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Recent Treasury Report Fails to Account for Allocated Coronavirus Relief Funds as the Country Faces Historic Drop in GDP and Record Unemployment

WASHINGTON — The seven bipartisan organizations representing state and local governments today responded to a recent report by the Department of Treasury about state expenditures from the Coronavirus Relief Fund (CRF) approved by Congress in March as part of the CARES Act.

"While the Treasury report focused on state and local spending to date, it fails to account for allocated funds and forecasted losses which are due to the historic drop in GDP and record high unemployment," according to the National Governors Association, National Conference of State Legislatures, National Association of Counties, National League of Cities, The Council of State Governments, The United States Conference of Mayors, and the International City/County Management Association. "We note that the CRF funds were not distributed until late April and that the next two months were spent in the development of 'evolving' Treasury guidance and FAQs that were not completed until the end of June. Yet the reporting period for the Treasury report in question ended June 30. With this timeframe in mind, we strongly hold that state and local governments have moved expeditiously and responsibly in the use of funds and their timely deployment.

"States and local governments are spending money from the CARES Act quickly and wisely. In cities, counties and states, these funds are going to pay first responders, support families, aid small businesses, and purchase medical supplies, among other things. State and local governments are creating innovative ways to support our residents within Treasury's limited guidelines, such as shoring up the food and housing needs of our most vulnerable citizens."

Those types of supports especially critical as the country faces continued economic hardship amid a rising number of COVID-19 cases. Economic data released by the U.S. Commerce Department show a record drop in GDP of 32.9 percent on an annualized basis in the second quarter of this year as a direct result of the COVID-19 pandemic. Now more than ever, the

Senate needs the most accurate information to make informed decisions on emergency relief for state and local governments. Our organizations gather information from our members directly on budget conditions and CRF use. While the Department of Treasury incompletely and, at times inaccurately, reported on only expenditures from the CRF, we have collected information on monies both allocated and spent. That means the funds, which in some cases needed approval from the state legislature before they could be allocated, are committed.

The current economic downturn is by far the largest quarterly drop recorded since the government began publishing this statistic 70 years ago. The Department of Labor also recorded 1.43 million new claims for state unemployment benefits, the 19th straight week of more than 1 million new filings.

The nation's governors, legislators and county, city and other local leaders continue to explain the devastating effects these economic conditions have on government revenue and their ability to deliver needed services in the critical areas of state and local government including Medicaid, education, and support for the unemployed.

As Congress continues to consider the federal stimulus package, state and local organizations reiterate that additional aid is necessary not only to maintain health care, unemployment and emergency services that their members are providing during the pandemic, but also to offset steep losses in state and local revenue due to the economic contraction shown in the GDP numbers. Without major new federal assistance for all states, counties and cities, this will result in the loss of critical services and hinder an economic recovery.

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- The National Governors Association has created a tracker with an evolving analysis of [states' plans for Coronavirus Relief Fund dollars](#), including [dollars to local governments](#) that did not receive payments directly from Treasury.
- The National Conference of State Legislatures created a database detailing state CRF actions. This database provides up-to-date, real-time information in the 50 states. [It can be accessed here.](#)
- [NCSL also has a database showing](#) budget cuts and revenue increases by state.
- The Council of State Governments recently posted a fiscal survey, it can be [accessed here.](#)
- The National Association of Counties has compiled [this overview](#) of how counties across the country are distributing their Coronavirus Relief Fund (CRF) payments and other federal funds authorized under the CARES Act.
- The National League of Cities has posted [a rundown](#) of how federal grant dollars, including CRF, are being awarded to municipalities.
- The International City/County Management Association posted a survey showing the depth of the economic downturn for cities and counties. It can be [accessed here.](#)
- The National Association of State Budget Officers has posted [a statement](#) about the Treasury Department's interim report.