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# Planned State Spending of Federal COVID-19 Funding

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**Presentation to the  
Senate Budget and Taxation Committee and the  
House Appropriations Committee**



**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**September 3, 2020**

# Federal COVID-19 Funding

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- The Hogan Administration has submitted budget amendments authorizing expenditures of about \$872 million of federal COVID-19 response funding
- The Coronavirus Relief Fund (CRF) is the primary source of the federal funds that have been added
- Many of these amendments were submitted utilizing the Governor's emergency authority to bypass legislative review or as reimbursable amendments that do not require legislative review
  - Reimbursable funds will come from the Maryland Department of Health (MDH) which will receive and allocate most of the dollars available from the CRF and federal Disaster Assistance Relief
  - The federal CRF dollars and disaster funds have not been added to the MDH budget to date
- The budget amendments to date represent less than one-fifth of the roughly \$4 billion of federal funds that will ultimately be incorporated into the State budget in fiscal 2020 and 2021

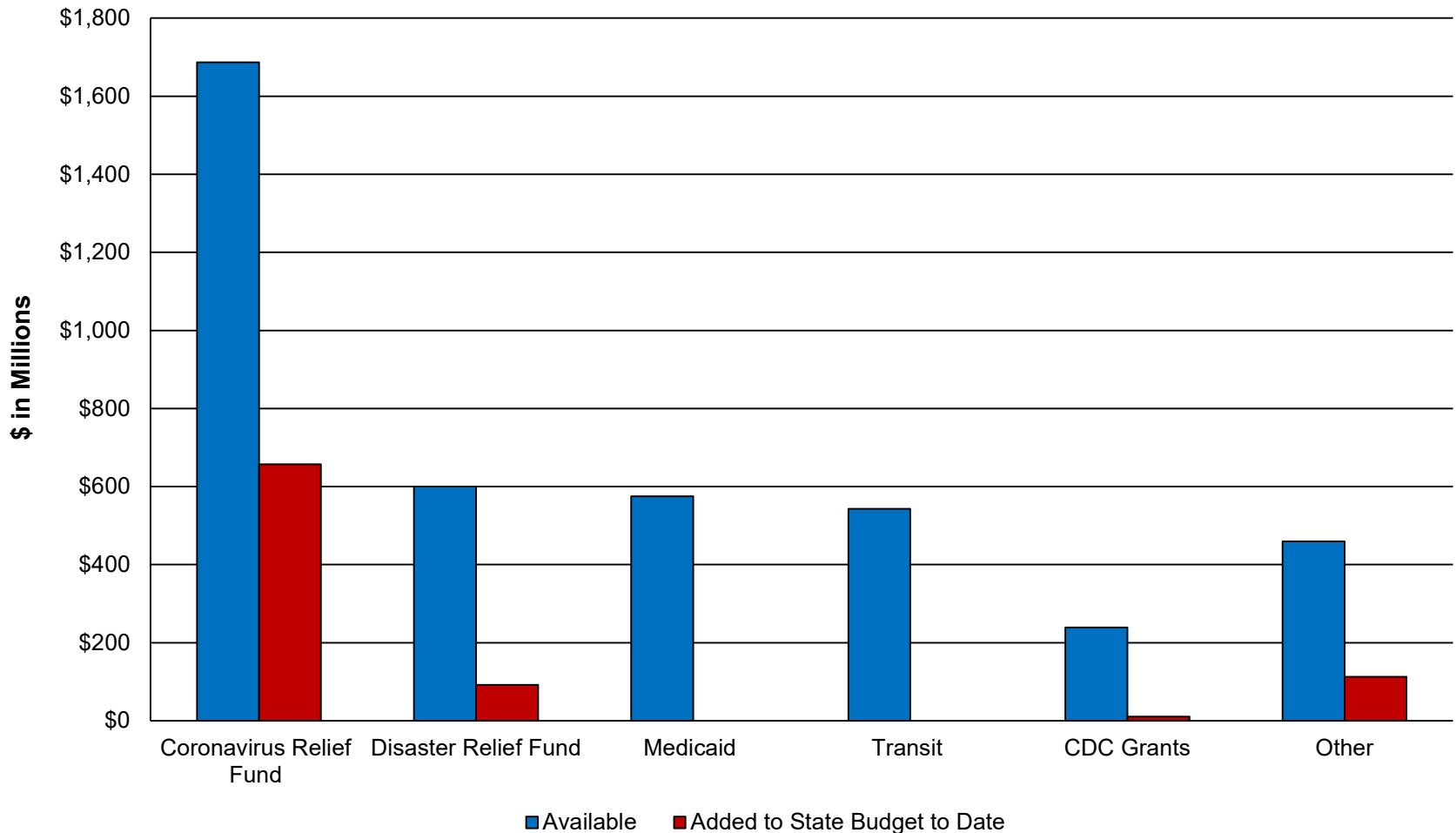
# Federal COVID-19 Aid\*

(\$ in Millions)

	<u>Available</u>	<u>Added to State Budget to Date</u>	<u>Direct Federal Allocations</u>
Paycheck Protection Program (84,920 Loans through July 31)	\$10,001		\$10,001
Economic Injury Disaster Loans	2,532		2,532
Coronavirus Relief Fund	2,344	\$657	691
Direct Federal Grants to Hospitals and Other Medical Care Providers	1,543		1,109
Disaster Relief Fund	800	92	
Transit Grants	696	0	153
Enhanced Medicaid Matching Rate (through December))	575	0	
Grants from Centers for Disease Control and Prevention	239	11	
Direct Federal Aid to Higher Education Institutions	231	59	231
Formula Grants to Local Education Agencies (LEAs) (State Can Retain 10%)	208		187
Airport Grants	108		108
Homeless Assistance (\$35.6 Million to Local Governments)	50	4	36
Community Development Block Grant (\$26.2 Million to Local Governments)	47	0	26
Discretionary Grants to LEAs and Higher Education Institutions	46	0	
Child Care and Development Block Grant	46	0	
Public Housing and Rental Assistance Grants	38	12	
Community Health Centers	24		24
Senior Nutrition and Meals and Other Programs for Elderly	20	18	
Energy Assistance	19	0	
Justice Assistance Grants (\$6.6 Million to Local Governments)	18	0	7
Administration of Unemployment Insurance Program	17	0	
Community Services Block Grant	14	12	
Emergency Food Assistance	13		
Head Start	8		
Women, Infants, and Children (WIC)	8		
Election Security	7	7	
<b>Total</b>	<b>\$19,650</b>	<b>\$872</b>	<b>\$15,104</b>

\* Does not include SNAP or Unemployment Insurance benefits paid directly to individuals.

# Administration Has Added Only a Small Portion of Available Federal Dollars to Budget



# Coronavirus Relief Fund Uses

(\$ in Millions)

	<u>Total</u>	State Budget		<u>Direct Federal Allocation</u>
		<u>FY 2020</u>	<u>FY 2021</u>	
Allocations to Local Governments	\$1,055	<b>\$364</b>		\$691
K-12 Tutoring/Remote Learning	200		<b>\$200</b>	
General Fund Relief	267	92	<b>175</b>	
Disaster Relief Match (PPE, Essential Child Care, etc.)	208	20	188	
Business Assistance	180	97	83	
Public Higher Education	90	31	<b>59</b>	
Premium and Response Pay for Essential Workers	61	61		
Nonprofit Assistance	50		50	
Broadband	10		10	
Eviction Prevention	10		10	
Transportation Trust Fund Relief	8	8		
Layoff Aversion	7	7		
Other	6		<b>6</b>	
Additional General Fund Relief (TCA/Other) – DLS proposal	75		<b>75</b>	
Unallocated	118		<b>118</b>	
<b>Total Funding</b>	<b>\$2,345</b>	<b>\$680</b>	<b>\$974</b>	<b>\$691</b>

Note: Yellow denotes funding for which no budget amendment has been submitted.

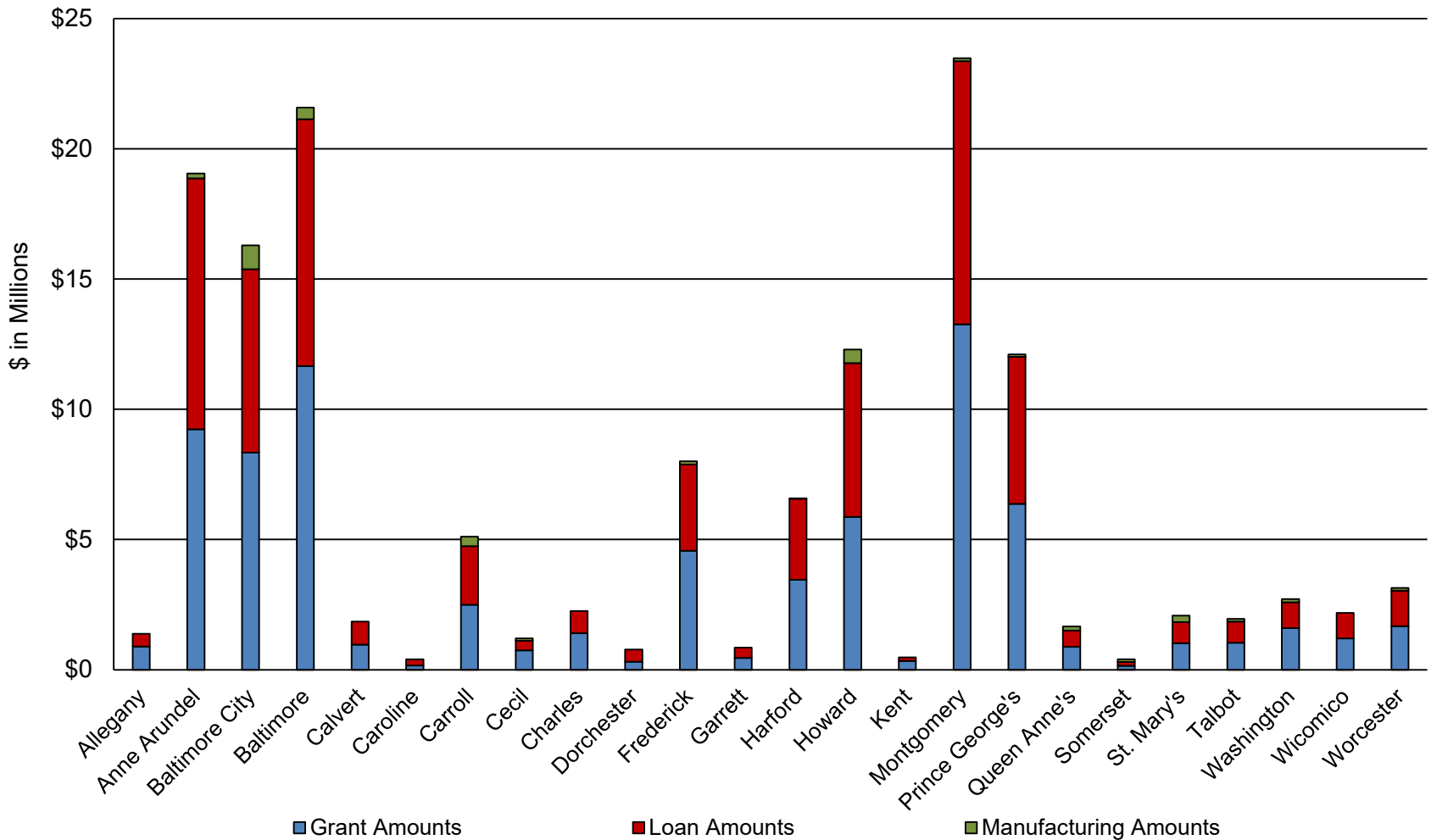
# Business Assistance

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## \$180 million from the CRF

- \$95 million for grants (\$78 million awarded to date)
  - Capped at \$10,000
  - More than 7,900 awards to businesses of 50 or fewer employees as of August 28
- \$75 million for loans (\$66 million awarded to date)
  - Capped at \$50,000
  - 1,447 awards to businesses of 50 or fewer employees as of August 28
  - 0% interest for first year and 2% for remaining 36 months
- \$5 million to Maryland Small Business Development Financing Authority
  - 5-year loans of \$25,000 to \$200,000
  - 0% interest for first 12 months and 2% for remaining 48 months
  - Support economically and socially disadvantaged businesses
- \$5 million for Emergency Relief Manufacturing Incentives (\$3.7 million awarded to date)
  - Grant awards to 52 companies of up to \$100,000
  - Purpose is to spur production of PPE

# Grant and Loan Awards by County



# Small Business Grants

## Grant Recipients as % of Businesses with Fewer than 50 Employees

5.2%	6.2%	5.1%	7.9%	6.3%	6.3%	6.8%	4.5%	
Garrett	Allegany	Washington	Frederick	Carroll	Baltimore	Harford	Cecil	
			5.2%	6.7%	7.2%		5.9%	
			Montgomery	Howard	Baltimore City		Kent	
				4.6%	7.0%		6.8%	
				Prince George's	Anne Arundel		Queen Anne's	
				5.8%	5.9%		7.6%	2.7%
				Charles	Calvert		Talbot	Caroline
					5.4%		4.8%	5.2%
					St. Mary's		Dorchester	Wicomico
							4.3%	7.9%
							Somerset	Worcester

6.1%
Statewide



# Small Business Loans

Loan Recipients as % of Businesses with Fewer than 50 Employees

0.9%	0.8%	0.7%	1.2%	1.2%	1.1%	1.3%	0.5%	
Garrett	Allegany	Washington	Frederick	Carroll	Baltimore	Harford	Cecil	
			0.8%	1.4%	1.3%		0.8%	
			Montgomery	Howard	Baltimore City		Kent	
				0.9%	1.6%		1.0%	
				Prince George's	Anne Arundel		Queen Anne's	
				0.7%	1.1%		1.3%	1.0%
				Charles	Calvert		Talbot	Caroline
					0.9%		1.6%	0.9%
					St. Mary's		Dorchester	Wicomico
							0.9%	1.4%
							Somerset	Worcester
					1.1%			
					Statewide			

# Nonprofit Assistance

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## \$50 million from the CRF

- \$30 million through Department of Housing and Community Development (DHCD) for grants to nonprofit organizations engaged in the economic recovery, health and human services, and housing of underserved communities and underserved populations
  - Grant size: \$5,000 to \$50,000 depending on size of organization's budget
  - Nonprofits less than 50 employees initially; now expanded to larger entities
  - First come, first serve
  - Funding announcements starting August 19
- \$10 million of grant funds reserved for providers licensed by Behavioral Health Administration or Developmental Disabilities Administration
- \$8 million through Department of Commerce for grants to nonprofits that applied for emergency grants but were not funded
- \$3 million to Maryland State Arts Council for Emergency Grants
  - \$1 million to county arts agencies
  - \$435,000 for arts and entertainment district management agencies
  - \$1.6 million for arts organizations and individual artists

# Layoff Aversion Fund

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## Layoff Aversion Fund

- \$10 million in flexible funding to businesses and workers
- Up to \$50,000 grant for companies with less than 500 employees
- Approved 445 of 1,654 applications
- Eligible uses include equipment to allow employees to work from home, on-site cleaning and sanitation services, liability insurance, and other creative strategies to mitigate potential layoffs or closures in the business community

# K-12 Education

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- \$200 million from the CRF for technology and tutoring (discretionary State decision)
  - \$100 million technology grant allocated based on enrollment with purpose of improving the district's technology and connectivity shortages such that all students have equitable access to distance learning programs
  - \$100 million tutoring grant allocated based on Title I percentages. The Maryland State Department of Education (MSDE) reports that local school systems can use the funds to implement a tutoring program that meets certain ESSA evidence level criteria to compensate for the learning loss associated with time away from direct instruction as a result of the school closures due to the COVID-19 pandemic
- \$208 million from Education and Secondary School Emergency Relief Fund (ESSER)
  - \$187 million distributed based on Title I allocations per federal requirements
  - MSDE to retain about \$20 million for a statewide learning management system, developing online courses/virtual school, and professional development
- \$36 million from Governor's Emergency Education Relief Fund (GEER)
  - \$15 million for broadband
  - \$10 million for technology grants to remove barriers to remote learning
  - \$10 million for competitive innovation grants
  - \$0.7 million for the Maryland School for the Blind and the Maryland School for the Deaf

# Allocation of K-12 Funds by LEA

<u>LEA</u>	<u>ESSER 90%</u>	<u>CRF Technology</u>	<u>CRF Tutoring</u>	<u>CRF Broadband</u>	<u>GEER K-12 Technology</u>	<u>Total</u>
Allegany	\$2,557,898	\$909,933	\$1,367,490	\$70,000	\$97,034	\$5,002,355
Anne Arundel	11,855,603	9,433,292	6,338,178	58,989	729,435	28,415,497
Baltimore City	48,392,782	8,387,531	25,871,484	1,778,600	1,440,291	85,870,688
Baltimore	23,741,773	12,649,182	12,692,697	0	1,288,489	50,372,141
Calvert	1,201,857	1,781,519	642,530	15,600	83,009	3,724,515
Caroline	1,490,079	629,841	796,618	111,370	67,339	3,095,247
Carroll	1,975,725	2,855,789	1,056,252	50,192	141,742	6,079,700
Cecil	3,128,807	1,668,853	1,672,706	14,000	154,832	6,639,198
Charles	3,127,289	3,040,143	1,671,894	812,008	231,590	8,882,924
Dorchester	1,901,155	510,856	1,016,385	124,000	63,131	3,615,527
Frederick	4,008,532	4,832,729	2,143,019	0	323,430	11,307,710
Garrett	957,166	414,890	511,715	185,000	33,470	2,102,241
Harford	4,451,782	4,277,979	2,379,987	79,138	291,847	11,480,733
Howard	4,236,699	6,562,633	2,265,001	213,649	374,492	13,652,474
Kent	522,155	205,915	279,152	45,973	23,964	1,077,159
Montgomery	24,768,196	18,344,404	13,241,438	1,117,512	1,748,276	59,219,826
Prince George's	30,031,745	14,926,887	16,055,408	517,500	2,137,208	63,668,748
Queen Anne's	739,946	858,432	395,586	708,000	51,634	2,753,598
St. Mary's	2,574,352	1,960,154	1,376,286	1,685,821	132,461	7,729,074
Somerset	1,347,240	307,114	720,254	0	43,271	2,417,879
Talbot	896,148	508,854	479,094	101,900	53,383	2,039,379
Washington	5,606,131	2,496,946	2,997,119	172,935	235,676	11,508,807
Wicomico	5,166,051	1,655,814	2,761,846	112,125	192,008	9,887,844
Worcester	1,565,973	734,443	837,192	11,200	61,988	3,210,796
SEED School	805,569	45,867	430,669	0	0	1,282,105
<b>Total</b>	<b>\$187,050,652</b>	<b>\$100,000,000</b>	<b>\$100,000,000</b>	<b>\$7,985,512</b>	<b>\$10,000,000</b>	<b>\$405,036,164</b>

# Broadband

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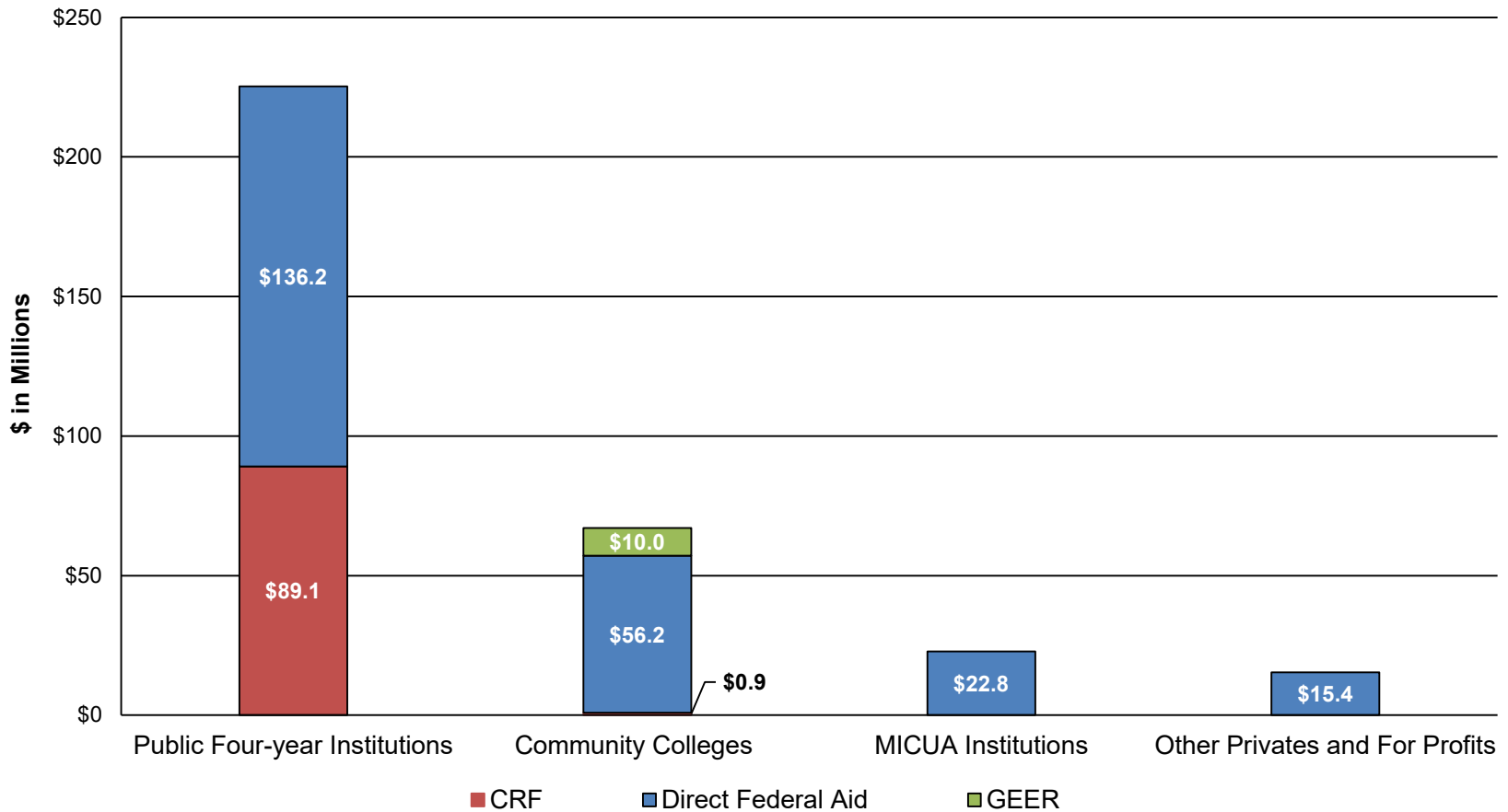
- \$10 million from the CRF to provide internet access to students who lack access due to economic factors or the lack of infrastructure
  - 20 counties and Baltimore City have received \$8 million
  - Baltimore County recently applied and Somerset County is evaluating needs
  - Frederick County did not apply to date
- \$15 million from GEER to build a network in Southern Maryland, Western Maryland, and the Eastern Shore

# Higher Education

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- \$90 million from the CRF to public higher education institutions to offset policing and other COVID-19 costs, which effectively provides budget relief to institutions
- \$10 million from GEER for community colleges
- \$230.6 million of direct aid from federal government to all higher education segments

# Allocation of Federal COVID-19 Funds by Higher Education Segment



Note: Only \$31 million of the \$90 million CRF funding has been allocated to date. The chart assumes the unallocated amount will support public four-year institutions, but a small portion will likely be allocated to Baltimore City Community College.



# Allocation by Public Four-year Institutions

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	<b>Direct Federal Aid</b>	<b>CRF*</b>	<b>Total</b>
Bowie State University	\$20,304,033	\$1,531,307	\$21,835,340
Coppin State University	6,934,403	731,916	7,666,319
Frostburg State University	4,119,350	889,657	5,009,007
Salisbury University	5,959,457	1,325,589	7,285,046
Towson University	17,335,851	2,931,677	20,267,528
University of Baltimore	2,502,682	639,148	3,141,830
University of Maryland, Baltimore	2,077,903	10,981,848	13,059,751
University of Maryland Baltimore County	9,353,461	1,058,797	10,412,258
University of Maryland, College Park	21,490,713	5,443,399	26,934,112
University of Maryland Eastern Shore	11,383,173	406,059	11,789,232
University of Maryland Global Campus	5,210,563	74,323	5,284,886
University of Maryland Center for Environmental Science		80,237	80,237
University System of Maryland Office (includes regionals)		322,566	322,566
Morgan State University	28,304,371	2,548,586	30,852,957
St. Mary's College of Maryland	1,173,755	1,444,698	2,618,453
<b>Total</b>	<b>\$136,149,715</b>	<b>\$30,409,807</b>	<b>\$166,559,522</b>

\*Another \$59 million of the CRF remains to be allocated in fiscal 2021.

# Allocation by Community College

	<u>Direct</u>			
	<u>Federal Aid</u>	<u>GEER</u>	<u>CRF</u>	<u>Total</u>
Allegany College	\$1,494,165	\$253,901		\$1,748,066
Anne Arundel Community College	4,530,529	980,405		5,510,934
Baltimore City Community College	3,067,709	754,357	\$874,486	4,696,552
Carroll Community College	1,104,882	1,480,602		2,585,484
Cecil College	1,115,623	344,033		1,459,656
Chesapeake College	963,064	250,000		1,213,064
College of Southern Maryland	2,708,999	274,290		2,983,289
Community College of Baltimore County	9,813,679	560,315		10,373,994
Frederick Community College	1,851,890	399,162		2,251,052
Garrett College	529,900	250,000		779,900
Hagerstown Community College	2,474,911	322,334		2,797,245
Harford Community College	2,343,664	477,265		2,820,929
Howard Community College	4,800,099	545,639		5,345,738
Montgomery College	11,040,426	1,361,801		12,402,227
Prince George's Community College	6,421,788	1,344,679		7,766,467
Wor-Wic Community College	1,952,580	401,217		2,353,797
<b>Total</b>	<b>\$56,213,908</b>	<b>\$10,000,000</b>	<b>\$874,486</b>	<b>\$67,088,394</b>

# Transportation

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- Of \$654 million available through the State budget, the Maryland Department of Transportation (MDOT) estimates \$372 million in fiscal 2020 spending and \$215 million in fiscal 2021, with residual spending through fiscal 2024

	<b><u>MDOT Budget</u></b>	<b><u>Federal Direct Allocation</u></b>
<b><u>Transit</u></b>		
Maryland Transit Administration	\$392.0	
Locally Operated Transit Systems	151.3	
Multi-state Metropolitan Planning Organizations (MPO)		\$153.0
Washington Metropolitan Area Transit Authority (WMATA)		876.8
<b><u>Airport</u></b>		
Maryland Aviation Administration – BWI	87.6	
Local Airports		20.1
<b><u>Other</u></b>		
Coronavirus Relief Funds	23.5	
<b>Total</b>	<b>\$654.4</b>	<b>\$1,049.9</b>

- \$696 million is provided for transit grants, in addition to \$877 million in operating support allocated directly to WMATA
  - \$345 million for urban area bus and rail systems
  - \$178 million for MTA state of good repair projects
  - \$153 million for Maryland-based MPOs with operating jurisdictions across multiple states
  - \$19 million for rural area grants

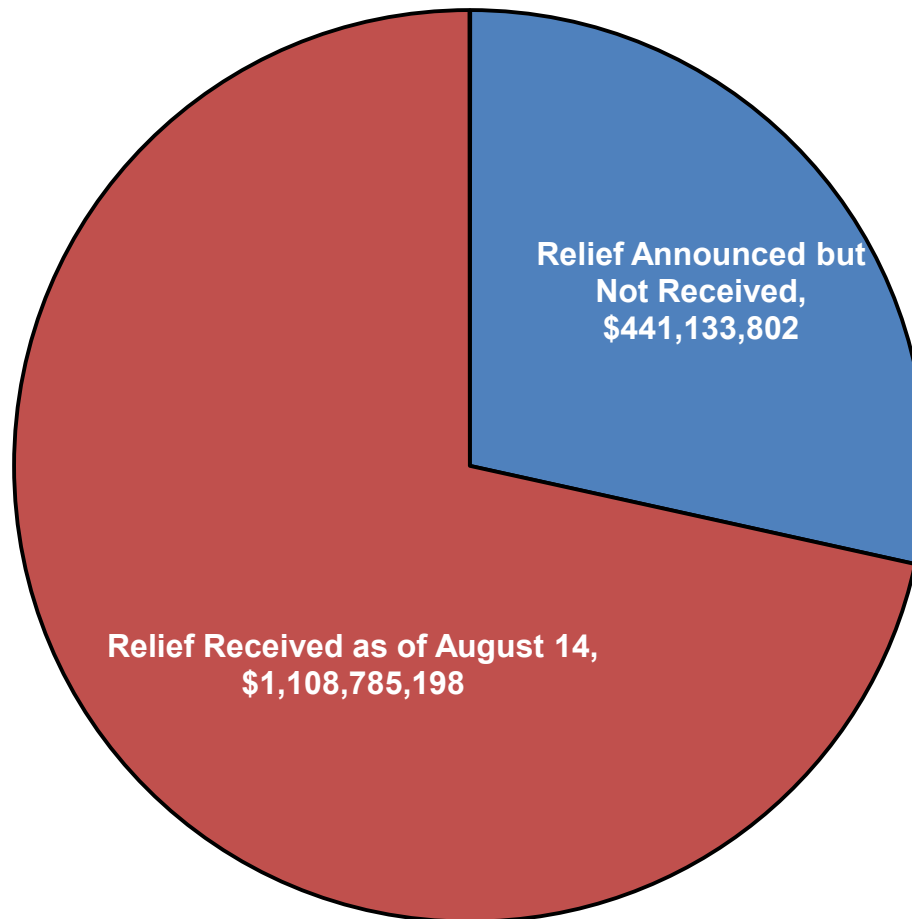
# Active Amendments

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- Currently \$235 million in fiscal 2020 COVID-19 related budget amendments under legislative review
  - \$124 million to partially backfill \$157 million from the Rainy Day Fund used for COVID-19 procurements, child care for essential workers, and small business grant and loan assistance, along with \$7 million for the Layoff Aversion Program (BA 069-20)
  - \$59 million to the University System of Maryland for COVID-19 testing, PPE, and increased financial aid (BA 064-20)
  - \$28 million to DHCD for rental and housing assistance (BA 063-20)
  - \$18 million to the Maryland Department of Aging for nutrition, caregiver, and other supportive services (BA 059-20)
  - \$6 million to the Maryland Department of Labor to supplement the Layoff Aversion Program (BA 067-20)

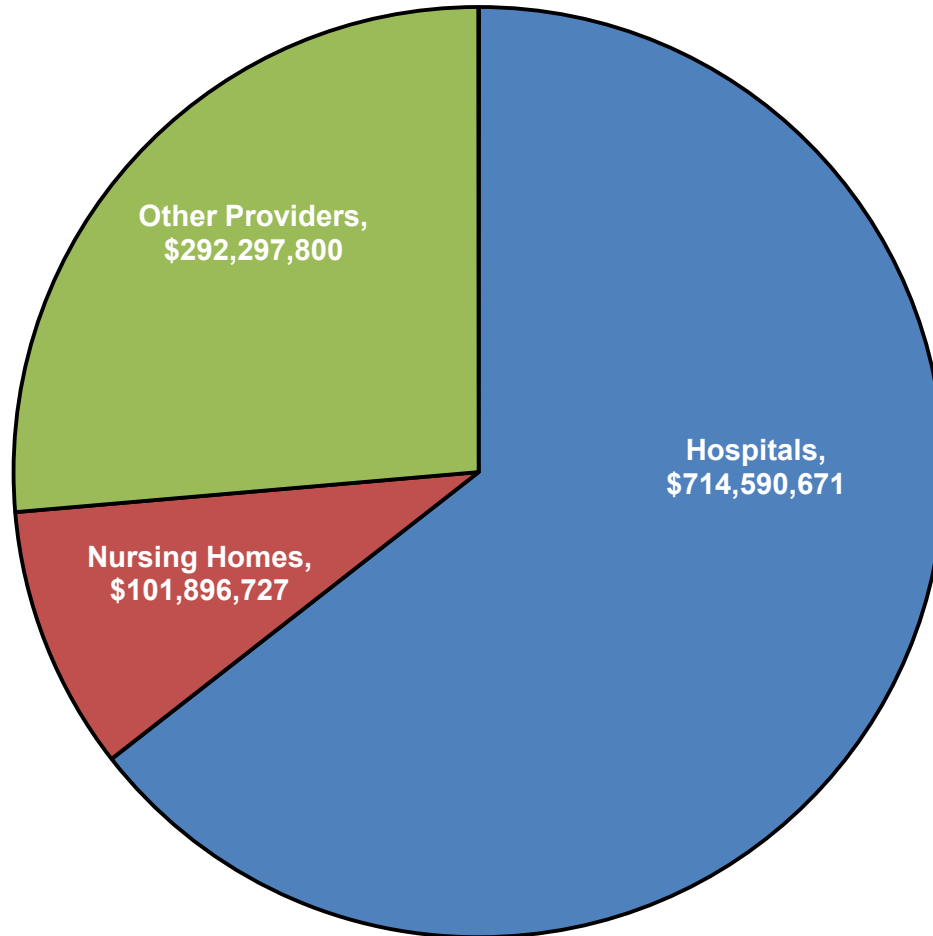
# Maryland to Receive \$1.5 Billion of Provider Relief

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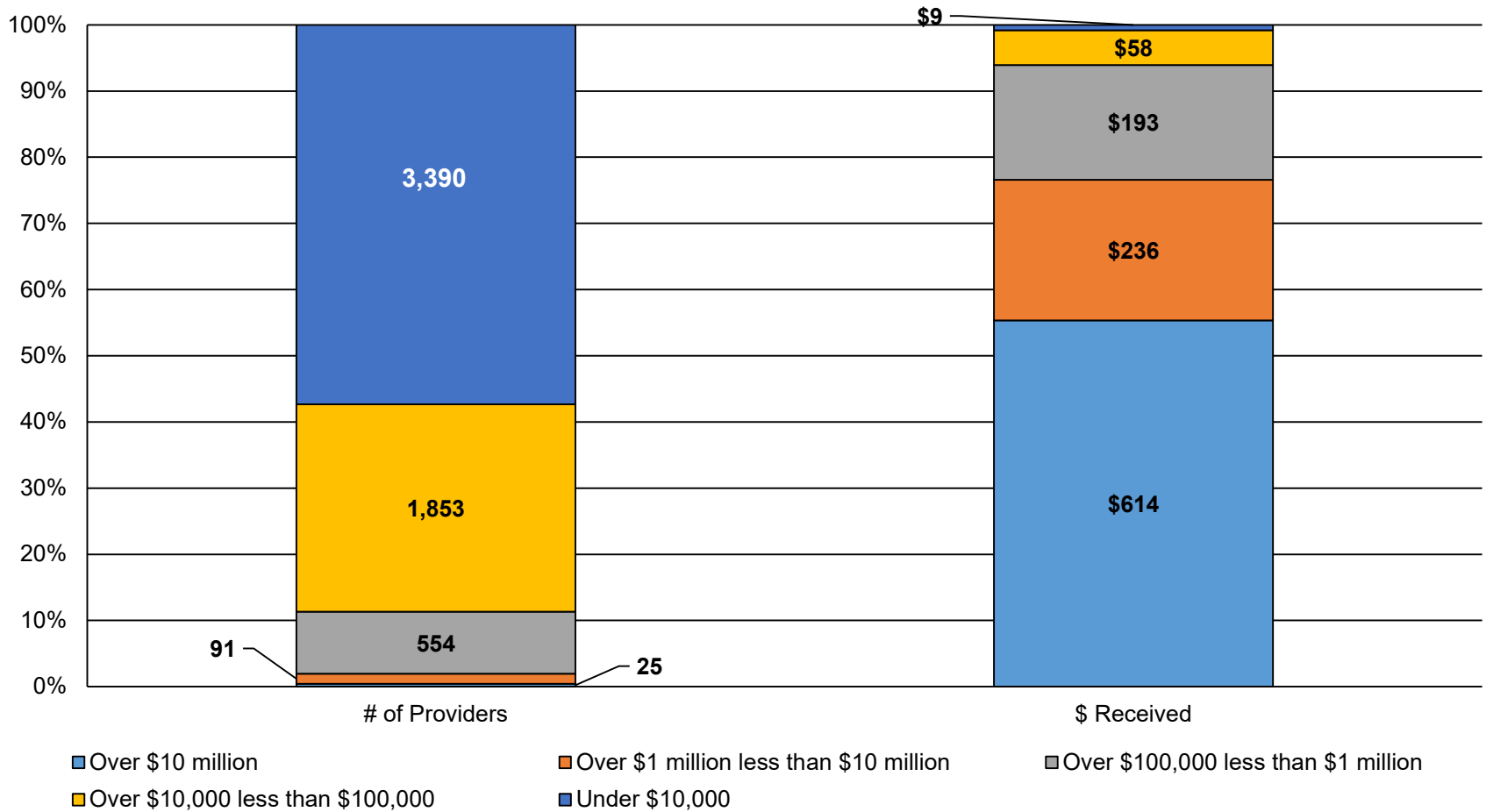
# Allocation of Provider Relief Received as of August 14

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# More than 5,900 Providers Received Relief; 55% of Dollars Allocated to 25 Large Providers

(\$ in Millions)





# Issues

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- Administration approach minimizes legislative oversight
  - General Assembly may wish to amend statute to provide for more formal oversight role in use of new federal grants
- While CRF expenditures reported to the federal government total \$833 million, only \$657 million of budget amendments have been submitted to General Assembly
- How will remaining CRF dollars be allocated?
  - Balance between new programs and general fund relief
- Lack of Minority Business Enterprise information on business assistance grants and loans
- Lack of coordination of federal, State, and local business grants