



## **COUNCIL UPDATE**

**March 27, 2020**

### **MEETINGS & REMINDERS**

All meetings have been canceled for the week of Sunday, March 22 through Saturday, March 28. The April 6 City Council Meeting will proceed as scheduled.

### **COUNCIL PACKET**

As we prepare for our first Wednesday packet distribution next week, Mayor Stein and I agreed that a general update would suffice instead of a full packet today. The regular packet will resume on Wednesday, April 1.

### **CORONAVIRUS – READINESS & RESPONSE UPDATE**

As of this writing, Ohio has 1,137 confirmed cases of COVID-19 and 19 deaths. Cuyahoga County (exclusive of the City of Cleveland) has 204 confirmed cases and 2 deaths. Information is not released by city so we do not have data for Cleveland Heights.

- **Ohio General Assembly** - The Ohio Legislature passed House Bill 197 (HB 197) in response to COVID-19. That bill was signed today by Governor DeWine. A detailed listing of what this bill addressed is enclosed.
- **Federal Stimulus Bill** – The Senate passed the Coronavirus Aid Relief and Economic Security (CARES) Act on March 25. The House is expected to act today. After it is signed by President Trump, further clarifications and agency guidance will be required to implement the new law. A full summary of what we know about the bill is enclosed. A few highlights are included below:
  - **Community Development Block Grant (CDBG) receives \$5 billion in supplemental funding.** \$2 billion will be distributed according to the 2020 allocation formulas within 30 days. \$1 billion will be distributed to states to combat the spread of COVID-19 within 45 days; the amounts will be determined by the Secretary of HUD based on best available data and need. The balance of the supplemental funding will be distributed to states based on a formula determined by the Secretary of HUD using best available data on COVID-19 and associated economic and housing disruptions.

- **\$150 billion in direct aid to state and local governments.** All states are to receive at least \$1.5 billion. Local governments with a population of over 500,000 also may receive direct grants for COVID-19-related expenses. It does not cover lost revenues. Cities and counties with a population under 500,000 are expected to seek aid from their state government. The inspector general of the Treasury is charged with conducting oversight of receipt and distribution.
- **\$45 billion added to FEMA’s Disaster Relief Fund.** Reimbursable activities include medical response, personal protective equipment, National Guard deployment, logistics coordination, safety measures, and community services. \$200 million is included for shelter, food, and services; \$100 million for enhanced sanitation at airport security checkpoints and other airport costs.
- **Personal Protective Equipment (PPE).** The Defense Production Act allows \$1 billion for the Department of Defense to invest in manufacturing capabilities to increase the production rate of personal protective equipment and medical equipment to meet the demand of healthcare workers all across the nation. The bill also provides \$100 million in firefighter grants for first responders’ PPE needs.
- **No fix for unfunded mandate related to additional paid sick leave.** Despite intense efforts to persuade Senators, local governments still cannot get the benefit of a tax credit that is provided to private sector employers subject to the mandate. Governments are required to provide two weeks of paid sick leave and paid emergency family leave (required in HR 6201).

- **Finances**

Aggressive actions to slow the spread of community transmission of COVID-19 will hopefully have the intended positive impact on this public health crisis but the closure of businesses and services, as well as the Stay at Home Order, will undoubtedly lead to economic challenges. The anticipated impacts to our local, state, and national economy will likely lead to a significant reduction in resources for the City. The magnitude of that reduction cannot be reasonably predicted at this time; however, we know that income tax and property tax are the two major revenue sources for the City and we should expect a substantial decrease in those sources. Other revenue sources, such as fees and charges for services will also take a hit as residents and businesses cope with severe financial hardships. Looking back at the last economic recession, the City experienced reductions in revenue from 3% to 51% in various categories and it is reasonable to expect a similar impact beginning as soon as the 3rd quarter of this fiscal year.

While we are making and adjusting plans to respond to the spread of COVID-19, we are also beginning to analyze our ability to continue to operate within our budget, and in a fiscally responsible manner. The actions we take now could alleviate the need for drastic cuts in the coming months, including the possibility of layoffs. As such, we are delaying the budgeted April 1 increases for non-bargaining employees for 90-days. A request for the same has been sent to each of the unions. This proactive action will afford the time necessary to assess and evaluate the impact of COVID-19 on the City's financial position and make necessary adjustments.

- **Stay at Home Order** – Effective Tuesday, March 24 and through April 6, all employees working in non-essential functions will not report to work and will be placed on paid leave. All employees working in a non-essential function and placed on paid leave are required to be available for work in an on-site or telework capacity during regular business and many are performing some functions from home. All employees working in essential functions are working as scheduled. Where possible we have staggered schedules, offered flexible working hours, and telework accommodations.
- **City Council Vacancy** – The application deadline for the vacant City Council seat has been extended two weeks to April 6.
- **Communications** – Regular communications are being shared with residents and businesses as well as employees throughout the week and as information changes.
- **Closures**
  - All City facilities, indoor and outdoor, have been closed to the public except for Municipal Court for essential services and proceedings only.
  - All City events through April have been canceled.
  - Non-City Closures:
    - All K-12 schools
    - CH-UH Library
    - The Regional Income Tax Authority (RITA), including the Cleveland Heights Office, has suspended in-person taxpayer services. Taxpayers are being encouraged to file online. Deadline has been extended to July 15.
    - Most state BMVs
    - All non-essential businesses

# Amended Substitute House Bill 197

## Senate Floor (Omnibus Amendment) Summary

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1. Amends emergency clause already in the bill and makes applicable to every provision of the bill. In order to continue essential operations of state government, maintain the continuity of the state tax code and to respond to the declared pandemic and global health emergency related to COVID-19
2. Prohibits public water disconnections during the pandemic since they are not governed by PUCO non disconnect orders (*see note*)
3. Suspends the staff to child ratio requirements and maximum group sizes at child-care centers (*see note*)
4. Exempts schools and other entities from food processing requirements to allow for continued student meal delivery (*see note*)
5. Extends the validity of licenses issued by state agencies and political subdivisions and provides a 90-day window for renewal. Still allows for disciplinary actions during this time (*see note*)
6. Permits state boards & commissions, local & county governments, and higher education boards to operate meetings electronically so long as the public is aware and can participate electronically (*see note*)
7. Allows recently retired state employees to be rehired. This is limited to the following agencies: DRC, DYS, MHA, DVS and DDD (*see note*)
8. \$20M (non-GRF) fund shift for DAS operation of state agency capital facility projects. Money to be repaid after upcoming bond sale.
9. Gives the Director of Medicaid additional flexibility to support the health care workforce and providers during this time of crisis. Additional program flexibility is necessary to avoid a significant workforce shortage and patient provider access shortages at the end of the COVID-19 emergency. Drafted for future cases up to 6 months. Temporary provision expires December 1, 2020.
10. Permits school districts, STEM schools, and community schools other than e-schools, and chartered nonpublic schools to use distance learning to make up for any missed days or hours of instruction caused by the ordered closure of Ohio schools
11. Allows licensed special education providers to utilize tele-health and electronic communication methods to serve students who are receiving special education services through their school district or through the Autism Scholarship or Jon Peterson Special Needs Scholarships (*see note*)
12. Waives state testing and report cards for the 2019-2020 school year & creates a safe harbor from sanctions for schools; permits seniors to graduate if school determines on track to do so prior to the COVID-19 emergency; local school determine promotion for Third-Grade Reading Guarantee; makes evaluations permissive and prohibits the use of value-added data; excludes academic performance data from

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being used in sponsor ratings this year; allows Chancellor and State Supt to waive College Credit Plus timelines/requirements during the COVID-19 emergency

- 13.** Limits the number of Ed Choice designated school buildings for the 2020-21 school year to those buildings previously eligible in the 2019-20 school year; allows siblings of current scholarship recipients, incoming Kindergarten students, and rising high school students to receive a performance-based scholarship for the 2020-21 school year if the building they attend or would attend meets these criteria
- 14.** Allows JFS to continue making payments to publicly funded child care providers during the emergency – all this is done within existing appropriations - and is done to maintain the system so it may quickly return to full operation
- 15.** Codifies the governor’s executive order relative to Unemployment Compensation.  
*(see note)*
  - a. Waives first week waiting period
  - b. Changes eligibility to include COVID-19 related unemployment situations
  - c. Waives work search requirement
- 16.** Makes several changes, all due to Feds moving the tax filing deadline from April 15<sup>th</sup> to July 15<sup>th</sup>
  - a. Extends date for estimated payments
  - b. Waives interest payments (penalties already able to be waived)
  - c. Not withstands the “20-day rule” under municipal income tax for employees working from home during the health emergency plus 30 days
  - d. Extends due date of the state-administered municipal net profit tax
- 17.** Temporary law that tolls statute of limitations for criminal & civil cases and administrative acts that would expire between March 9<sup>th</sup> and July 30<sup>th</sup> 2020.
- 18.** Allows public retirement system boards to delay board member elections until December 1, 2020. This applies to OPERS, OP&F, STRS, SERS, OSHP
- 19.** Provides an extra 45 days for a county central committee to fill a vacancy. Current law is 45 days. This is temp law change and not permanent law
- 20.** Allows the Auditor of State to waive certain requirements regarding procedure audits if the audit period overlaps this health emergency
- 21.** Delays the requirement that child care centers participate in Step Up to Quality in order to receive public funding from July 1, 2020 to September 1, 2020
- 22.** Allows Ohio Public Works Commission, Ohio Water Development Authority and Ohio Environmental Protection Agency to waive penalties and fees from outstanding loans and provides for additional flexibilities. Temporary provision expires December 1, 2020.

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### Senate Floor (Omnibus Amendment) Summary

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- 23.** Specifies that all county offices required to transfer property and process titles that aren't made available online must remain open. Suspends a provision of law regarding liability of a county recorder for failure to perform certain duties
- 24.** Allows a transfer (subject to controlling board) from the BSF in order to balance the FY 20 books. Additionally, requires at least 2 votes from each chamber to approve such a request
- 25.** Grants certified registered nurse anesthetists (CRNAs), under certain conditions, the authority to perform additional duties or services related to anesthesia care, including ordering and administering drugs and IV fluids, ordering diagnostic tests and directing nurses to administer drugs. This is a permanent law change
- 26.** Allows for recent nursing graduates to obtain a temporary license to practice prior to passing the licensure examination. Temporary licenses expire either 90 days after the duration of the COVID-19 emergency or 90 days after December 1, 2020, whichever comes sooner.
- 27.** Extends absentee voting by mail for the March 17, 2020 primary election to April 28, 2020, authorizes \$7.0M (from Emergency purposes fund) to pay associated costs
- 28.** Adds a severability clause for the provisions of the bill

\*\*\* Several items above contain a provision sun-setting the amendment to the earlier of Dec. 1, 2020 or the rescission of the Governor's March 9<sup>th</sup> Executive order and are noted accordingly with *(see note)*

## **Senate Passes \$2 Trillion CARES Act – Local Government Highlights**

**Community Development Block Grant (CDBG) receives \$5 billion in supplemental funding.** \$2 billion will be distributed according to the 2020 allocation formulas within 30 days. \$1 billion will be distributed to states to combat the spread of COVID-19 within 45 days; the amounts will be determined by the Secretary of HUD based on best available data and need. The balance of the supplemental funding will be distributed to states based on a formula determined by the Secretary of HUD using best available data on COVID-19 and associated economic and housing disruptions.

**\$150 billion in direct aid to state and local governments.** All states are to receive at least \$1.5 billion. Local governments with a population of over 500,000 also may receive direct grants for COVID-19-related expenses. It does not cover lost revenues. Cities and counties with a population under 500,000 are expected to seek aid from their state government. The inspector general of the Treasury is charged with conducting oversight of receipt and distribution.

**\$454 billion in emergency loans for businesses, states, and local governments.** The legislation permits the U.S. Treasury to "purchase obligations {of States, local governments, instrumentalities and political subdivisions of them} or other interests in secondary markets or otherwise." It allows the Federal Reserve to participate as an institutional investor in securities that mature in greater than 6 months. Municipal bonds were added to the package after the municipal bond market froze last week as rates rose in the secondary market. Loans are for COVID-19 losses and there are restrictions on eligibility. Guidelines from Treasury are required within 10 days after enactment, but are needed immediately to stabilize the municipal bond market.

This emergency loan fund was created primarily to provide loans and loan guarantees to small businesses. The Small Business Administration also will receive \$240 million for small business development centers and technical assistance for women's business centers.

**\$45 billion added to FEMA's Disaster Relief Fund.** Reimbursable activities include medical response, personal protective equipment, National Guard deployment, logistics coordination, safety measures, and community services. \$200 million is included for shelter, food, and services; \$100 million for enhanced sanitation at airport security checkpoints and other airport costs.

**Personal Protective Equipment (PPE).** The Defense Production Act allows \$1 billion for the Department of Defense to invest in manufacturing capabilities to increase the production rate of personal protective equipment and medical equipment to meet the demand of healthcare

workers all across the nation. The bill also provides \$100 million in firefighter grants for first responders' PPE needs.

**Economic Development Administration (EDA) receives \$1.5 billion** in supplemental funding, directed to the Economic Adjustment Assistance account. The agency also receives surge hiring authority to allow EDA to properly staff the agency during this crisis; a 2% carve out of the supplemental funds is directed toward 'salaries and expenses' to support the surge.

**Provides \$100 billion in funding for local hospitals** to address medical surge capacity issues and offset the cost of increased healthcare related expenses and loss revenue. Eligible health care providers include public entities, Medicare or Medicaid enrolled suppliers or providers and other health care facilities. The bill would delay statutory cuts to Medicaid Disproportionate Share Hospital (DSH) payments until FY 2021 to help hospitals, including eligible local government-owned hospitals, serving indigent and underinsured people make up for revenue losses.

**Community health centers can access \$1.32 billion in FY2020.**

**\$450 million is provided to support 2020 elections.** Funds can be used for increase in paper ballots, on-line voting, and more poll workers.

**USDA Rural Development (USDA-RD) receives \$145.5 million. \$20.5 million for the Rural Business-Cooperative Service** that will make \$1 billion in lending authority available, \$100 million in grants for rural broadband service, \$25 million in grants for distance learning and telemedicine.

**No fix for unfunded mandate related to additional paid sick leave.** Despite intense efforts to persuade Senators, local governments still cannot get the benefit of a tax credit that is provided to private sector employers subject to the mandate. Governments are required to provide two weeks of paid sick leave and paid emergency family leave (required in HR 6201).

**\$10 billion to maintain operations at the nation's airports.** Funds will be distributed by formula through the Federal Aviation Administration's Airport Improvement Program. \$56 million is provided to maintain existing air service to rural communities.

**\$25 billion in transit infrastructure grants for transit providers, including local governments, for operating and capital expenses.** Funding will be distributed using existing Federal Transit Administration formulas.

**\$900 million to help lower income households heat and cool their homes through the Low Income Energy Assistance Program**

**\$700,000 for Superfund program to prevent, prepare for, and respond to the coronavirus.**

**HUD program increases include \$4 billion in homeless assistance grants, \$1.25 billion for tenant-based rental assistance, \$650 million for the public housing operating fund, \$50 million in housing for the elderly and \$15 million in housing for persons with disabilities.**

**Byrne-Justice Assistance Grant Program (Department of Justice) receives \$850 million; Family Violence Prevention Services receives \$45 million to support families during this uncertain time, and to prevent and respond to family and domestic violence.**

**Real ID deadline for enforcement extended to October 1, 2021.**