



State Fiscal Responses to COVID-19—Virtual Spring Meeting, April 3rd

Introduction

The purpose of this virtual meeting was to discuss and gain a better understanding the state and local government response to COVID-19 across the country from a public fiscal perspective. The participants are part of the Center's long running Government Fiscal Sustainability Workgroup. Bottom Line: We were not prepared. We must be prepared next time. For an economic shock, a public health emergency, a natural disaster. We must be prepared and cannot afford to be caught unawares ever again.

Common State Actions and Fiscal Responses to COVID-19

In normal times, each State approaches its fiscal and economic condition in a different way, with some commonalities shared across the nation. This remains true in a time of pandemic. Some of the most talked about actions addressed during the discussion had to do with Open Meetings laws as well as other administrative local requirements and regulations that are necessary in order for a local to go about its day to day business but difficult to achieve in a time when social distancing is the best way to protect the public health and safety. Many state legislators and governors have relaxed certain regulatory requirements to allow local governments to conduct normal affairs in abnormal circumstances. For instance, Massachusetts has modified its Open Meetings law and relaxed some requirements regarding in-person meetings. New York has relaxed some local government bidding laws. The Legislature in Connecticut has allowed local governments to bypass its Open Meetings law in order to do certain things like pass budgets.

These and other laws, such as Open Meetings and FOIA, are all meant to increase transparency of government actions and allow the public access to their public officials. But these transparency and accountability laws seem to run contrary to the social distancing practices we all need to adhere to in order to flatten the curve. While transparency and government accountability are just as (if not more so) critical during a pandemic as they are during normal times, we need governments at every level to act swiftly and effectively, without endangering public health. Therefore, it seems many states have found that a certain level of leniency regarding these laws might be the best way to facilitate that for the duration of this crisis. However, this can create further inequities, as not all people have equal access to their public representatives; this needs to be addressed such that these inequities are not worsened during the COVID-19 pandemic.

Due to social distancing and stay-at-home orders across the country, telecommuting has become the way many people are working. Many local governments, especially schools, did not have the proper infrastructure and equipment in place to handle their entire workforce (or student body) shifting to telecommunication. This put IT departments across the country under a great deal of stress at the state and local level, with States having to come into some local governments and provide and set up telecommunication equipment and networks.



States and locals are recalling retirees to help fill positions within the government where there are labor shortages, such as Department of Corrections and Unemployment in the case of Connecticut. Local and State government revenues are down. Another commonality in States COVID-19 response is the waiving of certain late fees, even certain taxes. That said, this is not permitted in some State constitutions. In order to stay afloat, governments will need to balance their budgets, looking at things like fixed costs, expenditures, benefits and their workforce. Moving deadlines regarding revenue sources (such as water and sewer payments, property taxes, income taxes, etc.) are important things to consider when discussing cash flow during this crisis, especially considering the limits on some federal funding, (including the CARES Act state and local government Coronavirus Relief Fund money) which cannot be used to backfill revenue shortfalls.

Other topics discussed during the virtual meeting include:

- Providing Federal assistance, bridge funding for local governments as they wait for federal resources to arrive
- Issues regarding Cybersecurity are frequently discussed
- The difficulty of virtually negotiating labor contracts and other similar items; even without the added issue of cybersecurity, remotely negotiating these contracts is difficult,
- Homelessness and how to help people who do not have the ability to shelter-in-place, how to house people who may or may not have COVID-19 and to get them access to healthcare
- The differences between rural and urban governance in a time of pandemic; for instance, there are some places in Michigan where certain employers are actually hiring more people, like in hospitals or large retailers, or they are giving pay increases.

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