

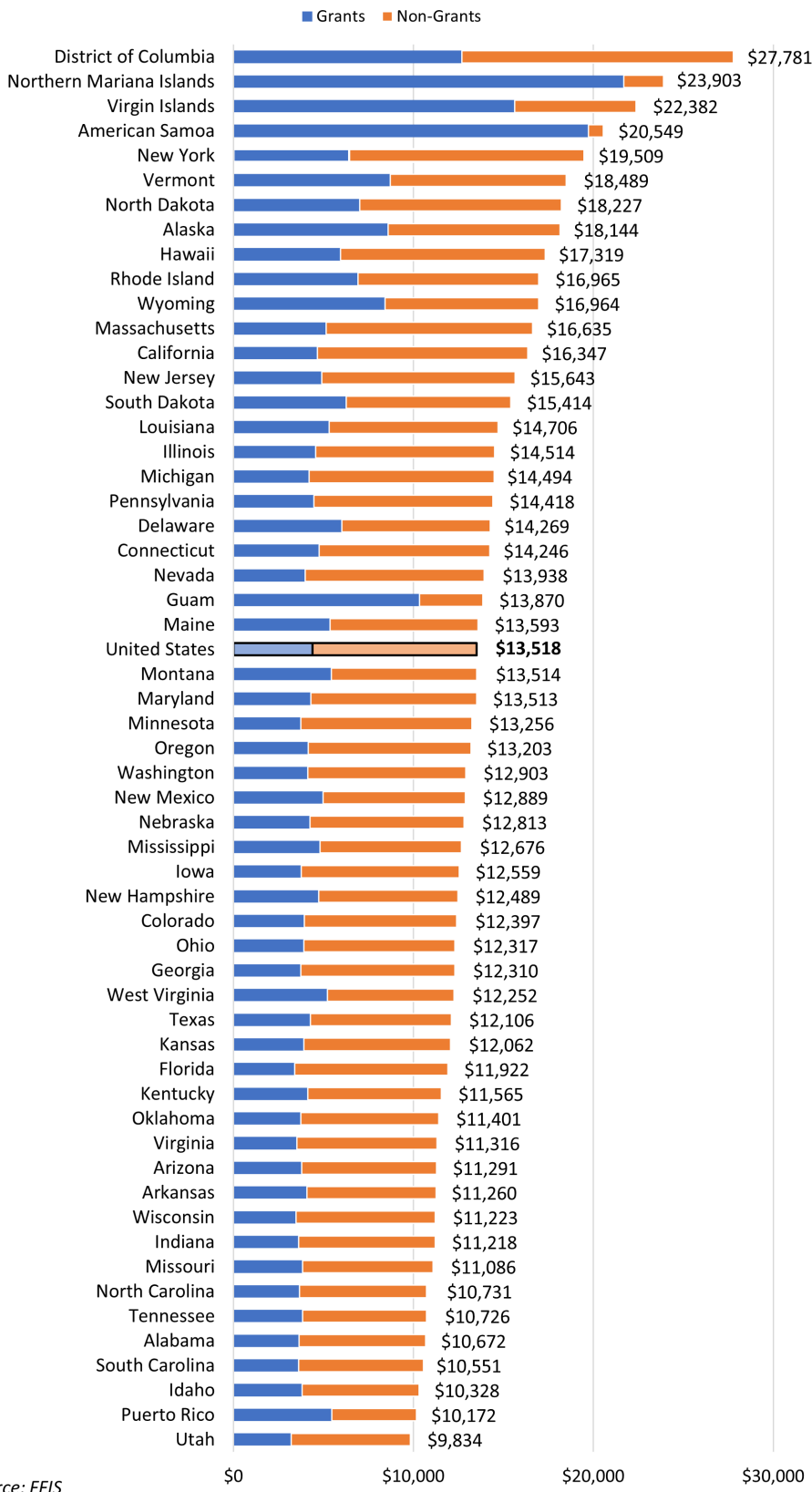
A COVID Relief Retrospective

A look back at funding during peak pandemic years

January 2024



COVID-19 Per Capita Funding



Source: FFIS

Introduction

The coronavirus pandemic ushered in a period of rapid economic decline across the country, with many states seeing peak unemployment and financial uncertainty as the virus took its toll on vulnerable groups. It was also a time of swift and robust federal action to mitigate the pandemic's grip on the health care system and economy.

Congress appropriated more than \$5 trillion to tackle the pandemic and the recession it induced. FFIS compiled a database of these appropriations, and began tracking awards for grants and non-grants to help states keep tabs on their receipt of funds from hundreds of funding streams.

This analysis takes a retrospective view of the federal COVID-19 relief funds provided to state and local governments, as well as individuals and businesses.

Copyright © 2024 Federal Funds Information for States

Andrew Olson
Federal Funds Information for States
444 North Capitol St, NW
Suite 642
Washington, DC 20001
202.624.5849
ffis.org

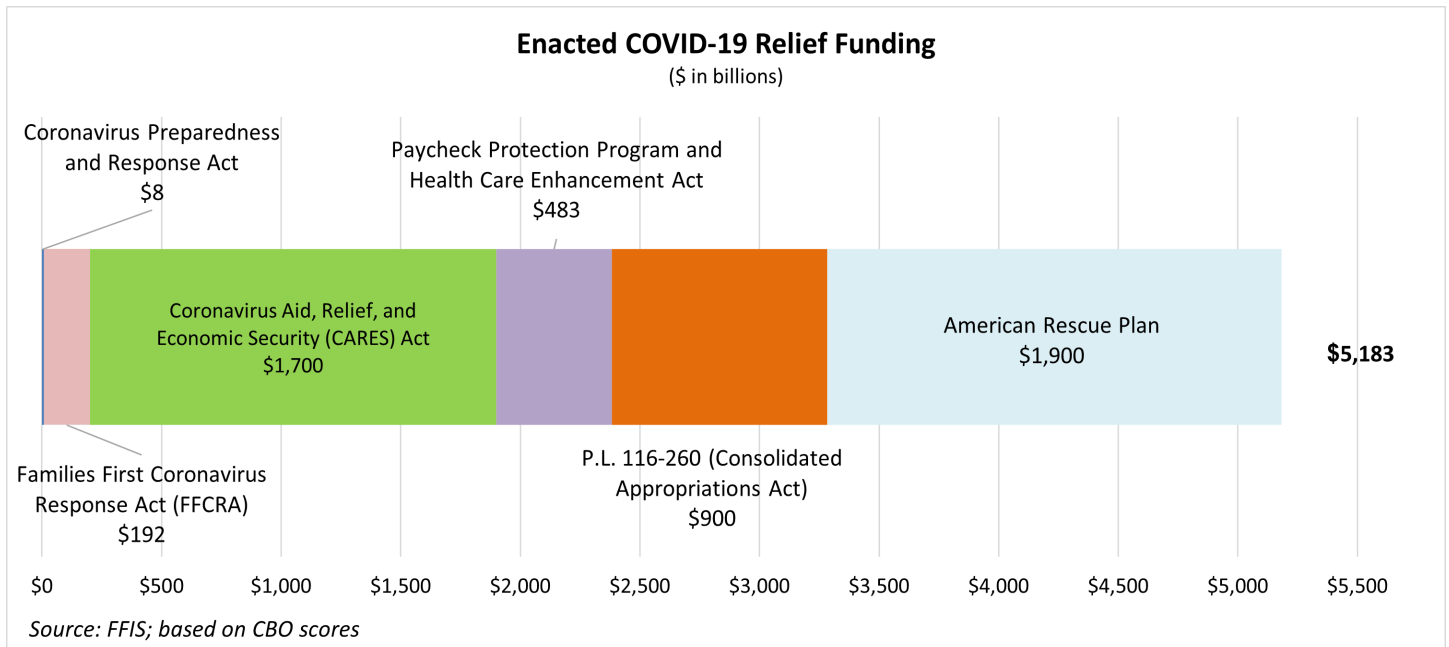


Table of Contents

Overview.....	3
A closer look at grants.....	8
New programs.....	9
Existing programs.....	10
A closer look at non-grants.....	11
Per capita funding by state.....	12
Grants.....	13
Non-grants.....	15
Economic Impact Payments.....	16
Conclusion.....	18

OVERVIEW

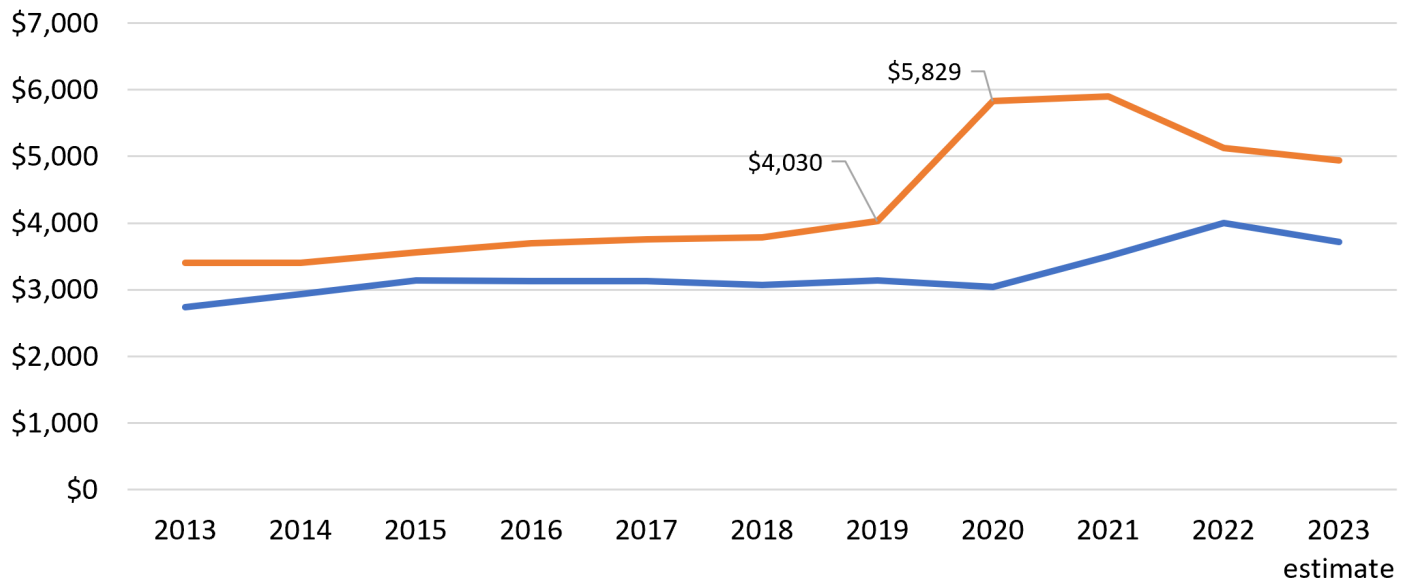
In March 2020, Congress began appropriating funds to address the health and economic impacts of the rapidly intensifying COVID-19 pandemic. In just more than a year, six pieces of legislation were enacted, providing roughly \$5.2 trillion in assistance across most sectors of the economy, as shown in the chart below.



The first two relief laws were narrow in scope, focused mostly on slowing the spread of the virus, enhancing protections for workers, and increasing assistance for Medicaid and nutrition programs. Subsequent relief bills included much broader assistance, such as payments to individuals, grants to state and local governments to support basic services, economic relief payments for businesses and agricultural producers, and more. These laws led to an increase in federal outlays of nearly 45% from fiscal year (FY) 2019 to FY 2020, as shown in the next chart. The chart also illustrates the growth of deficit spending, driven both by higher outlays and minor revenue reductions; between FYs 2019 and 2020, the deficit grew 213%, from \$891 billion to nearly \$2.8 trillion.

Federal Receipts and Outlays, FYs 2013-2023

(2012 constant dollars; \$ in billions)



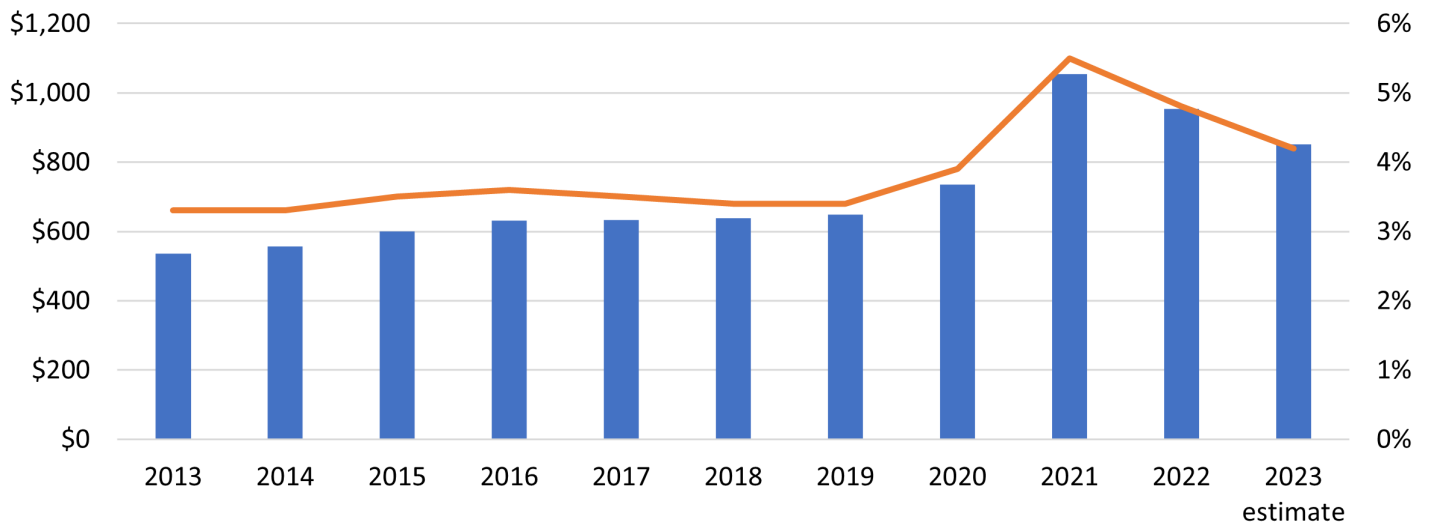
Source: OMB Historical Tables

— Receipts — Outlays

Outlays for grants to state and local governments increased only 13% between FYs 2019 and 2020 but jumped 44% from FY 2020 to FY 2021, as shown below. From FY 2019 to FY 2021, these outlays grew from 3.4% of gross domestic product (GDP) to 5.5% of GDP.

Outlays for Grants to State & Local Governments, FYs 2013-2023

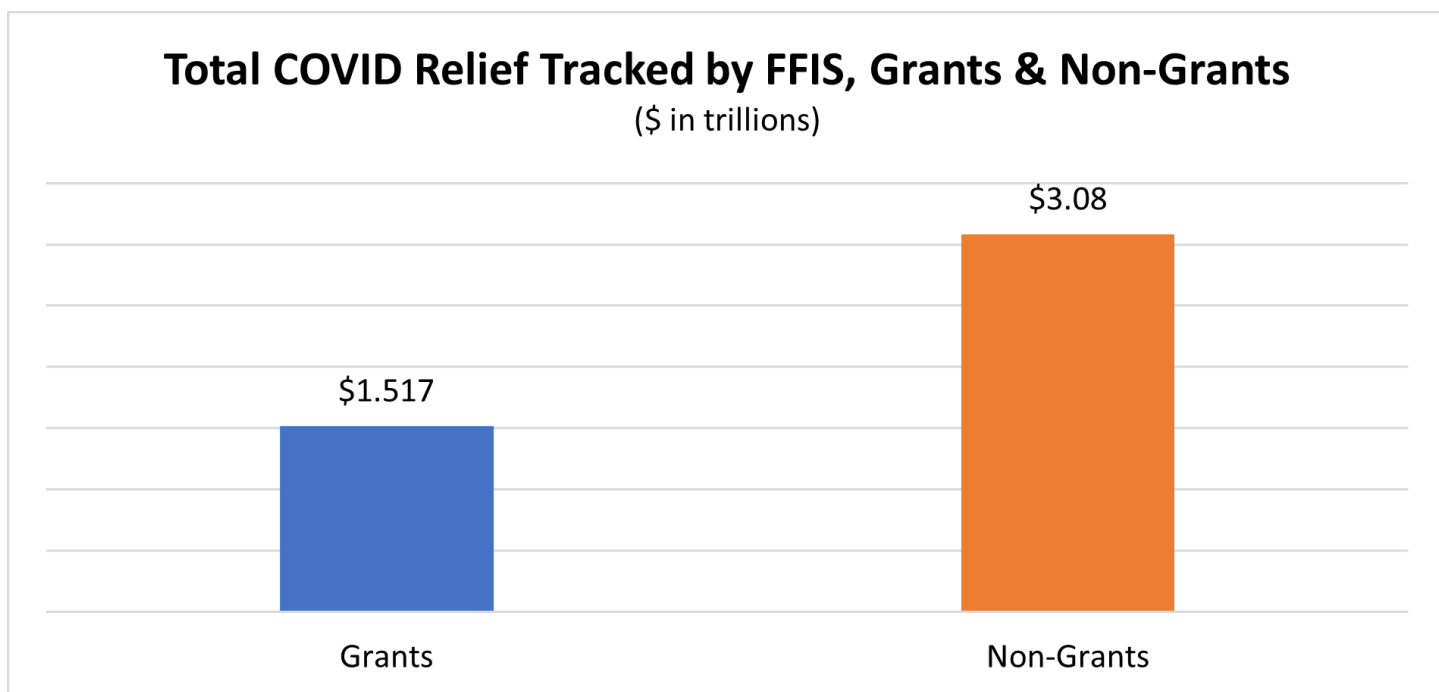
(2012 constant dollars; \$ in billions)



Source: OMB Historical Tables

■ 2012 Constant Dollars — % of GDP

FFIS began tracking selected COVID relief funds—from appropriations to awards—to help states navigate the hectic fiscal landscape. Most programs of interest to state and local governments were captured in FFIS’s resources, including grants to state and local governments, direct payments to individuals, and loans for businesses. (In this report, the latter two categories are considered non-grants.) As of November 28, 2023, FFIS had traced \$4.6 trillion in assistance, as shown below.

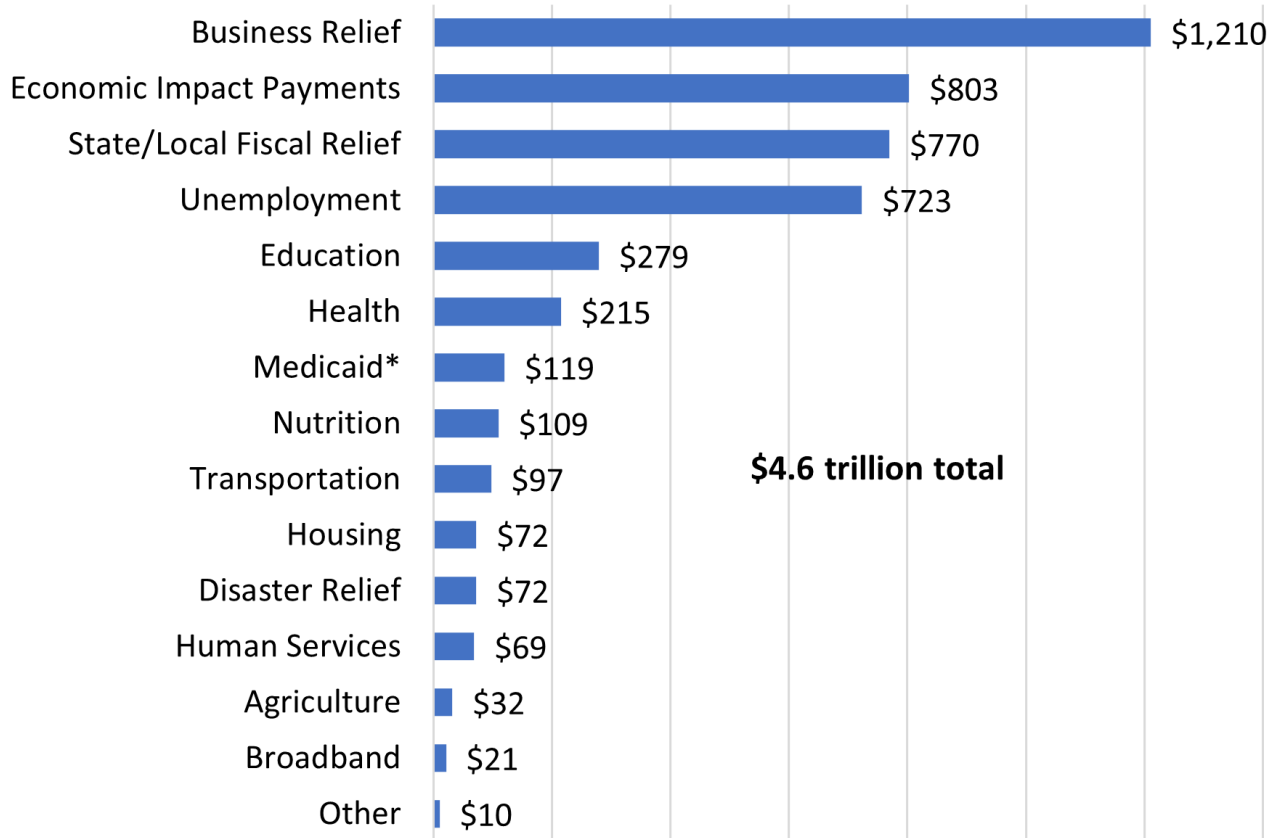


Just more than two-thirds of the financial assistance was in the form of non-grants, including unemployment compensation (UC) programs, the Paycheck Protection Program (PPP), Economic Injury Disaster Loans, and stimulus payments to individuals (Economic Impact Payments; EIPs).

At the top of Page 6 is a summary of the areas targeted by grant and non-grant funds. Assistance for businesses and individuals was the primary financial relief mechanism employed throughout the pandemic. The two largest programs were PPP (included in Business Relief) and EIPs, both of which disbursed \$803 billion. Of note, individuals were also beneficiaries of programs outside of EIPs, including UC and nutrition.

Assistance by Category

(total grants and non-grants; \$ in billions)



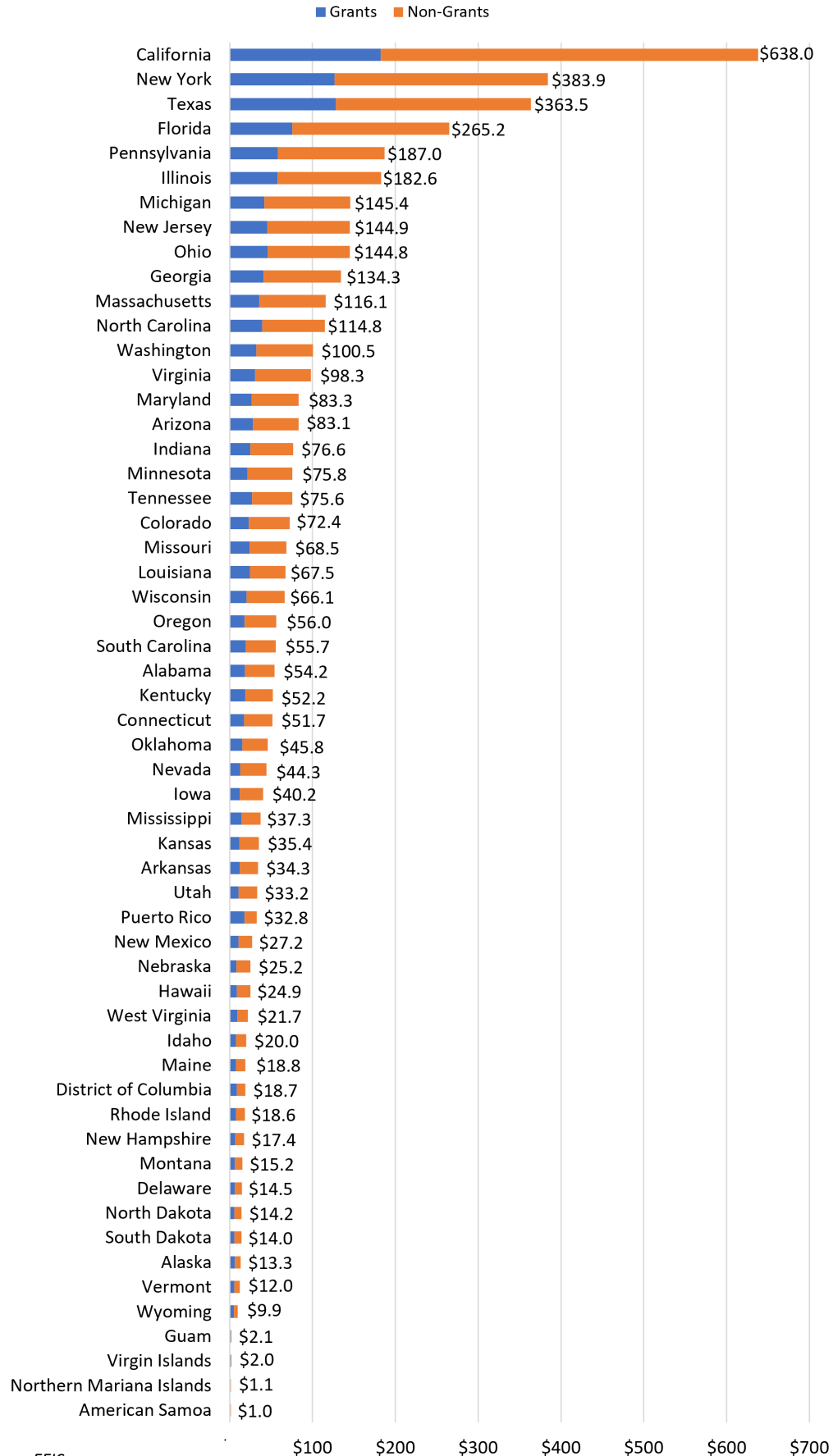
*Medicaid funding only reflects payments through March 31, 2023.

Source: FFIS

The next chart shows the distribution of grant versus non-grant funds by state. Only in the territories (other than Puerto Rico) were grant funds greater than non-grants. For the most part, the figures on Page 7 vary based on population.

State COVID-19 Relief for Grants and Non-Grants

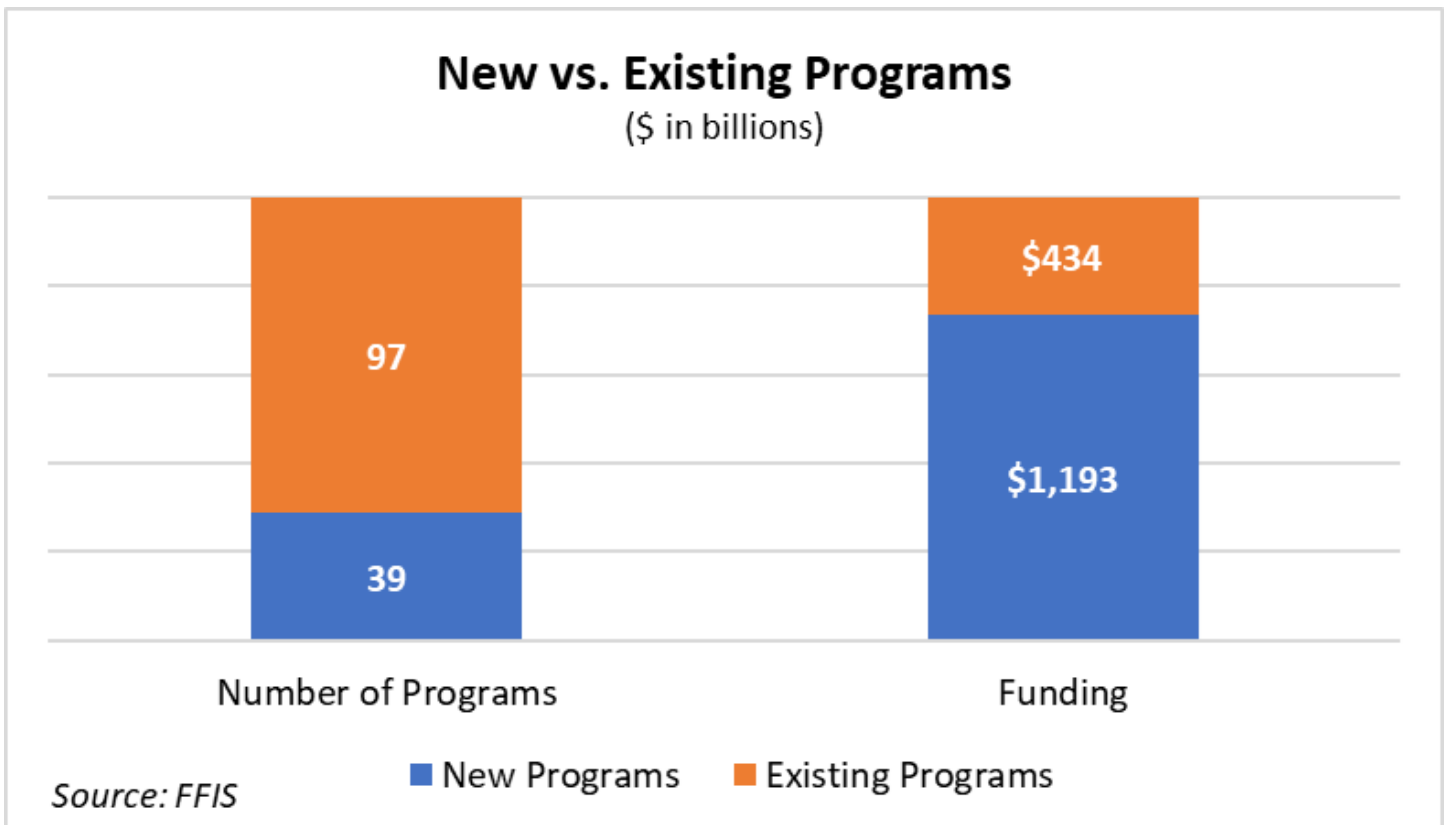
(\$ in billions)



Source: FFIS

A CLOSER LOOK AT GRANTS

FFIS identified 136 COVID-relief grant programs for state and local governments that received a total of \$1.627 trillion. (This figure is higher than the \$1.517 trillion reported for grants above because this one mainly represents appropriations as opposed to actual awards.) As summarized in the chart below, 39 were new programs/activities, accounting for \$1.193 trillion (73%) of total funding.



New grant programs

Funding for the 20 largest new grant programs/activities is listed in the table below. It totals \$1.189 trillion, or more than 99% of funding for all new programs/activities.

Largest 20 New COVID Relief Grant Programs (\$ in millions)		
Program	Department	Funding
Coronavirus Relief Fund/State and Local Fiscal Recovery Fund	Treasury	\$500,000
Education Stabilization Funding	Education	278,589
Provider Relief Fund	Health and Human Services	186,500
Grants to states, localities, tribes for testing	Health and Human Services	81,200
Emergency Rental Assistance	Treasury	46,550
Child Care Stabilization Fund	Health and Human Services	23,975
Grants to states, localities, and tribes for vaccines	Health and Human Services	12,000
Coronavirus Capital Projects Fund	Treasury	10,000
State Small Business Credit Initiative	Treasury	10,000
Homeowner Assistance Fund	Treasury	9,961
Public Health Workforce	Health and Human Services	7,660
Emergency Connectivity Fund (schools/libraries)	Federal Communications Commission	7,171
Emergency Broadband Connectivity Fund (households)	Federal Communications Commission	3,200
Grants to states, localities, and tribes - COVID preparedness and response	Health and Human Services	2,450
UI Fraud Prevention, Equitable Access, and Timely Payment Fund	Labor	2,000
Local Assistance and Tribal Consistency Fund	Treasury	2,000
Genomic Sequencing and Surveillance	Health and Human Services	1,750
Surveillance, epidemiology, analytics infrastructure, contact tracing	Health and Human Services	1,500
Low-Income Household Drinking Water and Wastewater Energy Assistance	Health and Human Services	1,138
Pandemic Emergency Assistance	Health and Human Services	1,000

Highlights of the 20 largest new programs include:

- Nearly 42% (\$500 billion) of these funds were for state and local fiscal relief through the Coronavirus Relief Fund (CRF) and the State and Local Fiscal Recovery Funds (SLFRF).
- Most of the largest new grant programs sought to relieve secondary economic effects of the pandemic; only about \$99 billion listed above targeted COVID-19 testing, vaccines, surveillance, and other mitigation efforts.
- With the exception of the CRF and SLFRF, which included broad purposes, these programs were somewhat prescriptive in terms of allowable uses.

Existing grant programs

Funding for existing grants totaled just \$434 billion, about 27% of total COVID grant funding. The 20 existing grant programs that received the most funding are listed in the table below.

Largest 20 Existing COVID Relief Grant Programs (\$ in millions)		
Program	Department	Funding
Medicaid	Health and Human Services	\$119,249
Disaster Relief Fund	Homeland Security	97,000
Transit Infrastructure Grants	Transportation	69,461
Child Care and Development Block Grant	Health and Human Services	28,490
Grants-in-Aid for Airports	Transportation	20,000
Child nutrition	Agriculture	10,279
Highways	Transportation	10,000
Community Health Centers	Health and Human Services	9,620
Tenant-Based Rental Assistance	Housing and Urban Development	6,250
Low Income Home Energy Assistance Program	Health and Human Services	5,400
Community Development Block Grant	Housing and Urban Development	5,000
HOME Investment Partnerships Program	Housing and Urban Development	5,000
Economic Development Assistance programs	Commerce	4,500
Food Supply Chain and Agriculture Pandemic Response	Agriculture	4,000
Emergency Solutions Grants	Housing and Urban Development	4,000
Mental Health Block Grant	Health and Human Services	3,150
Substance Abuse Prevention and Treatment Block Grant	Health and Human Services	3,150
Individuals with Disabilities Education Act (IDEA)	Education	3,030
Head Start	Health and Human Services	2,000
Nutrition assistance for Puerto Rico, territories	Agriculture	1,914

Many of the existing programs employed for COVID relief have broad eligible uses. Eight of the 20 programs listed are block grants: Child Care and Development Block Grant, Surface Transportation Block Grant (under Highways), Low Income Home Energy Assistance Program, Community Development Block Grant, HOME Investment Partnerships Program, Emergency Solutions Grants, Mental Health Block Grant, and the Substance Abuse Prevention and Treatment Block Grant. Block grants are formula grants, flexible, and few in number. Other grants listed above are not considered block grants but include funding for various subprograms that target a host of different recipients and allowable costs. Examples include Transit Infrastructure Grants, Economic Development Assistance programs, and the Disaster Relief Fund. While a much smaller portion of funding compared to new programs, funding for these flexible programs likely allowed states to tailor their pandemic response to their specific needs.

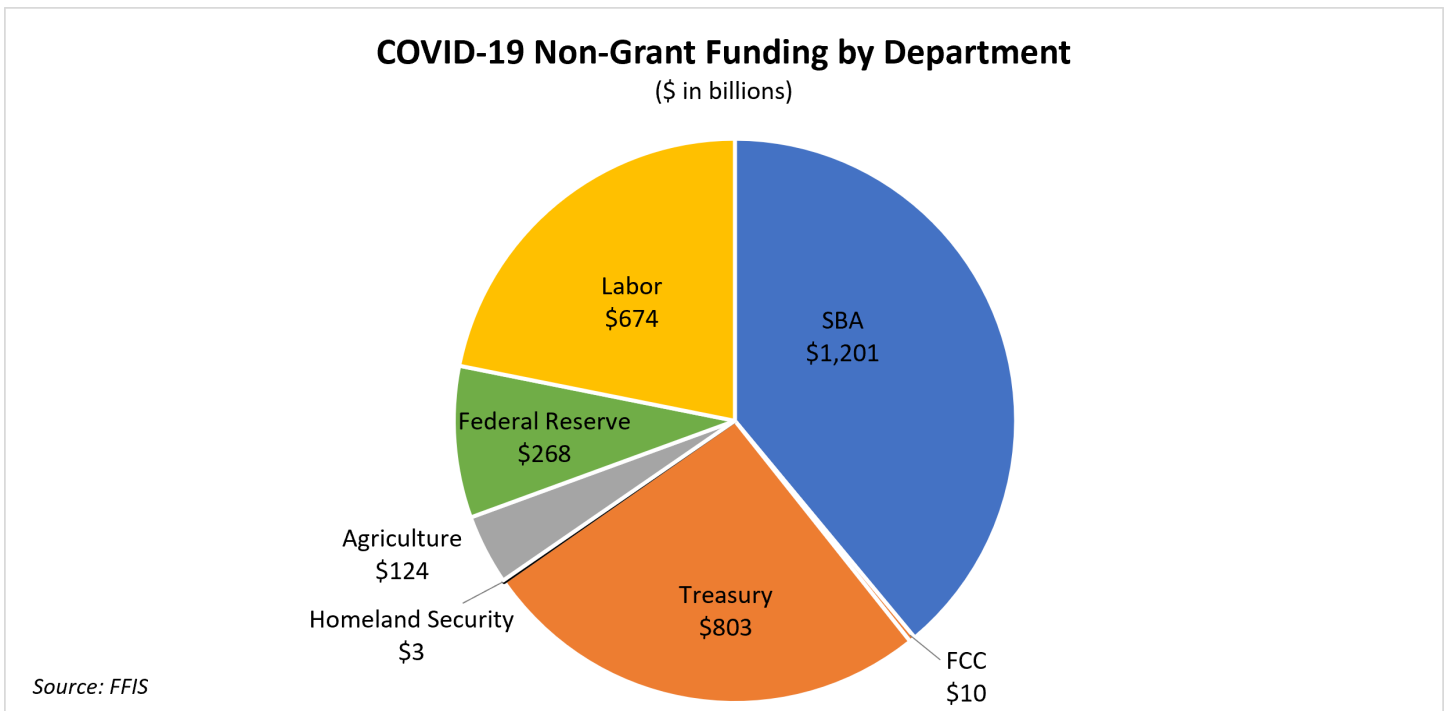
The single largest source of funding for existing grants was the increased federal share for Medicaid. Beginning in January 2020, each state received a 6.2 percentage-point increase in its Federal Medical Assistance Percentage (FMAP), which is the federal share of state Medicaid payments. This provision allowed states to repurpose state Medicaid funds for other needs. As of March 31, 2023, more than \$119 billion was attributable to the FMAP increase. Congress set a phase-down for the FMAP increase as shown below.

Phasedown of FMAP Increase	
Period	Percentage-Point FMAP Increase
January 2020 - March 2023	6.20
April - June 2023	5.00
July - September 2023	2.50
October - December 2023	1.50

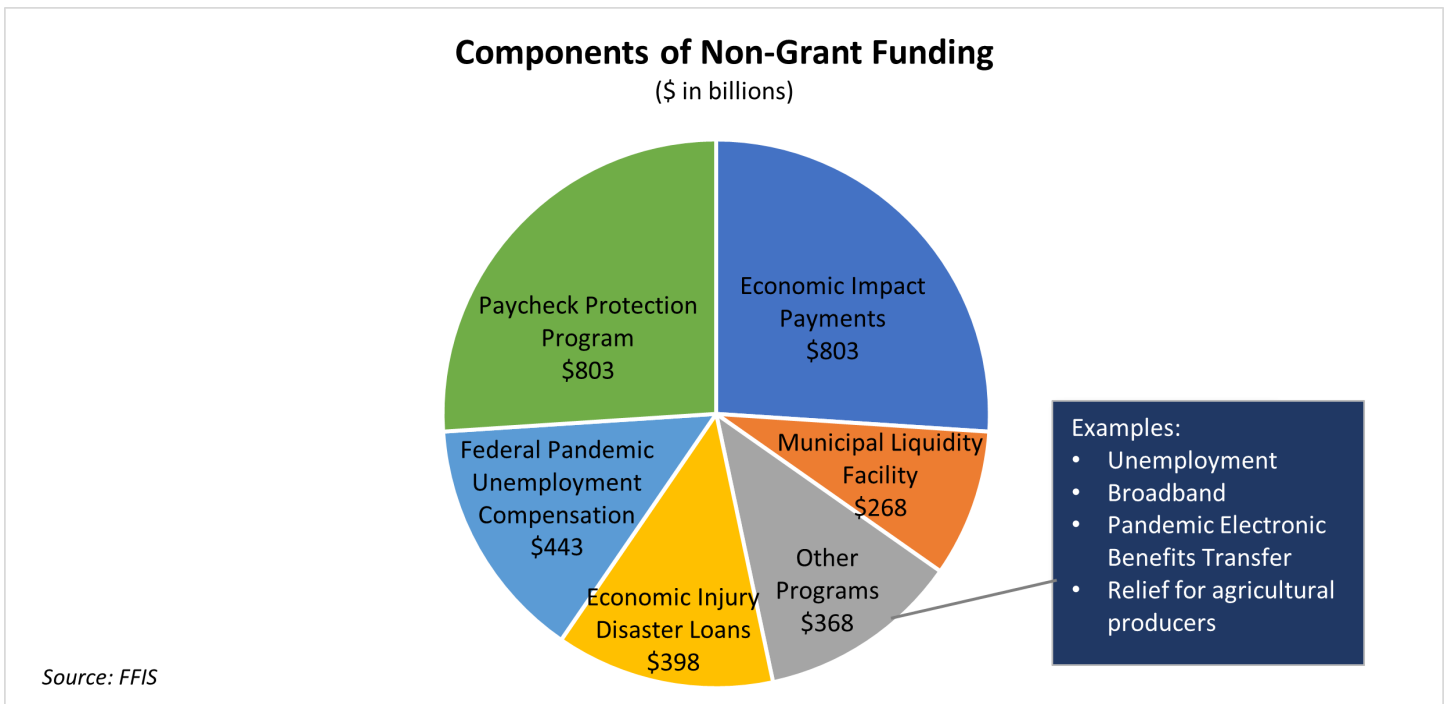
While total Medicaid funding will be higher once data beyond March 2023 are published, the bulk of assistance is reflected in the figure reported here.

A CLOSER LOOK AT NON-GRANTS

The chart below shows non-grant funding by agency. Nearly 40% of non-grant funding was provided to the Small Business Administration (SBA).



The chart below shows the distribution of non-grant funding for the five largest programs, which comprise more than 89% of the non-grant total. The remaining 11%, shown in the Other Programs section, consists of 10 programs.

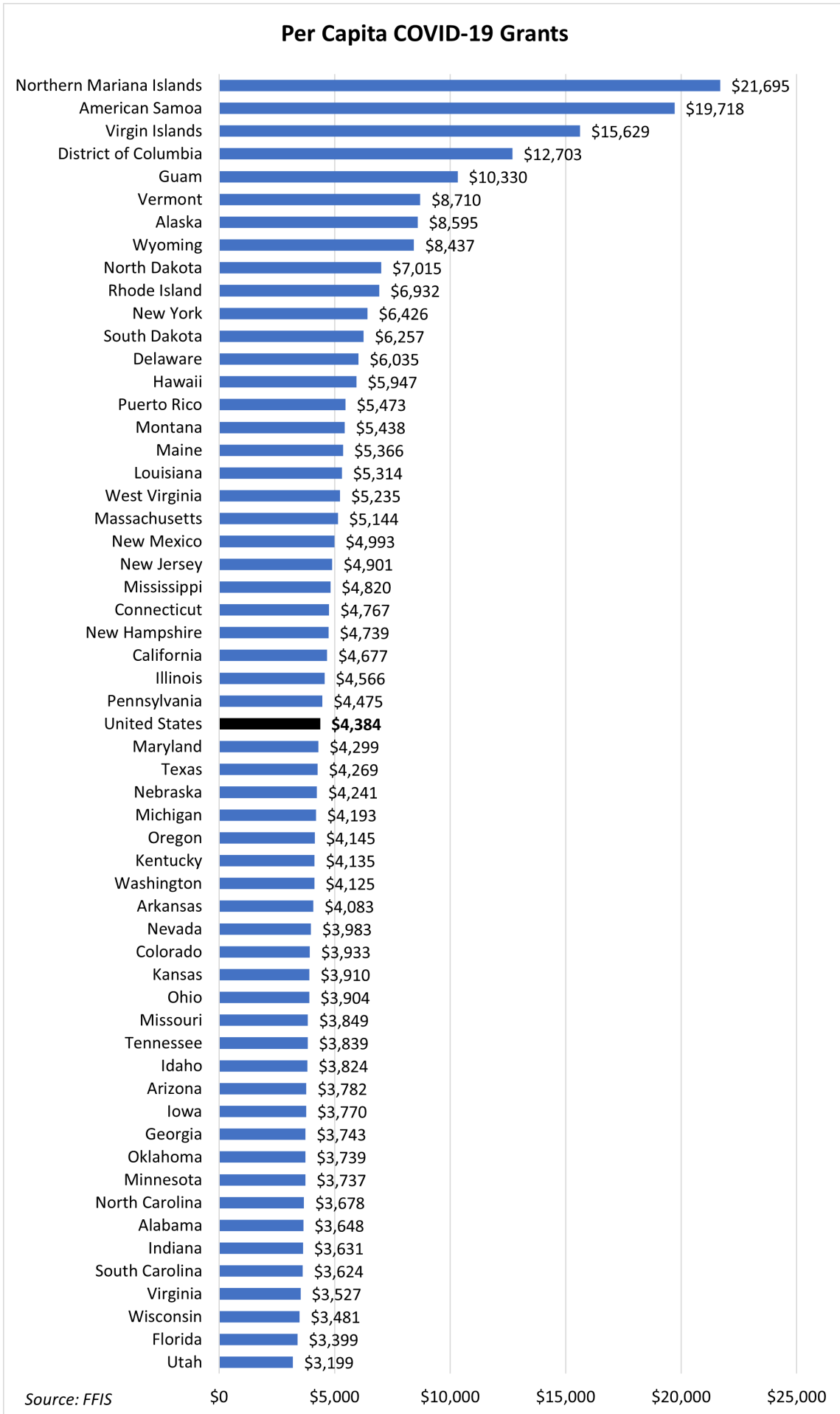


Based on state totals for these funds:

- In 29 states, EIPs were the largest non-grant.
- PPP was the largest non-grant for 21 states, the **District of Columbia**, the **Virgin Islands**, **Guam**, and the **Northern Mariana Islands**.
- In **American Samoa** and **Puerto Rico**, the largest non-grants were Economic Injury Disaster Loans and Federal Pandemic Unemployment Compensation respectively.

PER CAPITA FUNDING

The next two charts show per capita funding for grants and non-grants by state based on 2022 population estimates. The figures tell two very different stories.

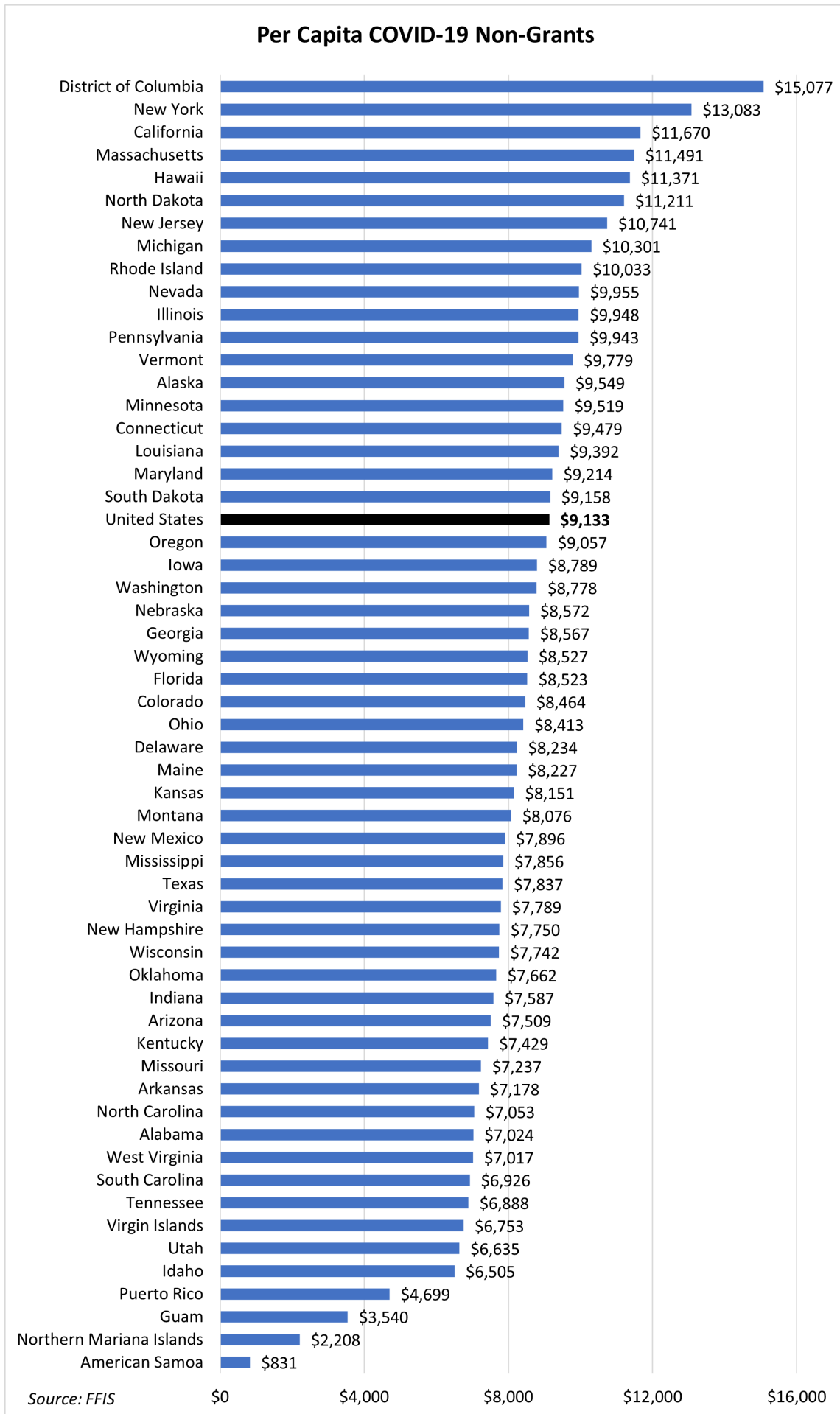


Grants per capita

Small states generally received more per capita grant funding. Each of the 10 least populous states received above-average per capita grant funds; the lowest ranking state among this group was **Maine** (#17). Of the 10 most populous states, **New York** ranks the highest for per capita grant funding (#11), followed by **California** (#26), **Illinois** (#27), and **Pennsylvania** (#28). The remaining six largest states received less per capita grant funding than the national average. Low population states benefitted from minimum allocation provisions, which guaranteed formula grant recipients a certain percentage of total funds. Fiscal relief dollars for state and local governments (the CRF and the SLFRF) were distributed solely based on population, with minimum allocation requirements; these programs were the largest sources of grant funds for most states.

Southern states fared worse than others. **Delaware, Louisiana, Mississippi, West Virginia,** and the **District of Columbia** were the only southern states to exceed average per capita grant funding. Six of the 10 lowest ranking states are in the South; the other four are in either the West or Midwest.

Overall, the rankings don't necessarily reflect the severity of the pandemic's economic impact in each state. For example, **Nevada's** economy took one of the greatest hits among states during the pandemic, with unemployment reaching 30.6% in April 2020, yet it ranks #37 for per capita grant funding.



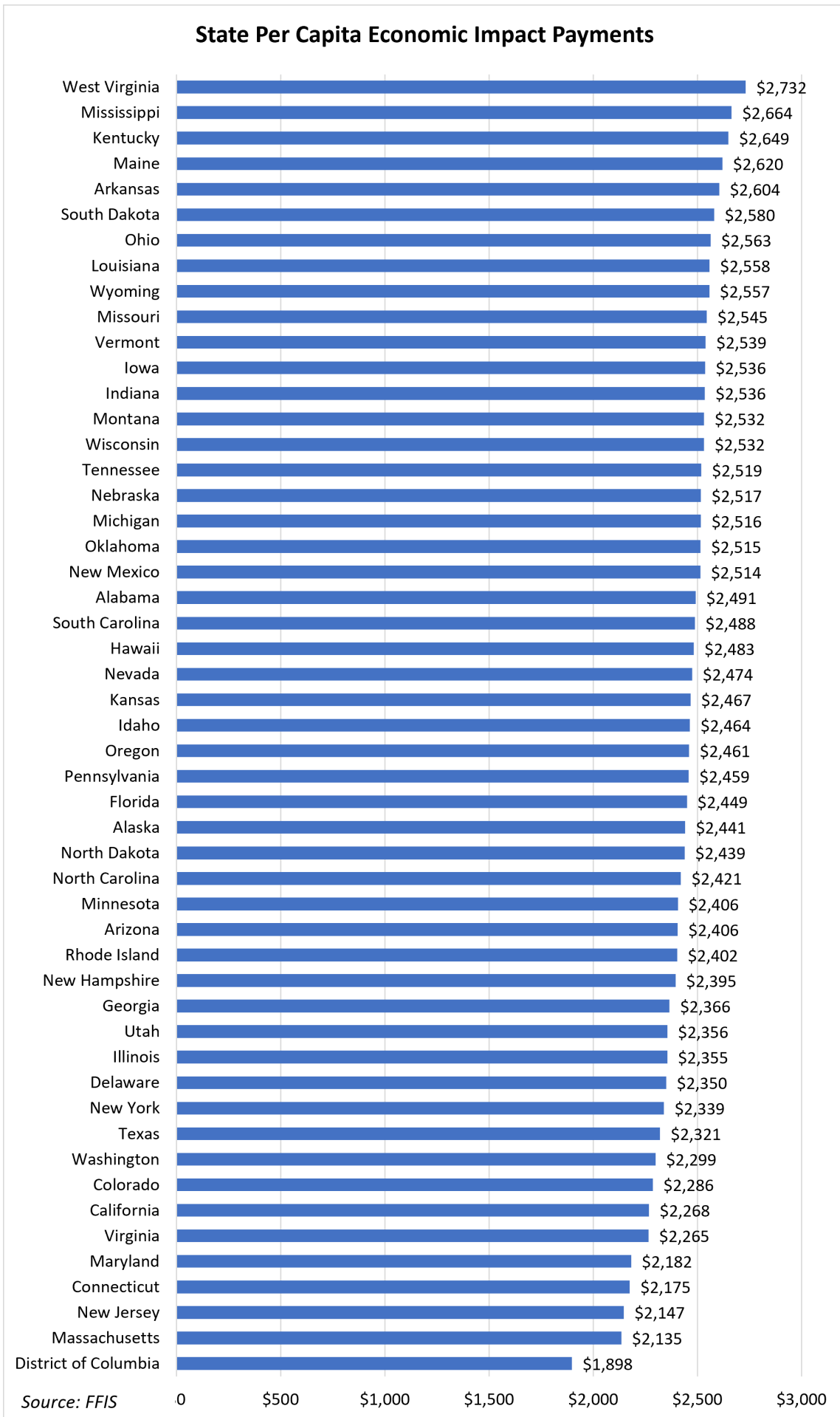
Non-grants per capita

Unlike grant funding, the per capita figures for non-grants correlate more closely with how state economies were affected by the pandemic. High-population states with large urban centers, northern states, and those that took more aggressive approaches to curb the coronavirus's spread ranked high on a per capita basis. Of the 56 jurisdictions shown in the chart, only 19 received non-grant funds greater than the national average; nine of these received more than \$10,000 per capita, including three of the 10 highest-population states (**New York, California, and Michigan**).

The results are primarily driven by unemployment and business financial relief programs. Southern states rank poorly for non-grant per capita funding. In general, these states were less restrictive in their responses to the pandemic, resulting in lower unemployment and fewer business closures.

Economic Impact Payments per capita

Per capita figures for EIPs are shown in the next chart. These payments to individuals—which were issued through three separate disbursements—were means-tested based on income. As a result, low-income states rank higher on a per capita basis. While EIPs were the second-largest source of non-grant funds overall, their distribution among states looks much different compared to all non-grants. Of the 10 states that received the most for EIPs per capita, only two received above-average per capita non-grant funding (**Louisiana and South Dakota**). Conversely, while the **District of Columbia** ranked #1 for per capita non-grant funding, it received the least per capita for EIPs.



CONCLUSION

Federal spending traceable to states for COVID-related activities was unprecedented; the \$4.6 trillion traced by FFIS exceeds total federal outlays for any fiscal year prior to FY 2020. It consisted of assistance to state and local governments, individuals, businesses, and others. Although the spending has largely been distributed, some remaining funding continues to flow, and recipients continue to spend those funds down. That said, the expiration of certain COVID relief provisions, namely the FMAP increase, may present states with difficult budgeting decisions going forward as they look to fill the void of enhanced federal assistance. Further, states may observe the positive outcomes of certain COVID relief programs and choose to continue investments in those programs independently. For example, federal relief funds that targeted child care and broadband highlighted significant state needs in those areas. The COVID-era spending has more or less concluded, but its impact on the federal-state fiscal relationship will be observed for years to come.

Copyright © 2024 Federal Funds Information for States

Federal Funds Information for States

444 North Capitol St, NW

Suite 642

Washington, DC 20001

202.624.5849

ffis.org

