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SB 357 Sponsor Testimony
House Finance Committee
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Chairman Oelslager, Chairman Callender, Vice Chair Scherer, Ranking Member Cera and members of the House Finance Committee. Thank you for allowing me to give testimony on Senate Bill 357, which allocates an additional \$650 million of federal CARES Act funding to local communities across Ohio for COVID-19 pandemic-related expenses.

As you may remember from my SB 310 testimony in May, the federal government passed the \$2 trillion CARES Act to provide pandemic relief to the states. For local relief efforts a total of \$2 billion was allocated to Ohio from the U.S. Department of Treasury in two different paths. The first path directly funds municipalities with a population of over 500,000. This totaled \$775 million (Cuyahoga, Franklin, Hamilton, Montgomery and Summit counties and the City of Columbus). The remaining approximately \$1.225 billion was allocated directly to the State to be distributed to all other jurisdictions under 500,000 people.

SB 357 is the fourth round of coronavirus relief funding for local governments, following the Controlling Board's authorization on August 24th of \$175 million and the approval of \$350 million through HB 481 in June. The Controlling Board also appropriated about \$50 million, from the local portion of CARES dollar, to fund local and county health departments.

Methodology

- One noteworthy change in SB 357 is that while HB 481 and Controlling Board monies were distributed based on the 2019 Local Government formula, SB 357 uses 2019 population data for distribution
- Like HB 481, this bill still requires the money be put into separate accounts for counties, cities and townships and still states the monies cannot be combined with traditional local government funds

Distribution and redistribution

- Distribution of funds is identical to language in HB 481
 - Money will be distributed to the 88 accounts on the county level determined to be the county coronavirus relief distribution fund
 - Counties will disperse funds to each eligible subdivision's coronavirus relief fund within seven days of the initial allocation

- The redistribution formula in HB 481, Controlling Board and SB 357 was improved on in two ways: it adjusted the timeline to make it easier for local governments to reconcile and account for all expenditures and loosened the timeline to give local governments more time to spend money before redistribution.
 - Subdivisions will be required to pay the unencumbered balance back to the county for redistribution to the county's remaining political subdivisions who expensed all of their relief dollars by November 20, 2020
 - The redistribution must occur 5 days after, or on or before November 25, 2020
 - Changes the 25% allocation for counties to 50% only if less than 25% of cities and townships are eligible for redistribution. Meaning if less than 25% of cities or townships spend all their dollars, counties can keep 50% instead of 25%
 - Unencumbered CARES Act funding must be returned to the state by February 1, 2021
 - Note, expenditures must be for expenses between March 1, 2020 and incurred on or before December 30, 2020
- As in HB 481 and Controlling Board allocations, if one jurisdiction resides in multiple counties, they will receive initial distribution based on population that resides in each county.
 - For redistribution of funds, a jurisdiction in multiple counties will pay back or receive money proportionally to the amount received from each county

Eligible uses

- SB 357 clarifies that at least one, but not more than one, ordinance or resolution must be passed by each jurisdiction in order to receive CARES dollars for eligible uses
- The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:
 - Are necessary expenditures incurred due to the public health emergency with respect to COVID-19
 - Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local governments; and
 - Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020
- Funds must be used to cover only costs of the subdivision consistent with the requirement of section 5001 of the CARES Act as described in 42 U.S.C.
- Refer to the most recent guidance from the U.S. Department of Treasury updated June 30, 2020
 - As of my today, the federal government has not allowed money to be used for revenue replacement
 - Some relief has been granted to our local governments as it relates to safety forces (refer to September 2nd FAQs released by U.S. Department of Treasury)

Auditing and reporting

- The bill makes no changes to auditing and reporting so these dollars are subject to the same procedures of HB 481
- Money in a subdivision's local coronavirus relief fund is subject to audit by the Auditor of State during the subdivision's next regular audit
- Audit is to determine whether money in the fund has been expended in accordance with the requirements

We recognize our cities, townships and counties are in need of assistance. With this bill included, we will have distributed over \$1.2 billion in relief and assistance since May. Aside from an additional \$30 million that Controlling Board should be releasing for local health departments in the coming weeks, this \$650 million represents the last of the federal support.

Thank you for allowing me to provide sponsor testimony on SB 357. I welcome any questions from the committee and urge passage of the bill with the emergency clause.