

CARES Act Funding Options
Staff Report
May 5, 2020, Agenda Item J.1.

This staff report is offered as a framework for discussion to assist the Board in navigating the options available for CARES Act funding of \$105 million which the County received on April 23, 2020.

Consistent with the agenda item submitted, this report first addresses CARES Act funding for Public Health and Safety programs responding to COVID-19 for which staff has requested Board approval. At this point in time, due to uncertainties as to what will occur moving forward, staff is suggesting amounts that the Board may want to consider dedicating to (subject to modification in the future) each program. The County will provide resources or reimburse expenses within this category for municipalities and Charter Officers.

Once dedication of specified funding amounts for the Public Health and Safety programs is determined by the Board, staff next requests direction from the Board of other programs, including the allocation of other eligible programs, under the CARES Act.

In order to ensure the appropriateness and transparency of the expenditures that will be charged to the CARES Act program, staff will contract with a technical expert that will verify these expenditures. In addition, staff will provide monthly reports to the Board on the status of the programs, and related expenditures.

The following are mandatory guidelines when developing programs to be funded by CARES Act.

- The CARES Act funds must be used for necessary expenditures incurred for the COVID-19 emergency response and must be spent by December 30, 2020.
- Expenditures that will be incurred in response to COVID-19 were not included in the County's or other reimbursed entities' March 27, 2020 budget.
- The County is responsible for the all funds expended, including funds provided by reimbursement to other entities.

Staff recommends the Board further consider the following guidelines in developing programs:

- The County will seek to leverage (to the extent possible) other Federal and State sources.
- Program activities and eligibility are subject to change as funding sources continue to provide updated guidance.
- All initial Program allocations are subject to change (increase or decrease) depending upon direction from funding sources, operational realities, shortages, and surpluses.

Requested CARES Act funding for Public Health and Safety programs responding to COVID-19:

1. Public Health Program – would allow for expenses related to eligible public health measures, and other public safety measures undertaken in response to COVID-19. Allocation recommended \$7 million.
 - Personal Protective Equipment (PPE)
 - Disinfection of Public Areas
 - Quarantine
2. Medical Expenditure Program – would allow for expenses related to eligible medical measures and other measures to increase COVID-19 treatment capacity. Allocation recommended \$16 million.
 - COVID-19 testing, contact tracing, and antibody testing
 - Emergency medical/transport
 - Public Safety COVID-19 Response (to also include Emergency Management and Medical Examiner)
3. Public Health Compliance Program – would allow for expenses related to actions to facilitate compliance with COVID-19 related public health measures Allocation recommended \$15 million.
 - County Jail – Sanitization and Social Distancing
 - Telework expenses – Comply w/COVID-19 precautions, (software, hardware, cell phones, bandwidth)
 - Communication/Enforcement Government response to public health orders
 - Sick, family leave expenses, that comply with COVID-19 precaution (Family First)
 - Non-congregate sheltering
4. Public Employee Reassignment Program – would allow for payroll expenses related to the reassignment of current County employees to duties that are substantially different from pre-COVID-19 duties and dedicated to mitigating or responding to the COVID-19 public health emergency and related expenditures. Allocation recommended \$2 million.
5. Unobligated CARES Act – setting aside funds for future COVID-19 related emergencies such as social distancing related to sheltering during hurricanes, to address shortfall in programs or other COVID-19 eligible expenses. Allocation recommended \$21 million.

All expenditures within the Public Health and Safety programs will be within the County's procurement guidelines.

CARES Act Economic Support programs for Board consideration:

Once the Board determines the allocations to the public health and safety programs outlined above, the balance of the CARES Act funding remaining for the Board's consideration to divide among the other eligible programs, below, is \$44 million. This funding level is subject to change based the allocations the Board approves for public health and safety programs.

An American Payroll Association survey¹ found that 74% of employees would experience financial difficulty if their paychecks were delayed for a week and (according to Bankrate's latest Financial Security Index²) almost three in 10 adults have no emergency savings at all. Unfortunately, these findings are based upon data from 2016, 2018, and 2019 and do not consider the unprecedented level of financial instability and housing related impacts as a direct result of the COVID-19 pandemic.

More recent unemployment information³ shows a sharp increase in the unemployment rate:

| | February 2020 | March 2020 | % Increase |
|----------------|---------------|------------|------------|
| Florida | 2.8 | 4.3 | 53.57% |
| Volusia County | 3.4 | 4.8 | 41.18% |
| Brevard County | 3.1 | 4.4 | 41.94% |

The U.S. Bureau of Labor Statistics⁴ estimates that Brevard County has 283,800 people in our labor force in March 2020. This reflects an increase of 3,700 more people unemployed in Brevard from February to March. Please keep in mind that these are estimates, and the numbers may be higher. CareerSource Brevard (CSB) had 5,937 new people seeking services from March 1 through April 22, 2020, which is evidence that the unemployment rates are lagging behind actuals. CSB has indicated that larger impacts can be anticipated for May and June 2020.

Compounding the looming unemployment crises is the imminent rise in homelessness beginning in mid-May if the moratorium on evictions and foreclosures expires. Brevard County has approximately 55,100 renting households of which 18,800 will have at least one renter impacted by COVID-19⁵. There were already 9,200 rent burdened (paying more than 30% of income towards rent) and this pandemic will create 9,600 more vulnerable households. Additionally, from March 12, 2020 through April 21, 2020 our local food banks have seen a 49% increase in demand over the same time period from last year. Specifically, this was an increase of 551,895 pounds of food or 459,913 more meals. During this same time period 211 Brevard experienced a 516.81% (119 to 734) increase in calls about feeding assistance and a 482.1% (78 to 454) increase in calls regarding food pantries.

¹<https://www.nationalpayrollweek.com/npw-survey/>

²Dixon, A. (2019, July 1). Survey: A Growing Percentage of Americans Have No Emergency Savings Whatsoever. Retrieved April 20, 2020, from <https://www.bankrate.com/banking/savings/financial-security-june-2019/>.

³<https://www.bls.gov/data/#unemployment>

⁴bls.gov/eag/eag.fl_palmbay_msa.htm

⁵ Turner Center analysis of 2018 American Community Survey Public Use Microdata Sample

The economic impact of COVID-19 to Brevard County is only just being felt. Brevard is home to 14,255 businesses which employ 185,134 residents⁶. Extrapolating using data from the University of West Florida, Center for Research and Economic Opportunity, almost 80,000 are employed by small businesses and almost 50,000 are employed by businesses with less than 50 employees. A recent survey conducted by Main Street America⁷ found that almost 32% or an estimated 4,562 small businesses in Brevard would be at risk of closing if business disruptions continued until June and 66% (9,408) small businesses in Brevard face the same result by September. These businesses and their employees continue to be at risk due to COVID-19 and represent an opportunity for the County to have tremendous local impact on our communities.

According to the Florida Department of Economic Opportunity⁸, Brevard County has:

- 10,276 employers with a headcount of 1 – 10 employees;
- 2,119 employers with 11 – 25 employees;
- 702 employers with 26 – 50 employees; and
- 363 employers with 51 – 100 employees

Staff has provided some general suggestions for criteria for the listed programs and requests the Board provide input on criteria in order for the County Manager to return to the Board with specific programs and program criteria, that the Board directs to be developed.

6. Housing Rental and Mortgage Assistance Program - could provide an avenue for residents to avoid eviction or foreclosure by providing economic support to those suffering from unemployment and/or loss of income loss due to COVID-19. Applicants would be required to qualify for assistance up to a specified number of month(s)/amount as determined by the Board, based on COVID-19 related eligibility criteria that would be considered, such as:
 - Family income (cap)
 - Percentage of loss of income (minimum)
7. Housing Utility and Security Deposit Program - could provide an avenue for residents to obtain utility and security deposit to those suffering from unemployment and/or loss of income due to COVID-19 would be eligible for assistance up to a specified month(s)/amount as determined by the Board, based on COVID-19 related eligibility criteria considered that would be developed, such as:
 - Family income (cap)

⁶ US Census Bureau COVID-19 Site (<https://covid19.census.gov/>)

⁷ The Impact of COVID-19 on Small Businesses, Findings from Main Street America's Small Business Survey

⁸ Florida Department of Economic Opportunity, unpublished data, 2019Q3

- Percentage of loss of income (minimum)
8. Food Stability Program – could allow for the purchase of commodities (either materials to prepare meals or complete meals) to enhance the ability of local food pantries and other feeding agencies (for example, Meals on Wheels) to provide food to residents, including senior citizens and other vulnerable populations, that enable compliance with COVID-19 public health precautions and guidelines.
 9. Small Business Support Program – could allow economic support in connection with the COVID-19 public health emergency including the provision of grants to small businesses to reimburse the costs of business interruptions or losses caused by required closures or compliance with social distancing guidelines. The Board may wish to consider criteria such as:
 - Ownership by a Resident of Brevard County
 - Commercial business location in Brevard County
 - Minimum/maximum number of employees
 - Only businesses that have not received funding from other Federal or State programs which provided COVID-19 relief
 - Must be able to demonstrate (Board determined) percentage loss of revenue
 - Minimum of time business in operation