



# What the CARES Act Means for Local Governments

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## Title V. Coronavirus Relief Funds

Title V of the recently passed Coronavirus Aid, Relief, and Economic Security (CARES) Act is called “Coronavirus Relief Funds” and provides monetary relief for states, territories, and tribal governments to help fight the COVID-19 pandemic. The Act provides \$150 billion to these government entities to use for monies spent in responding to the current public health crisis dealing with COVID-19. These funds were made available in anticipation of the financial stress and decline this pandemic has and will continue to cause.

Not all states will receive an equal share of the \$150 billion. The funds will be allocated based on population proportions. That said, every state will get a minimum amount of \$1.25 billion, even if that state has a small population. Further, local governments with populations over 500,000 are also eligible for aid allocated by population. That said, this aid is not in addition to whatever other funds their state, as a whole receives; instead, any relief funds granted to local governments with populations over 500,000 is subtracted from the amount that state was going to receive.

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## What does this mean for Michigan?

Michigan will receive \$3.873 billion, with an estimated \$3.081 billion share going to the state and an estimated \$792 million share going to local governments with over 500,000 people. There are 4 counties in Michigan that qualified to directly receive relief funds; the \$792 million going to those counties makes up about 20% of the total Coronavirus Relief Funds allocated to Michigan.

The Act states that “[n]ot later than 30 days after the date of enactment of this section, the Secretary shall pay each State and Tribal government, and each local government [with population of 500,000 and over]... the amount determined for the state, tribal government, or unit of local government, for fiscal year 2020 under subsection c.”

These relief funds cannot be used indiscriminately. These funds can only be used for certain expenses. These expenses 1) must be necessary expenditures incurred during the coronavirus pandemic; 2) must not be accounted for in state or local government’s most recent approved budget; and 3) the expenditure must have been incurred between March 1, 2020 and December 30, 2020. Governments can, however, reallocate funds and use those for other, non-eligible expenses and then use the relief funds for COVID-19 expenses, hopefully relieving some fiscal pressure on state, local, and tribal budgets.