

LOCAL GOVERNMENT STIMULUS INFORMATION

COVID-19

UPDATE #1 - MORE TO COME!

The Comptroller's office is committed to ensuring local government entities in Texas have access to stimulus funding information, guidelines and assistance. We'll add to these resources as they become available.

We encourage Texas local governments to become familiar with the Coronavirus Relief Fund, Municipal Liquidity Facility and Commercial Paper Funding Facility as opportunities to secure stimulus funding for their communities.

Coronavirus Relief Fund

The federal **Coronavirus Aid, Relief, and Economic Security (CARES)** Act established the \$150 billion Coronavirus Relief Fund for expenses related to COVID-19.

The **U.S. Treasury** specifies that this money can be used for necessary expenditures due to the COVID-19 public health emergency that weren't included in state and local budgets approved as of March 27, 2020. The money is to cover expenses incurred from March 1, 2020, through Dec. 30, 2020.

Eighteen large local governments in Texas were eligible to apply directly for this funding. Their deadline to apply directly was Friday, April 17.

Local entities that did not meet the population threshold may receive funds through the state. More details will be posted as they become available.

Municipal Liquidity Facility

The **Municipal Liquidity Facility (MLF)** was created to help ensure the availability of credit for entities including local governments.

The U.S. Treasury plans to provide up to **\$500 BILLION** in financing to cities, counties and states. The funds are intended to help governmental entities access credit to manage cash flow, make debt service payments, continue essential services and respond to the pandemic.

The facility will help to counter short-term losses in tax revenues due to the effect of the COVID-19 crisis. The largest cities and counties can sell notes directly to the MLF to quickly raise the money they need. More guidance from the Federal Reserve on a lending program for smaller political subdivisions is expected soon.

For more information, please visit the **Federal Reserve's** website.

Commercial Paper Funding Facility

The **Commercial Paper Funding Facility (CPFF)** is intended to relieve the stress on the commercial paper market caused by the pandemic, which has chilled investors and prompted high interest rates on longer-term notes, such as those with maturities of three months, **as noted** by the Federal Reserve Bank of New York.

The CPFF will enhance the liquidity of commercial paper by increasing the availability of term funding to issuers and by providing greater assurance to issuers and investors that firms and municipalities can roll over their maturing paper.

The facility will do this through a special purpose vehicle (SPV) that will buy eligible three-month unsecured commercial paper and asset-backed commercial paper from eligible issuers, including municipal governments. The New York Fed will provide this financing to the SPV.

The SPV will hold the commercial paper until it matures, and use proceeds from the paper and other assets to repay its loan to the New York Fed. The U.S. Treasury will make a \$10 billion equity investment in the SPV.

Questions may be emailed to CPFF@ny.frb.org, and you may sign up for **email alerts** about changes to CPFF documents.



The federal government is providing funding directly to states and large cities and counties.

The State of Texas and the Comptroller's office are working to help smaller government entities obtain their share of the funds.