



FROM: Bose Public Affairs Group
DATE: June 19, 2020
RE: Weekly State Government COVID-19 Update

BIG PICTURE IN INDIANA

As of Friday, June 19, the Indiana State Department of Health ("ISDH") reported 41,746 confirmed cases of COVID-19 in Indiana, which is an increase from the 39,146 cases reported last week. ISDH also reported 2,327 deaths in Indiana, up from 2,214 last week. Track the latest reporting numbers from ISDH [here](#), which includes statistics on demographics, testing, and hospital capacity that are currently helping Indiana navigate through the pandemic.

This week saw Indiana's total number of people tested approach 400,000, with the state now averaging over 10,000 tests per day. This large increase is likely due to the state allowing any person, regardless of occupation or risk-level, to be tested. The ISDH COVID-19 dashboard has seen upgrades over the past week, including seeing the number of daily tests, being able to track hospital bed and ventilator usage, and tracking positive test cases by zip code. Although numbers continue to trend in a positive direction, health leaders continue to urge Hoosiers to practice social distancing and wear a mask when out in public.

Governor Eric Holcomb and other state officials have transitioned to holding a press conference on Wednesdays each week. The next press conference is scheduled for Wednesday, June 24 at 1:30 PM. To see a summary of each press conference, click [here](#).

BUDGET COMMITTEE HEARING

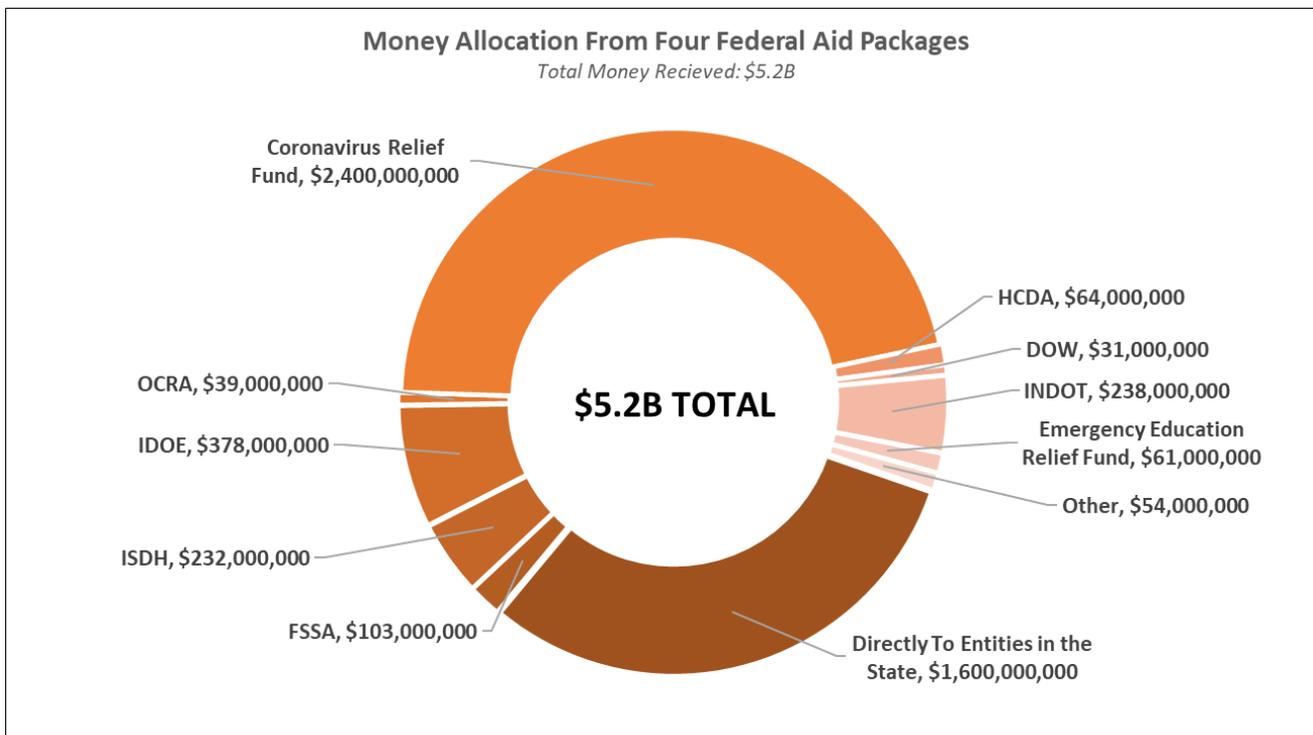
The State Budget Committee held its first meeting of 2020 on Wednesday, June 17. Rep. Tim Brown (R-Crawfordsville) chairs the committee and was joined by a bipartisan group of caucus leaders from both chambers and State Budget Director Zac Jackson.



As expected, Jackson shared that the state budget agency estimates that the state will miss revenue projections by \$1.7B – \$1.8B before the fiscal year ends June 30. Jackson also shared the state budget agency estimates that the state will have a revenue short fall of \$2B in the next fiscal year. That would bring the total shortfall over the biennium to almost \$4B with the state only having \$2.3B in cash reserves. The numbers that Jackson provided are estimates and not an official forecast, the Forecast Committee will meet in September to provide adjusted revenue expectations. Jackson noted that the state will need to cut spending in addition to actions already taken, including asking state agencies to cut budgets, public universities taking a 7% cut to funding, and capital projects totaling \$466M being put on hold.

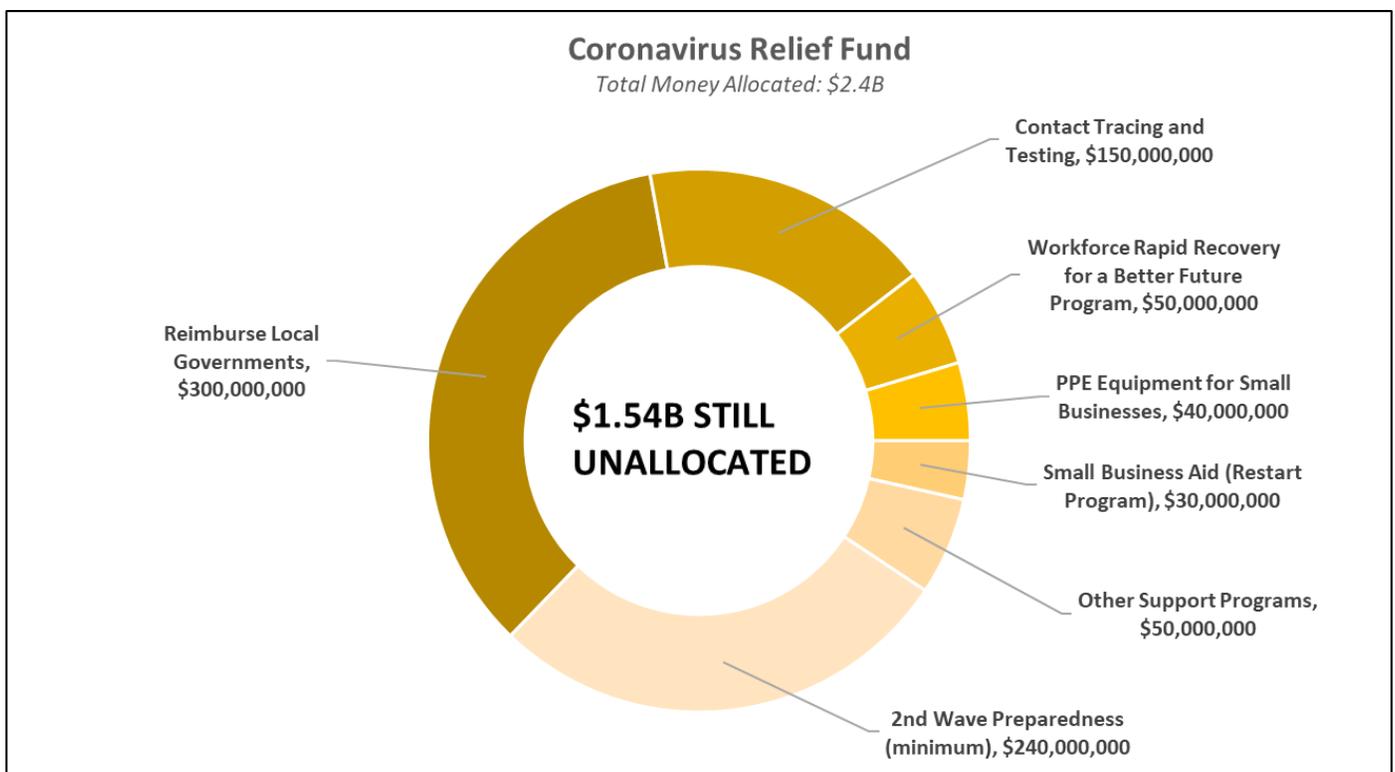
A significant portion of the agenda was dedicated to a presentation by Cris Johnston, Director of the Office of Management & Budget, who provided a presentation of the over \$5 billion in CARES Act funds received by the State of Indiana and other entities. The presentation outlines the fund sources and the state's uses to date. Johnston, along with other state budget officials, emphasized that the State is "banking" a portion of the funds with the hope that Congress will authorize revenue replacement as permissible or to offset additional costs as a result of a possible second COVID surge later in the year.

Below is a breakdown of where the \$5.2B in federal aid Indiana has gone:



As seen in the graphic, over \$4B of the \$5.2B in aid was allocated toward the Coronavirus Relief Fund (more on that below) or sent directly to entities in the state and not through state government. These entities include airports, hospitals, community health centers, farm producers, or higher education entities that have been adversely impacted by the pandemic. The City of Indianapolis received \$168M due to a stipulation of municipalities with populations over 500,000 receiving funds directly. The remaining funds were distributed among state agencies to aid Hoosiers with a large majority going to the Department of Education, Department of Transportation and State Department of Health.

The largest allocation of federal aid has gone toward Indiana's Coronavirus Relief Fund ("CRF"), a \$2.4B investment. Uses of this fund are very restrictive from the federal government and may only be used for expenses incurred from the COVID-19 pandemic and not as revenue replacement. The graphic below expands on where funds from the CRF have been allocated thus far:



The largest portion of the CRF thus far is the \$300M distributed among local governments in Indiana to reimburse coronavirus related expenses. Governor Holcomb has since expanded on the \$50M "[Rapid Recovery for a Better Future](#)" program, the \$30M [Restart Program](#) designed for businesses unable to qualify for PPP loans, and the \$40M used to jump start the



[Small Business PPE Marketplace](#). Johnston noted in Wednesday's committee hearing that the administration wants to hold back 10-15% of the CRF in case a second wave of COVID-19 comes or Congress allows funds to be used as revenue replacement.

For further details on Indiana's usage of federal aid, you can access Johnston's full presentation made to the committee [here](#).

NO CUTS TO K-12 FUNDING

Indiana is set to [move forward with the original budget allocated to K-12 education](#), including the planned \$183M increase beginning July 1, despite the COVID-19 pandemic greatly impacting state revenues. Schools are also receiving an additional \$192M from the CARES Act, which is distributed by a federal Title 1 formula, to offset costs of additional measures to reopen safely. Holcomb showed support of recommendations from Superintendent McCormick and educational stakeholders to fund students who choose to learn virtually due to COVID-19 concerns at 100%, (state law calls for 85% funding per student if student learns virtually for 51% or more of the time).

ISDH CLARIFIES SCHOOL GUIDANCE

ISDH Commissioner Dr. Kristina Box participated in the [weekly Department of Education webinar](#) on Tuesday to expand on recommendations found in the [state's re-entry guidance](#) for K-12 schools. Dr. Box made several points including that there is no one size fits all solution for districts, the CDC guidance recommends staff and students wear face masks, and clarifying that school reopening plans do not have to be approved by local health departments but encouraged schools and local health departments to collaborate on solutions.

STUDY SHOWS VIRUS SPREAD HAS SLOWED

[Phase 2 of the collaborative study](#) between ISDH and the Indiana University Fairbanks School of Public Health shows a sharp decrease of the active infection rate of COVID-19 in Indiana and a slight increase in positive antibody tests. The combination of the two statistics means the spread of the virus has slowed and researchers credit the efforts of Hoosiers to engage in social distancing and wear masks. The new numbers also continue to show that over 40% of Hoosiers with COVID-19 show no symptoms. The next phase in testing is planned for Fall 2020.

REVISED GUIDANCE FOR PPP

The Small Business Administration released new [guidance](#) on the popular Paycheck Protection Program ("PPP") loans following the passage of the Paycheck Protection Program Flexibility Act ("PPPFA") along with a [revised application](#). The PPPFA makes it easier for recipients of the PPP to qualify for forgiveness by providing, [among other things](#), both an extension of the



covered loan period and period of use of the loan, as well as reducing the 75% payroll cost requirement to 60%. The new rule also amends the first Interim rule which provided that a PPP loan will not be approved if an owner of 20 percent or more of the equity of the applicant has been convicted of a felony within the last five years.

USEFUL LINKS

[BME PPP Use of Funds and Forgiveness](#) (Updated June 5, 2020)

[SBA Coronavirus Relief Options](#)

[Indiana SBDC COVID-19 Resources](#)

[BPAG COVID-19 Resources](#)

[BME COVID-19 Resources](#)

