

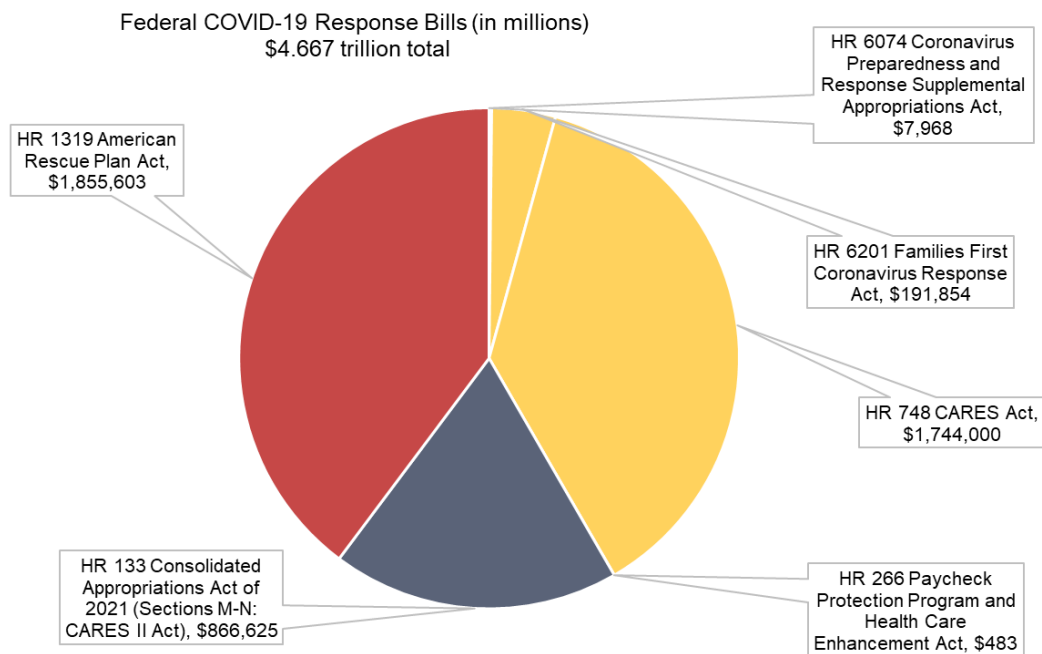
COVID-19 Federal Funds Summary

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Dec. 16, 2021

COVID -19 FEDERAL FUNDS SUMMARY

Beginning in the spring of 2020, a total of six different federal bills were passed to provide economic assistance in a variety of ways, intended to mitigate the impacts of COVID-19. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was the initial large set of bills (see yellow below) that provided funding directly to states, as well as to individuals, businesses, and tribes. HR 133, known as “CARES II”, passed in December of 2020 is shown in blue below. The most recent bill to pass was the American Rescue Plan Act of 2021 (ARPA). The total impact to the U.S. federal budget of all these bills is almost \$4.7 trillion.

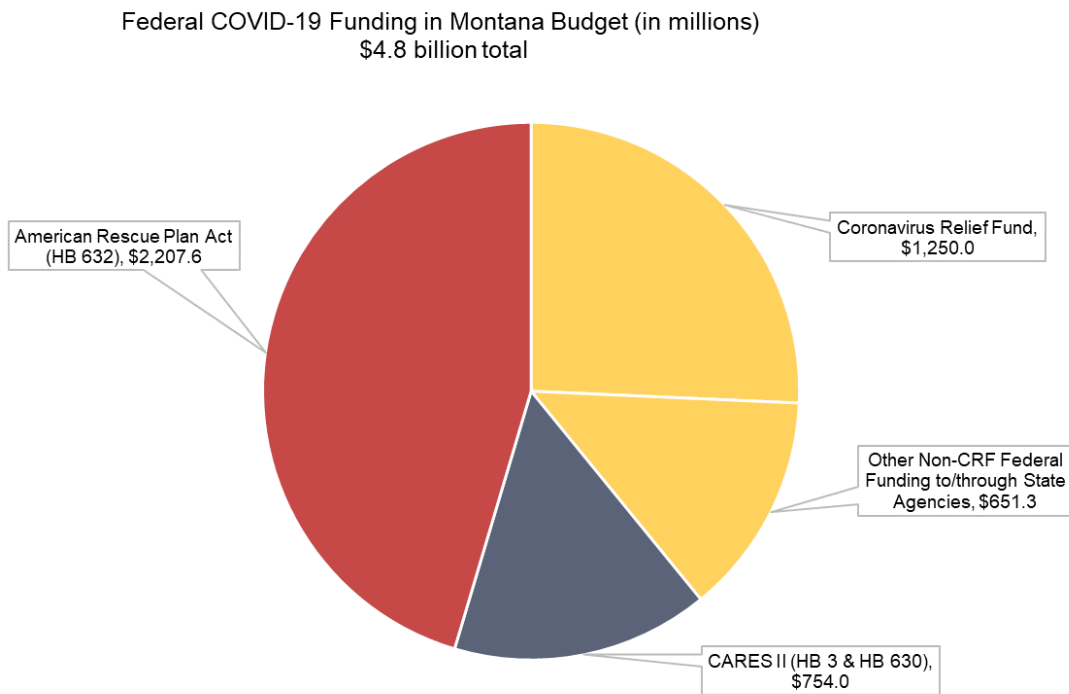


COVID FUNDING IN MONTANA

Due to the timing of the passage of this federal legislation, the Montana Legislature was not directly involved in the budgeting or directing of the stimulus monies provided by the CARES Act or the other smaller bills. This included the appropriation of the \$1.25 billion Coronavirus Relief Funds (CRF) that were initially required to be spent by the end of calendar year 2020, as well as various other appropriations to agencies referred to in previous reports as “non-CRF” funds.

However, what is often referred to as “CARES II” was passed as part of the Consolidated Appropriations Act of 2021 in December 2020, allowing the legislature the opportunity to have a voice in providing these appropriations, with authority being provided in HB 3 and HB 630. ARPA was enacted federally in March of 2021 and was also taken up by the legislature with authorization and direction provided in HB 632.

The numbers and graphics in this report do not include the recently passed infrastructure bill, nor the Build Back Better legislation currently under consideration.



2021 Montana Legislative Action

There were three bills passed by the 2021 Legislature that provided authority to spend federal COVID assistance. These bills included:

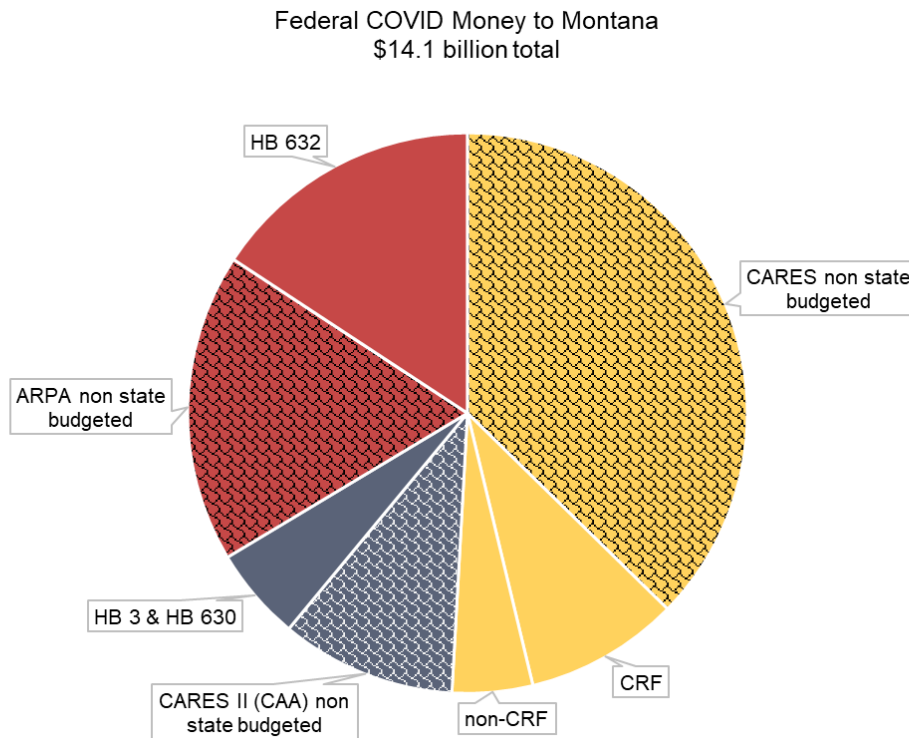
HB 3: Traditionally, HB 3 is used to provide supplemental authority for agencies facing a potential budget shortfall based on the authority provided by the previous legislature. In this case, HB 3 provided this type of authority for the remainder of FY 2021, and because this bill provides immediate spending authority, the legislature also used this as a vehicle to authorize \$292.9 million of spending authority resulting from the December 2020 passage of the Consolidated Appropriations Act (CARES II), with the majority of this authority going to the Department of Public Health and Human Services. These appropriations were authorized to continue into the 2023 biennium.

HB 630: CARES II (December 2021 Consolidated Appropriations Act) provided a broader array of funding, and the legislature used HB 630 to further consider funding for FY 2021 that had not already been included in HB 3. Just over \$461.0 million was appropriated in HB 630 to utilize funding provided in CARES II, with the primary recipients being the Office of Public Instruction and the Department of Commerce. This authority was also immediately available in FY 2021 and authorized to continue into the 2023 biennium.

HB 632: ARPA funding was appropriated in HB 632, with a plan to utilize different funding in various ways. The greatest amount of direction in the bill was provided regarding the “State Recovery Funds” which are often referred to as 602 funds, in reference to the section of federal code being amended by ARPA to provide the funding authority. Total authority, as anticipated by the legislature, can be seen in the HB 632 chart in the appendix.

Total COVID funding in Montana

Not all federal funding was directed through state government. As a result, a significant amount of the economic impact is not reported if all that is included is the funding provided directly through state government accounting. Over \$14.1 billion dollars of federal assistance has been sent to Montana when all direct economic assistance is included alongside all the state governmental assistance.



In the chart above, the solid colored sections represent the funds tracked through SABHRS (the state accounting system), while the pattern overlays represent funding provided to Montana individuals and businesses outside the budgeted government funds. The CARES funding (gold) was generally made available in the spring of 2020, the Consolidated Appropriations Act (blue) was passed in December of 2020, and ARPA (red) was signed into law in March of 2021. This timing is important to consider in regard to when government funds were available and with what spending deadlines, as well as for consideration in regard to when funds were injected into the Montana economy.

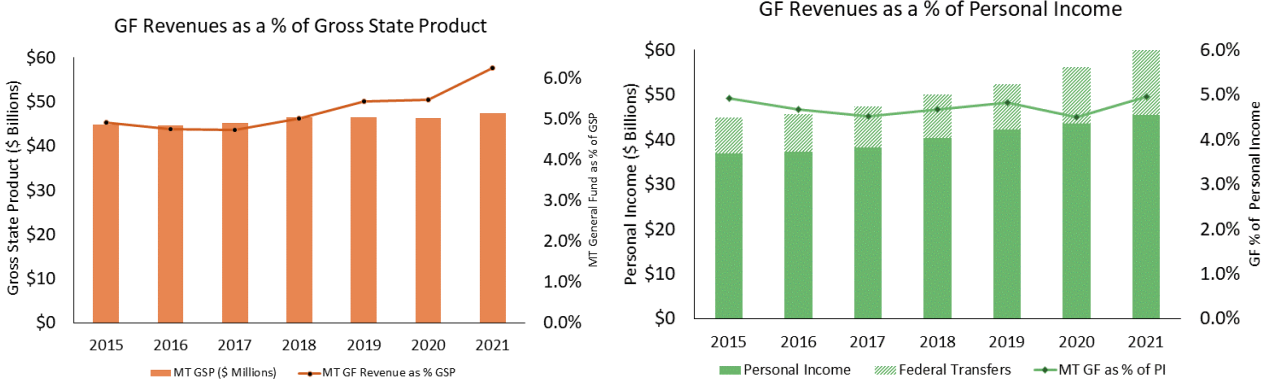
The totals and charts in this report do not include child tax credits paid monthly to families in the second half of 2021. While a portion of the child tax credit is new as a result of ARPA (growing from \$2,000 per child to \$3,600 or \$3,000 depending on the age of the child), the original amount was pre-existing. However, in the past, these payments would not have been made monthly, but would have been factored into tax returns instead. Additionally, there will be varying degrees as to who may need to pay back some of these payments when they file taxes for 2021 in 2022. It is worth noting that just over \$251.0 million has been paid to Montana families through November¹, with an additional payment to be made in December.

Additionally, these totals do not include direct aid provided in response to COVID, but that was not entirely funded by these federal legislative interventions. An example of this is \$650.2 million of Coronavirus Food Assistance Program(CFAP)² monies sent to commodity producers in Montana, intended to mitigate the impacts of supply chain dynamics that sent commodity prices lower. Approximately 31.8% of the funding utilized for CFAP was authorized by the CARES Act.

Impact on State Revenues

General fund revenues in FY 2021 grew by 17.0% compared to FY 2020 and were 15.7% or \$401.9 million higher than the revenue estimate contained in HJ 2. While it is difficult to quantify how much of this growth was driven by COVID federal funds, it certainly played a role. For instance, when Paycheck Protection Program (PPP) loans were approved to keep employees on payroll, it is likely that withholding taxes were paid on these wages. Furthermore, while direct stimulus payments to individuals were not taxable, if a good was purchased with these funds they then became business or corporate profits. It is in these sorts of scenarios that federal relief money ultimately became Montana general fund revenue.

Prior to FY 2021, Montana ongoing general fund revenues, as a percent of Montana Gross State Product (GSP), had a five-year average of 5.1%. In FY 2021 this metric grew to 6.2%, continuing its upward trend since FY 2017, even though GSP has not grown at the same rate. Conversely, ongoing



¹ <https://home.treasury.gov/system/files/131/Advance-CTC-Payments-Disbursed-November-2021-by-State-11162021.pdf>

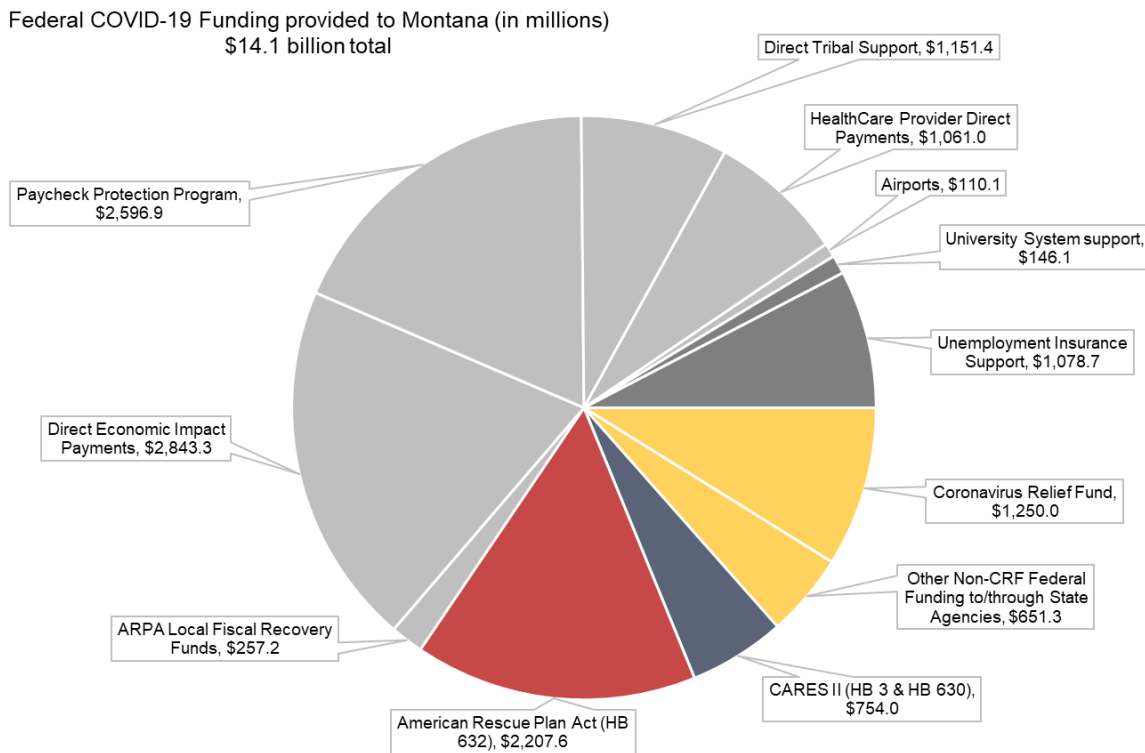
² <https://www.farmers.gov/coronavirus/pandemic-assistance/cfap2/data> as of 12/6/2021

revenues as a percent of statewide personal income has remained relatively stable, indicating that revenues more closely track income than statewide production.

While there are many possible explanations for such strong revenue growth, the charts above would suggest that it is not entirely due to the state’s economic output. In fact, if FY 2021 general fund revenues were 5.5% of state GSP (the percent experienced in FY 2020), then total collections would have been \$370.0 million less. This is not to say that in the past this metric has not increased year-over-year without federal relief funds, or that the \$370.0 million figure is entirely explained by the federal relief funds, but the growth was materially different in FY 2021 than in prior years.

Federal Assistance by Category

The previous chart showed a complete picture of the federal funding in Montana by federal bill. This is important for consideration in regard to timing and when funds were available. Alternately, the funding provided across the state falls under discrete programs and categories. The following chart is intended to reflect the overall general use of federal COVID assistance, regardless of which bill authorized that funding. In many cases, these categories were impacted by more than one bill.



The largest components of direct economic assistance came in the form of the Direct Economic Impact Payments (often referred to as stimulus payments) and the Paycheck Protection Program, which combine to account for over \$5.4 billion.

Also of note are the amounts reflected in a darker shade of gray, which are associated with state-run programs, but are not budgeted funds. The Office of the Commissioner of Higher Education (OCHE) has responsibility for overseeing university system budgets. Unemployment Insurance (UI)

is run through the state Department of Labor and Industry, but UI payments are authorized as non-budgeted proprietary.

More detailed information on the \$1.25 billion Coronavirus Relief Fund and a full accounting of grants awarded as reported by the executive branch can be found [here](#).

Rollup of different types of funding within the Federal COVID legislation

Health and education programming and funding were both significantly impacted by COVID and the federal response. In addition, local governments and tribes received portions of the funding. As a breakout of the total funding picture, the following tables are intended to reflect the overall economic impact on these categories in Montana.

Health

<u>Federal COVID Assistance for Health & Human Services</u>	
DPHHS budgeted	\$1,404,416,963
Direct Healthcare Provider Payments	1,060,993,616
Tribal assistance	104,901,279
	<u>\$2,465,410,579</u>

A review of health and human services funding for Montana shows an overall increase of almost \$2.5 billion due to federal COVID assistance, when both the state government assistance and direct industry

assistance are taken into consideration.

While we have previously reported on the DPHHS budgeted component in various manners and reports, this report is the first to include payments made directly to healthcare providers in Montana. Over \$1.0 billion dollars has gone directly to Montana healthcare providers³ to assist in providing services during the COVID epidemic.

Education

<u>Federal COVID Assistance for Education</u>	
OPI	\$608,392,870
OCHE	179,845,420
Tribal Education	149,389,696
CRF grants to Public Schools	82,040,879
CRF grants to Private Schools	2,094,441
TOTAL	<u>\$1,021,763,306</u>

Various directly budgeted components of all the federal bills have provided funds to the Office of Public Instruction (OPI) as well as a very small amount to the Office of the Commissioner of Higher Education (OCHE). However, most of the amount going to the university system was provided directly to those institutions outside of what would generally be

appropriated by the legislature. In addition, tribal education systems in Montana received funding directly as well. The final component listed here were grants provided from the Coronavirus Relief Funds authorized by the original CARES Act. When all of this is taken into consideration, over \$1.0 billion was provided to the education system in Montana to assist in mitigating COVID impacts.

³ <https://www.hrsa.gov/provider-relief/data>

Tribal Assistance

Included in the summaries above for both health services and education assistance are amounts sent directly to tribal entities. Tribes were recipients of varying amounts of assistance in the federal COVID bills, and tables have been included in the appendix to summarize total tribal funding. Including the health and education amounts above, the federal COVID assistance to Tribes totals over \$1.1 billion.

Local Government Assistance

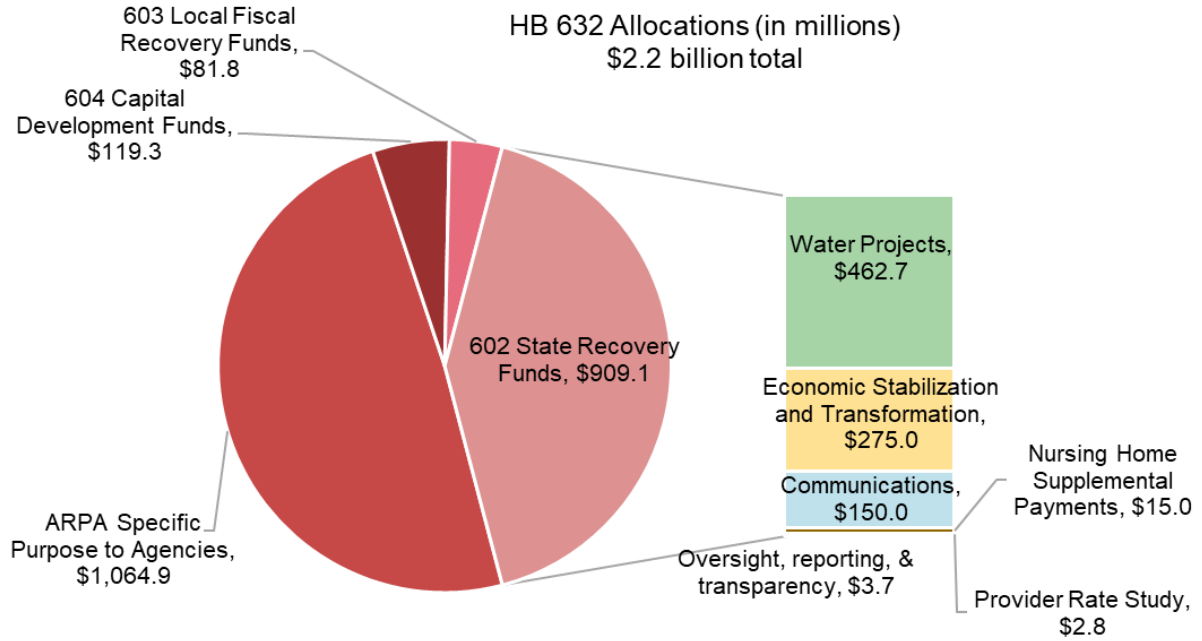
Under the CARES Act, local government assistance was directed through the state. At the time, federal guidance on allowable uses of the CRF was developing rapidly with numerous updates and clarifications. Local governments submitted expenses for reimbursement to the state, and the executive branch was responsible for certifying whether expenditures were eligible or not. Almost \$193.7 million of CRF funding was passed through to counties for reimbursement of eligible COVID expenses.

As a result of ARPA, \$257.2 million can be seen in gray in the previous overall pie chart, which was distributed directly to counties and the three largest cities in the form of Local Fiscal Recovery Funds. The \$343.6 million shown in the table below includes the amount that was sent to the state for distribution to smaller cities and towns. In HB 632, additional funds budgeted at the state level were directed to local government assistance. The 2021 Legislature specifically allocated \$150.0 million of ARPA State Fiscal Recovery Funds to local governments for water projects, guaranteeing at least this amount for local government assistance. Local governments are also eligible to apply for competitive grants that may further increase local government assistance, which can be tracked and monitored at arpa.mt.gov.

Local Government Assistance	
CRF Reimbursements to Local Governments	\$193,673,134
ARPA Local Fiscal Recovery Funds	343,581,473
HB 632 minimum allocations for water projects	150,000,000
TOTAL	\$687,254,607

Appendix

HB 632 Funding Illustration



The amounts included in HB 632 were estimates available at the time, and as a result, HB 632 provided the executive with appropriation authority for amounts actually received when the amount was greater than anticipated. The pie chart above depicts the amounts anticipated in HB 632. As shown, the 602 funds were allocated to a variety of larger categories for water projects, economic development, and broadband development. Commissions were then established to provide guidance to the executive on the use of these funds. Information on these commissions and use of the funds can be found at arpa.mt.gov.

State Agency COVID Funding Summary

Agency budgets and actuals on the following page are based on current SABHRS data (12/1/2021) and may have some associated errors in categorization as a result of detailed classification.

Federal Funding Appropriated Through State Agencies

	Appropriation Established	Expenditures
CARES I (Plus Fed HR 6074 & 6201, 266)		
Legislative Branch	\$984,774	\$984,774
Judicial Branch	364,760	364,760
Governor's Office	9,584,210	8,511,827
Secretary of State's Office	3,000,000	222,373
Office of Public Instruction	41,405,502	31,887,062
Department of Justice	1,586,075	637,933
Commissioner of Higher Ed	38,361,519	38,182,037
School for the Deaf & Blind	68,177	68,177
Montana Arts Council	1,251,096	1,251,096
Library Commission	861,870	861,870
Dept. of Fish, Wildlife & Parks	5,306	5,306
Dept of Environmental Quality	527,247	545,464
Department of Transportation	49,351,746	35,760,232
Dept Nat Resource/Conservation	23,248,006	23,251,623
Department of Revenue	336,559	432,490
Department of Administration	279,987,089	279,836,588
Public Defender	125,144	125,144
MT Dept of Agriculture	16,338,236	16,135,757
Dept of Corrections	44,396,759	44,396,759
Department of Commerce	366,949,583	353,845,956
Labor & Industry	309,528,632	299,937,247
Dept of Military Affairs	3,443,991	3,443,991
Public Health & Human Services	<u>583,701,048</u>	<u>550,991,559</u>
SubTotal	1,775,407,328	1,691,680,023
CARES II (HB 3 & HB 630)		
Judicial Branch	100,469	
Governor's Office	17,000,000	
Office of Public Instruction	184,342,525	30,381,009
Department of Transportation	102,700,000	
Department of Commerce	200,000,000	25,769,040
Labor & Industry	5,251,366	1,845,541
Public Health & Human Services	<u>310,256,015</u>	<u>66,048,261</u>
SubTotal	819,650,375	124,043,852
ARPA (HB 632)		
Legislative Branch	200,000	43,921
Judicial Branch	944,721	
Governor's Office ¹	836,939,867	78,975,008
Office of Public Instruction	382,644,843	5,650,872
Montana Arts Council	764,000	
Library Commission	2,355,444	139,775
Dept of Environmental Quality	400,000	24,048
Department of Transportation	3,377,812	74
Dept Nat Resource/Conservation	302,129,788	342,318
Department of Administration	45,455,008	43,208,509
Dept of Agriculture	7,725,000	
Department of Commerce	102,319,213	26,652
Labor & Industry	37,350,000	3,455,770
Public Health & Human Services	<u>491,853,310</u>	<u>76,476,220</u>
SubTotal	2,214,459,005	208,343,167
TOTAL COVID Appropriations Established/Spent	\$4,809,516,709	\$2,024,067,042

¹The ARPA authority in the Governor's Office has been manually adjusted down to eliminate duplication of AA authority moved to other agencies.

Tribal COVID Funding

Federal COVID Assistance to Montana Tribes

	CARES I	CARES II	ARPA (non-602 funds)	ARPA 602 FISCAL RECOVERY FUNDS	NonEmergency - CARES I, II, & ARPA	Total
Blackfeet	\$47,602,245	\$2,583,133	\$19,476,375	\$100,035,227	\$8,554,199	\$178,251,180
Chippewa Cree (Rocky Boy)	28,266,876	3,852,246	22,939,868	45,665,354	3,289,749	104,014,094
Crow	32,403,610	1,933,373	15,445,571	74,546,176	3,545,621	127,874,350
CSKT	57,733,376	12,735,891	41,496,998	80,387,704	6,279,317	198,633,286
Fort Belknap	20,767,072	1,686,863	16,735,985	50,812,940	2,591,053	92,593,914
Fort Peck	38,307,072	2,605,511	22,315,171	75,957,941	5,755,266	144,940,960
Little Shell	27,685,542		2,975,914	28,953,893	2,609,698	62,225,046
Northern Cheyenne	27,878,589	3,455,393	21,114,803	64,479,088	3,793,545	120,721,418
TOTAL	\$280,644,382	\$28,852,410	\$162,500,685	\$520,838,321	\$36,418,448	\$1,029,254,247

Federal COVID Assistance to Tribal Colleges

	Aaniih Nakoda College	Blackfeet Community College	Chief Dull Knife College	Fort Peck Community College	Salish Kootenai College	Stone Child College	Total
CARES I	\$2,024,153	\$3,047,764	\$2,188,582	\$2,736,148	\$4,917,392	\$2,845,251	\$17,759,290
CARES II	4,650,288	6,885,777	4,980,385	6,077,998	10,542,761	6,462,479	39,599,688
ARPA	7,474,757	11,344,786	8,027,610	9,876,982	17,550,965	10,525,715	64,800,815
TOTAL	\$14,149,198	\$21,278,327	\$15,196,577	\$18,691,128	\$33,011,118	\$19,833,445	\$122,159,793

The source of this tribal data is usaspending.gov, a federal open data source of federal spending information that includes grants, direct payments, and contracts for all entities, including tribes, states, local governments, foreign governments, non-profits, and for-profit entities. For COVID-related funding, USAspending.gov applied COVID flags to the funding awarded from the COVID federal supplemental acts, distinguishing those funds from other non-COVID funding that was awarded. The funds included in this table are those that have been committed or “obligated” for Montana’s tribes and tribal colleges; they do not necessarily represent what has been distributed to tribes nor do they represent expenditure of funds. Also, while usaspending.gov does include awards that pass through other entities, or sub-recipient awards, those are not included in the data presented here; this data only includes assistance awarded directly from the federal government to the tribes. The data was last updated by usaspending.gov on November 15, 2021. There may be additional COVID-related obligations that will occur as time goes on, particularly under ARPA.