pay for officers, personal protective equipment and supplies, and medical needs and supplies for inmates in state and local facilities. The Department of Justice will award these funds through the formula allocation used in fiscal year 2019 for the Edward Byrne Memorial Justice Assistant Grant program under the Omnibus Crime Control and Safe Streets Act of 1968.

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<https://bjaojp.gov/news/coronavirus-emergency-supplemental-funding-program-formula-grant-solicitation-released>

Election Security Grants: \$400 million for grants by the Election Assistance Commission to help states address COVID-19-related challenges affecting the 2020 federal election. Within 20 days of each election in the 2020 federal cycle in a state, the state must submit to the commission a report that includes a report of how that state's uses of the payments allowed it to prevent, prepare for, and respond to COVID-19. A state must return any amount that is unobligated on December 31, 2020.

<https://www.eac.gov/news/2020/04/03/eac-expediting-distribution-400-million-cares-act-election-funding-coronavirus>

Dislocated Worker National Reserve: \$360 million in funding to help state and local governments respond to workforce impacts and layoffs resulting from COVID-19. This includes \$15 million in funding for Program Management to implement the paid leave and emergency Unemployment Insurance (UI) stabilization activities.

Veterans Affairs: \$150 million as grants for constructing state extended care facilities for veterans, for COVID-19-related purposes, including modifying or altering existing hospital, nursing home, and domiciliary facilities in state homes. Additionally, the Department of Veterans Affairs, during the COVID-19 emergency, will continue to pay state homes per diem payments (regardless of whether they meet the occupancy rate or veteran percentage requirements), as well as provide state homes with medicines, personal protective equipment, medical supplies, and other assistance.

National Endowments for the Arts and the Humanities: National Endowments for the Arts and the Humanities received an aggregate of \$150 million, 40 percent of which will go to state arts agencies, regional arts organizations, and state humanities councils.

Museum and Library Services Grants: \$50 million to the Institute of Museum and Library Services for purposes including grants to states to expand digital network access, purchase internet accessible devices, and provide technical support services.