



Dear Friend,

The U.S. Congress has authorized substantial financial assistance to the states and local governments in response to the COVID-19 pandemic. Below is an extensive, yet thorough explanation of the allocated funds. Please take your time to review and reach out should you have any questions or concerns.

As shown in **Exhibit 1 below**, the Department of Legislative Services (DLS) currently estimates the State, local governments, and higher education institutions in Maryland will receive an estimated \$4.9 billion in federal assistance. These amounts exclude funds that will flow directly to hospitals and other medical providers and programs where the allocation to state and local governments is not yet available.

<b>Exhibit 1</b>	
<b>Federal COVID–19 Assistance to the</b>	
<b>State, Local Governments, and Higher Education Institutions</b>	
(\$ in Millions)	
Coronavirus Relief Fund*	\$2,344.3
Disaster Relief Fund (Requires 25% State/Local Match)	800.0
Transit Grants	695.0
Enhanced Medicaid Matching Rate (through June; about \$140 million for each additional quarter)	275.0
Formula Grants to Local Education Agencies	207.8
Direct Federal Aid to Higher Education Institutions**	183.3
Discretionary Grants to Local Education Agencies and Higher Education Institutions	45.7
Child Care and Development Block Grant	45.5
Public Housing and Rental Assistance Grants	37.6
Energy Assistance	34.2
Community Development Block Grant (\$26.2 million to local governments)***	30.9
Homeless Assistance (\$22.8 million to local governments)****	30.8
Grants from Centers for Disease Control and Prevention (minimum amount available to Maryland)	22.2
Justice Assistance Grants (\$6.6 million directly to local governments)	17.8
Community Health Centers	17.0
Senior Nutrition and Meals	15.8
Community Services Block Grant	13.5
Emergency Food Assistance	13.1
Administration of Unemployment Insurance Program	12.5
Head Start	8.2
Women, Infants, and Children (WIC)	8.0
Coronavirus Related Election Security	7.4

<b>Total</b>	<b>\$4,865.6</b>
*\$1,055 billion reserved for direct federal grants to local governments with populations in excess of 500,000.	
**Does not include additional money set-aside for Historically Black Colleges and Universities and minority serving institutions.	
***Another \$3 billion will be allocated to states and local governments based on a formula to be established by the Secretary of Housing and Urban Development..	
****Another \$2 billion to be allocated to states and local governments based on a formula to be developed by the Secretary of Housing and Urban Development.	

The most significant components of the assistance to Maryland are summarized below:

- **\$2.344 billion from a Coronavirus Relief Fund for state and local governments.**
- Funds can be used for State and local costs incurred from March 1, 2020 to December 31, 2020 that are necessary expenditures related to COVID-19 and were not accounted for in the budget most recently approved as of the date of enactment of this section. **Funds may not be used to backfill lower than expected revenues.**
- To access funds, State and local governments will apply directly to the Treasury Department and no State or local match is required.
- **Up to 45% (\$1.055 billion) is set-aside for direct federal assistance to local governments with populations that exceed 500,000 and is allocated based on a local government's share of the total State population.** Funds earmarked for local governments that are not claimed become available to the State.
- **Based on the federal allocation methodology, local governments in Maryland with populations over 500,000 are eligible to claim about \$691 million, or 65% of the set-aside amount. This results in about \$364 million of the set-aside becoming available to the State.** The DLS estimate of the county by county allocations is below:
  - Montgomery County \$183.4 million
  - Prince George's County \$158.7 million
  - Baltimore County \$144.4 million
  - Baltimore City \$103.6 million
  - Anne Arundel County \$101.1 million
- The Department of Treasury advised that having all smaller units of local government apply directly to the Secretary would not be administratively possible but that smaller localities would be able to work with their State governments to access funding.
- **About \$800 million from a Disaster Relief Fund for the immediate needs of state and local governments to protect citizens and help them respond and recover from the effects of COVID-19.** Reimbursable activities may

include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures, and community services. State and local governments are generally expected to provide a 25% match to federal spending.

- **\$695 million for transit operations.** Funds may be used to support operations, offset lost revenue, and purchase personal protective equipment.
- **\$437 million from an Education Stabilization Fund.**
- **\$207.8 million for local education agencies.** 90% of funds will be distributed to local education agencies (LEAs) based on the distribution of Title I-A funds with up to 10% retained for emergency needs as determined by the State. Funds to LEAs can be used for coronavirus response activities, such as planning for and coordinating during long-term school closures; purchasing educational technology; and supporting online learning for all students served by the LEA. **Appendix 1** shows the DLS estimate of the county by county allocation.
- **\$183.3 million for emergency relief for institutions of higher education including community colleges, public four year institutions, and independent institutions (including for profit institutions) to respond to COVID-19.** Funds are allocated by formula directly to institutions. These institutions must spend at least 50% of funds for emergency financial aid grants to students that can cover eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, health care, and child care. Remaining institutional funds may be used to defray expenses such as lost revenue and technology costs associated with the transition to distance education.
- Initial estimates suggest the largest amounts will be allocated to the University of Maryland, College Park (\$22 million), Towson University (\$17 million), and Montgomery College (\$11 million). Additional amounts are available for historically black and minority serving institutions.
- **\$45.7 million for emergency support grants to local educational agencies and institutions of higher education that have been most significantly impacted by COVID-19.** These grants would be allocated by the Governor.
- **\$275 million through the remainder of State fiscal 2020 from the federal Medicaid match rate being increased by 6.2 percentage points.** About \$140 million for each additional quarter of the enhanced match remains available. The enhanced match means that for most Medicaid expenses the federal government will now cover 56.2% of costs rather than the usual 50.0%. The enhanced funding is only available from January 2020 through the end of the quarter when the federal public health emergency declaration terminates. The State may not disenroll people during this period, which will result in an increase in Medicaid enrollment and costs above levels assumed in the budget (as will the economic downturn).

- **\$45.5 million through the Child Care and Development Block Grant** to assist child care providers to maintain their business and support operations.
- **\$34.2 million for energy assistance to assist low-income households with energy bills and energy related repairs.**
- **\$30.9 million through the Community Development Block Grant** to respond to economic and housing impacts caused by COVID-19, including the expansion of community health facilities, child care centers, food banks, and senior services. \$26.2 million of this amount will be allocated to local governments. An additional amount of funding will become available to Maryland but cannot be determined at this time as federal law allows the Secretary of Housing and Urban Development to devise a new formula for allocating \$3 billion of the additional block grant funding.
- **\$30.8 million for emergency solutions grants to help people experiencing or at risk of homelessness.** About \$22.8 million will be distributed directly to local governments. These funds can increase shelter capacity, allow communities to reconfigure shelter space to adhere to physical distancing guidelines, deliver medical care to people who acquire the virus or may be at higher risk, and provide short-term rental or utility payment assistance. An additional amount of funding will become available to Maryland but cannot be determined at this time as federal law allows the Secretary of Housing and Urban Development to devise a new formula for allocating \$2 billion of the enhanced funding.
- **\$22.2 million through the Centers for Disease Control for surveillance, testing, contact tracing, infection control, mitigation, and other activities.** This amount reflects Maryland's minimum guaranteed share. The State will likely receive a significantly larger amount.
- **\$17.8 million to support criminal justice operations, including \$6.6 million to be allocated directly to local governments.**
- **\$13.5 million for Community Services Block Grant to help local community-based organizations that provide a wide range of social services and emergency assistance for those with the highest need.**

Congressional action will also provide direct assistance to Marylanders through recovery rebates of \$1,200 for adults and \$500 per dependent child (rebates phase down gradually for couples with incomes above \$150,000, heads of household with incomes above \$112,500, and individuals with incomes above \$75,000), extended and enhanced unemployment insurance benefits (including \$600 per week of federally funded supplemental insurance), and less restrictive eligibility criteria for Supplemental Nutrition Assistance Program (SNAP) benefits.

In addition, \$500 billion is available nationally for federal investments, loans, and loan guarantees that will support businesses and state and local governments, \$10 billion is available for emergency grants of up to \$10,000 for immediate relief of small business operating costs, and \$17 billion is available to the Small Business Administration (SBA) to cover six months of payments for small businesses with existing SBA loans.

I know this is a lot of information to process during these trying times for our state, country, and world. I will have this information on my website as well at [www.dereckdavis.com](http://www.dereckdavis.com). I appreciate your time, and pray you are staying well.

In Good Health,

A handwritten signature in black ink that reads "Dereck Davis". The signature is written in a cursive style with a large, sweeping initial "D".

**Dereck Davis**

Delegate, District 25, Prince George's County  
Chair, House Economic Matters Committee