

Overview of federal COVID-19 stimulus funding

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Today's work session & public hearing

- Overview and background
- Selected agencies discuss what COVID-19 stimulus funds they received and how they spent it:
 - DOH on “Box the Virus”
 - Commerce on Rental and Business Assistance
 - DCYF on Childcare
 - DSHS on Immigrant Relief Fund
 - OSPI on Elementary and Secondary School Emergency Relief Fund (ESSER)
- Staff briefing on the Unanticipated Receipt (UAR) process

Overview & Background

There have been five federal COVID-19 stimulus bills

- **March 6**: Coronavirus Preparedness and Response Act - \$8.3 billion
 - Focused on health programs
- **March 18**: Families First Coronavirus Response Act - \$192 billion
 - Increased Medicaid matching rate, Food Assistance, Unemployment, paid sick leave
- **March 27**: Coronavirus Aid, Relief, and Economic Security (CARES) Act - \$1.7 trillion
 - Increased several state programs and created Coronavirus Relief Fund
- **April 24**: Paycheck Protection Program and Health Care Enhancement Act - \$483 billion
 - Focused primarily on businesses, hospitals, and testing
- **December 27**: Consolidated Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - \$900 billion
 - Increased, extended, and modified earlier stimulus bills

The state's role in spending these federal funds varies

Little to no role in spending stimulus funds:

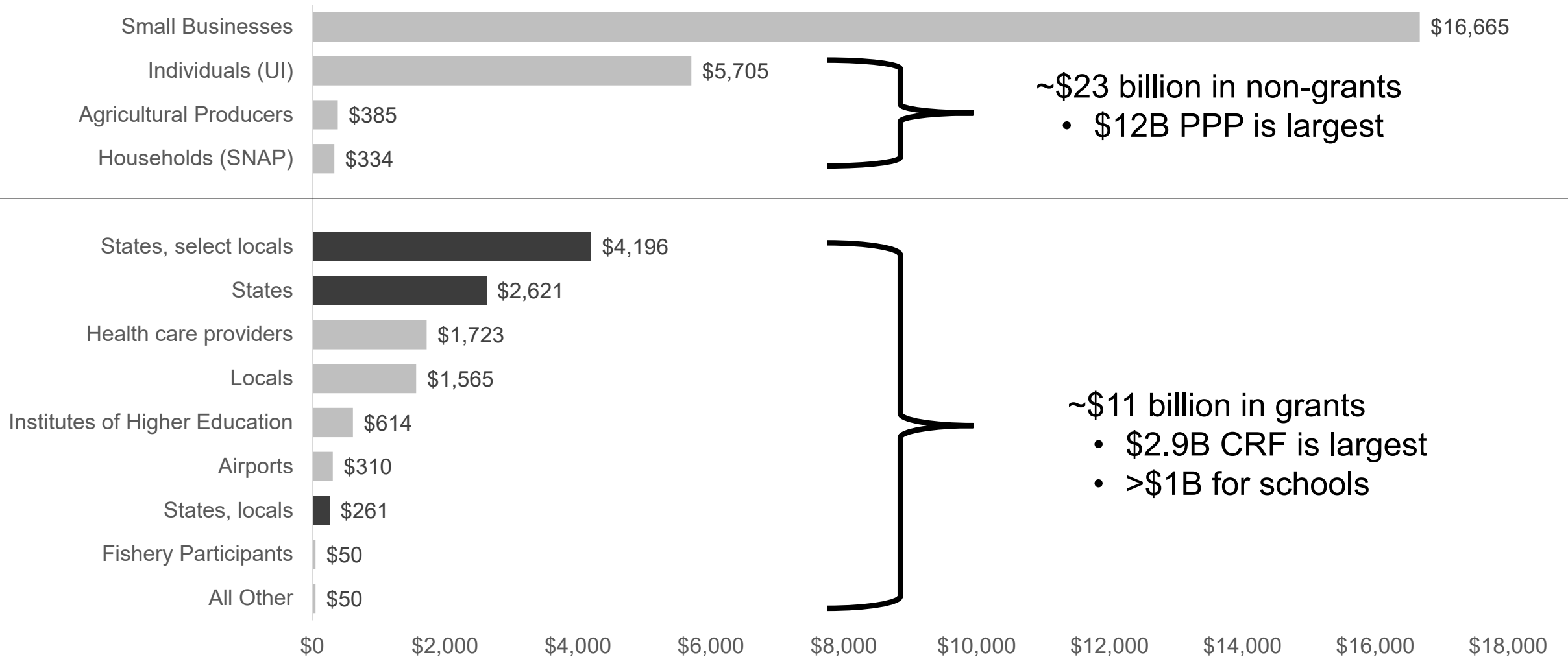
- Aid directly to individuals and families
 - Basic Food benefits/ enhancement
 - Some Unemployment Insurance benefits
 - Refundable tax credits (\$600/\$1200)
- Aid directly to business, organizations
 - Paycheck Protection Program (PPP)
 - Higher Education Fund
 - Health care providers

Varying role in spending stimulus funds:

- Elementary & Secondary School Emergency Relief (ESSER)
 - Largely as pass through to districts
- Child Care Development Block Grant
 - Must be used for childcare but state can choose how funds are spent
- Coronavirus Relief Fund (CRF)
 - Broad discretion to use for unbudgeted expenditures incurred due to COVID-19 but not revenue replacement

Most federal stimulus funds have no state role in their allocation but ~\$6 billion of these funds do

Federal COVID-19 Stimulus Funds to Washington by Primary Recipient
\$ in millions



Where did the state spend the stimulus funds?

Focusing on the Coronavirus Relief Fund and selected other federal stimulus funds

Washington received \$2.9B in Coronavirus Relief Funds

Funding distribution:

- \$800 million given directly to King, Pierce, Snohomish, Spokane Counties, and the City of Seattle
- \$2.1 billion given directly to the state
- Governor directed \$500 million from the state's direct share to counties and cities that did not receive CRF money directly

States & local governments can use CRF for unbudgeted costs incurred due to COVID-19 but not revenue replacement

Funds can be used for costs that:

- Are necessary expenditures incurred due to COVID-19;
- Are not accounted for in the budget most recently approved as of March 27, 2020; and
- Are incurred during the period from March 1, 2020, to ~~(December 30, 2020)~~ December 31, 2021.

Allowable Uses:

- States and locals can use the funds for a broad range of costs related to “actions taken to respond to the public health emergency.”
 - These may include direct spending, such as medical or public health needs and “second-order” spending, such as economic support for employment or business interruptions.

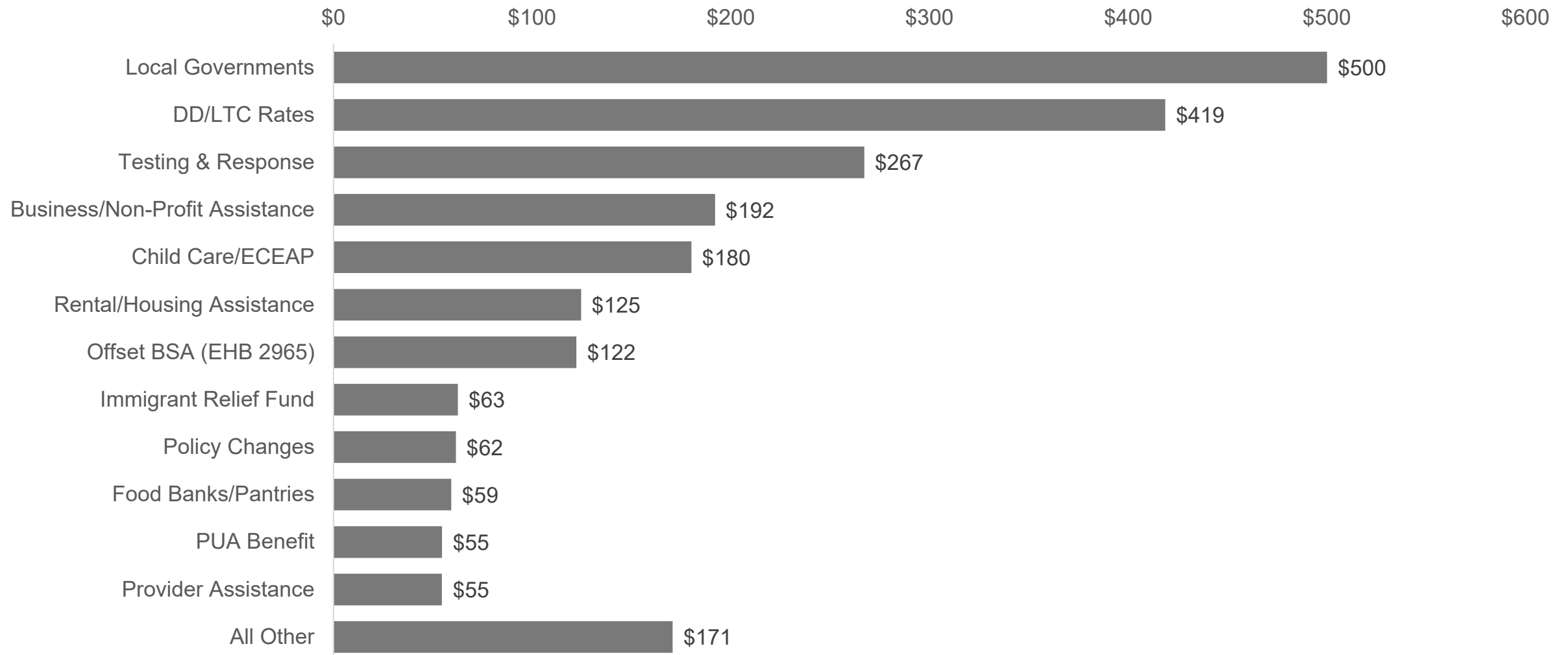
Not Allowable Uses:

- States and locals cannot use the funds to backfill lost revenue

The state's share of CRF was allocated through the UAR process, which authorized spending of \$2.2 billion

CRF Authorized Funding by Category/Program

\$ in millions



The state operated under the assumption that CRF expired on December 30, 2020 and as a result has largely exhausted CRF

Coronavirus Relief Fund
Estimated Remaining Balance
\$ in millions

| | <u>CRF</u> |
|--|--------------------|
| Original Award | \$2,953 |
| Less direct to locals | <u>-\$786</u> |
| Amount To State | \$2,167 |
| Unanticipated Receipts Spending | |
| Approved UARs | \$2,443 |
| Approved UARs not obligated* | -\$175 |
| Estimated Authorized UAR Spending | \$2,268 |
| Projected reversions | <u>-\$119</u> |
| Estimated Actual UAR Spending | \$2,149 |
| Est. Remaining Amounts | \$18 |

* Difference between the approved UAR and the official approval or authorization letter from OFM

CRRSA extended CRF's spending deadline to December 31, 2021 & there is new legislation that would repurpose a portion of CRF

2021 Legislation to revise CRF spending:

- HB 1334 (Stokesbary)
- HB 1367 (Ormsby)
- SB 5343 (Rolfes)

Mechanism used by all three bills:

- Revises the fund source used for temporary rate increases to LTC/DD providers paid in 2020
- Uses \$164M of Budget Stabilization Account (Rainy Day Fund) and \$239M of federal Medicaid matching funds for these increase rather than CRF
- Has the effect of restoring \$403M in CRF for other allowable uses

The UAR process also approved several different programs ranging in size and flexibility

Additional COVID-19 Federal Relief Funding \$ in millions

| UAR Category | Agency | Amount | Purpose |
|-------------------------|---|-------------------|---|
| COVID/FEMA | Military Department | \$800 | FEMA Disaster COVID-19 Grant |
| | Employment Security Department | \$173 | Lost Wages Week 6 |
| COVID/Other | Employment Security Department | \$942 | Pandemic Unemployment Assist, Lost Wages, Admin |
| | Supt of Public Instruction | \$407 | ESSER 1, Nutrition programs |
| | Department of Commerce | \$48 | LIHEAP, Comm. Dev Block Grant, Bryne JAG Grants |
| | Department of Transportation | \$39 | Ferry operations |
| | Department of Health | \$33 | Hospital support, public health, WIC |
| | Department of Children, Youth, and Families | \$32 | Childcare rates |
| | Dept of Social and Health Services | \$29 | Nursing Homes, Refugee Support, Family Violence |
| | Office of the Secretary of State | \$9 | Election Security |
| | Wash State Health Care Authority | \$9 | Behavioral Health, Suicide, Crisis Counseling |
| | Department of Agriculture | \$5 | Emergency Food |
| | Military Department | \$3 | Emergency Management, National Guard |
| | Washington State Arts Commission | \$0 | General support |
| Human Rights Commission | \$0 | HUD Investigators | |

* Does not include 6.2% increase in the Federal Medicaid Assistance Percentage (FMAP) during the Public Health Emergency