

# Overview of COVID-19 Municipal Expenses & Lost Revenue Survey

Prepared by Kate Dufour, Director of State and Federal Relations, Maine Municipal Association

*This survey was conducted in collaboration with the Maine Department of Administrative and Financial Services & the Mayors' Coalition*

August 3, 2020

---

- 85 communities with populations ranging from 46 (Beddington) to 68,430 (Portland) participated in the survey.

## Expenses

- Responding municipalities anticipate spending roughly \$8 million on COVID-19 related expenses between March 1 and Dec. 30, 2020.
- Reported expenses fall into nine categories:
  - Business Assistance;
  - Education (e.g., mailers, newsletters, brochures, etc.);
  - Elections/Town Meetings (e.g., absentee ballot processing, overtime, supplies, etc.);
  - Equipment and Supplies (e.g., cleaners, disinfectants, plastic barriers, PPE, etc.);
  - Medical Supplies/Equipment (e.g., staff, medical and testing supplies, etc.);
  - Personnel Expenditures (e.g., overtime, furlough pay, professional services, etc.);
  - Social Services (e.g., food pantry supplies, meals, emergency shelter, etc.);
  - Technology (e.g. remote meetings, work from home accommodations, etc.); and
  - Other (e.g., training, online transaction fees, etc.).

Category	Expenses		
	03/01 to 06/30	07/01 to 12/30	Total
Personnel	\$ 1,884,172	\$ 1,654,117	\$ 3,538,289
Equipment/Supplies	1,167,441	1,299,856	2,467,297
Social Services	434,522	430,000	864,522
Business Assistance	215,500	211,750	427,250
Technology	126,737	17,965	144,702
Other	62,647	77,445	140,092
Education	27,407	111,468	138,875
Medical Supplies/Equipment	53,711	37,500	91,211
Elections/Town Meetings	18,650	46,502	65,152
<b>Total</b>	<b>\$ 3,990,787</b>	<b>\$ 3,886,603</b>	<b>\$ 7,877,390</b>

- Municipal officials believe that \$5 million of the total expenses reported qualify for FEMA reimbursement.
- However, not all communities will apply for reimbursement. Some municipal officials find the FEMA application process difficult to navigate and time consuming. Other communities do not expect to generate the minimum expenditures, currently \$3,300, necessary to qualify for federal reimbursement.
- On the basis of the data provided, MMA projects that collectively municipalities statewide will spend \$24 million to address COVID-related issues in 2020. However, due to the mix of communities represented in the survey it is likely that actual statewide expenses will be higher.

Population Group	Projected Statewide Expenses		
	03/01 to 06/30	07/01 to 12/30	Total
Over 10,000	\$ 3,549,880	\$ 3,368,153	\$ 6,918,033
5,000 - 9,999	3,175,956	3,851,628	7,027,584
2,000 - 4,999	1,715,375	1,377,848	3,093,223
500 - 1,999	3,154,574	4,142,068	7,296,642
Under 500	36,682	10,922	47,604
<b>Est. Total</b>	<b>\$ 11,632,467</b>	<b>\$ 12,750,618</b>	<b>\$ 24,383,085</b>

## Lost Revenue

- Participating communities anticipate their municipalities will suffer revenue losses of \$54 million between March 1 and Dec. 30, 2020 with only \$12 million (23%) recovered.
- Reported lost revenue fall into five categories:
  - Fees/Fines (e.g., recreational programs, agent fees, ambulance services, parking, etc.);
  - Permits/Licenses (e.g., liquor, business licenses, building permits, etc.);
  - State Aid (e.g., Revenue Sharing, Local Roads Assistance, Homestead, etc.);
  - Taxes (e.g., real estate and personal property, motor vehicle excise tax, etc.); and
  - Other (e.g., investment income, interest, etc.).

Category	Lost Revenue		
	03/01 to 06/30	07/01 to 12/30	Total
Fees/Fines	\$ 14,150,526	\$ 12,444,988	\$ 26,595,514
Taxes	14,234,338	8,479,840	22,714,178
State Aid	194,956	3,353,181	3,548,137
Other	293,163	528,921	822,084
Permits/Licenses	119,603	310,750	430,353
<b>Total</b>	<b>\$ 28,992,586</b>	<b>\$ 25,117,680</b>	<b>\$ 54,110,266</b>

- On the basis of the data provided, MMA projects that statewide municipal revenue losses will exceed \$146 million in 2020. Again, due to the mix of communities represented in the survey, it is likely that actual statewide revenue losses will be higher.

Population Group	Projected Statewide Lost Revenues		
	03/01 to 06/30	07/01 to 12/30	Total
Over 10,000	\$ 30,895,901	\$ 17,890,418	\$ 48,786,320
5,000 - 9,999	7,578,110	26,413,713	33,991,823
2,000 - 4,999	9,756,751	12,386,870	22,143,620
500 - 1,999	8,434,535	31,829,216	40,263,752
Under 500	629,285	436,848	1,066,133
<b>Est. Total</b>	<b>\$ 57,294,583</b>	<b>\$ 88,957,065</b>	<b>\$ 146,251,648</b>

- 75% of the participating communities will turn to program cuts, undesignated fund balances or a combination of cuts and undesignated fund balances to address shortfalls caused by COVID-related increased expenditures and lost revenues. 9% of the respondents believe that program cuts and/or tax increases will be necessary. Hiring and pay increase freezes will be implemented in some communities.
- To date, 37% of the responding communities have applied for financial assistance from non-FEMA programs. \$12.6 million was awarded to communities through specific programs created under the CARES Act in the areas of aid to airports, the purchase of personnel protective equipment and the payment protection program. Survey participants also reported receiving \$953,000 under the Keep ME Healthy grant program.

## Observations

- Municipalities stepped up to the plate to provide COVID-19 related services to Maine residents, businesses and guests and continue to collaborate with state agencies to ensure public safety measures are implemented.
- The pandemic will have significant and adverse impacts on municipal revenue sources. Municipal leaders are concerned that reductions in state aid to municipalities (e.g., revenue sharing, homestead exemption reimbursement, local road assistance etc.) will be enacted to resolve state level revenue shortfalls in FY 2021 and FY 2022.
- Shifting additional burdens onto the property taxpayers will negatively impact the health and well-being of Maine's communities and the state/municipal partnership.