

COVID-19 Relief and Recovery Funding

Senate Finance Committee

American Rescue Plan Act Subcommittee

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CARES Act

Coronavirus Relief Funds

- ▶ \$1.905 billion
- ▶ Eligible costs incurred March 1, 2020 through December 31, 2021
- ▶ Authorized via Acts 142 and 154
- ▶ All funds have been expended or obligated

CARES Act

Coronavirus Relief Funds

Program	Amount	%
Unemployment Trust Fund	\$841,905,645	44%
State/Local Government	\$446,844,675	23%
Dept. of Education	\$222,657,400	12%
Statewide Testing/Monitoring	\$144,070,627	8%
Hospital Relief	\$123,210,222	6%
Small/Minority Businesses	\$40,000,000	2%
Broadband/Mobile Hotspots	\$38,370,128	2%
Nonprofits	\$25,000,000	1%
PPE Stockpile	\$13,055,904	0.7%
Grant Management	\$10,000,000	0.5%
Grand Total	\$1,905,114,600	

American Rescue Plan Act

- ▶ Signed into law on March 11, 2021
- ▶ Provides nearly \$2 trillion to combat the public health and economic impacts of COVID-19:
 - Workers,
 - Families,
 - Small businesses, and
 - State and local governments.

American Rescue Plan Act

Funding Components

State/Local Gov't
\$362 billion

Financial Assistance
\$656 billion

Individuals/Families
\$56 billion

Education/Childcare
\$212 billion

Health
\$86 billion

Transportation
\$40 billion

Other Programs
\$61 billion

State and Local Government Fiscal Recovery Funds



State Fiscal Recovery Fund

- ▶ Provides \$219.8 billion in direct aid to states, territories, and the District of Columbia.
- ▶ Each state receives \$500 million minimum plus enhancement based on state's share of total unemployed workers.
- ▶ Each state's allocation shall not be less than the amount received in the CARES Act.
- ▶ **South Carolina share = \$2.499 billion**

State Fiscal Recovery Fund

▶ How to receive funds?

- States request funds via the US Treasury's Submission Portal.
- Request must include the Acceptance of Award terms signed by the state's Chief Executive Officer.
- Funds will be disbursed within 60 days of receipt of state's certification.

▶ Funds may be used for allowable expenses incurred between **March 3, 2021 – December 31, 2024.**

- May be extended until December 31, 2026 for certain infrastructure projects.

State Fiscal Recovery Fund

- ▶ Funds may be received in one or two tranches based on the state's pre-pandemic (Feb. 2020) vs. current unemployment rate.
 - 1 tranche = current rate is 2.0% or more above pre-pandemic level
 - 2 tranches = current rate is less than 2.0% of pre-pandemic levels
- ▶ South Carolina qualifies for 2 tranches as of July 14, 2021.
 - Feb. 2020 = 2.5% vs. June 2021 = 4.5%
 - Subject to change as the actual determination will be made based on unemployment data as of the date of certification.

Local Fiscal Recovery Fund

- ▶ Provides \$130.2 billion in direct aid to counties, metropolitan cities, and non-entitlement units (municipalities).
- ▶ Allocation methodologies:
 - Counties – based on population.
 - Metropolitan Cities – cities with populations > 50,000.
 - Non-entitlement units – based on pro rata share of state's population.

Local Fiscal Recovery Fund

- ▶ Counties – direct payment from US Treasury.
 - **South Carolina share = \$1 billion**
- ▶ Metropolitan Cities – direct payment from US Treasury.
 - **South Carolina share = \$191 million**
- ▶ Non-entitlement Units (municipalities) – funding will be provided to the state which must disburse within 30 days of receipt.
 - **South Carolina share = \$435 million**

Eligible Uses

- ▶ Respond to public health emergency or its negative economic impacts including assistance to households, small businesses, and nonprofits, or aid to impact industries such as tourism, travel and hospitality.
- ▶ Provide premium pay to workers performing essential work during the public health emergency.
- ▶ Necessary investments in water, sewer, or broadband infrastructure.
- ▶ Government services to the extent of reduce general revenue (**revenue replacement**).
- ▶ Any expense eligible under the CARES Act.

Prohibited Uses

- ▶ Deposits to pension funds.
- ▶ Offsetting reductions in net tax revenue resulting from change in law, regulation, or interpretation during the covered period (March 3, 2021 until December 31, 2024/2026).

Capital Projects Fund

- ▶ Provides \$10 billion in direct aid to states, territories, and the District of Columbia.
- ▶ May be used for critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the public health emergency.
- ▶ Early guidance seems to suggest the intended use is for enhancing broadband/internet connectivity and access.

Capital Projects Fund

► Allocation methodology:

- Each state receives a minimum of \$100 million plus enhancement based on the following:
 - 50% based on state's pro rata share of total US population.
 - 25% based on state's pro rata share of total US population that lives in rural areas.
 - 25% based on state's pro rata share of total US population with a household income of 150% below the poverty line.
- **South Carolina share = \$188 million (estimate)**

Current Concerns

- ▶ Guidance changes released by the US Treasury.
- ▶ Resources for administering the funds.

Federal Funding Received to Date

#	Federal Legislation	Amount
1	Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	\$2,700,253,597
2	Families First Coronavirus Response Act (FFCRA)	\$193,574,784
3	Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA)	\$10,698,741
4	Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA)	\$120,346,602
5	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	\$1,869,893,397
6	American Rescue Plan Act (ARP)	\$8,878,592,336
	Estimated Total	\$13,738,897,654

- 50% greater than the amount of federal funds the state receives annually
- 38% greater than the state's general fund budget
- 43% of the total state operating budget