

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27th, will provide over \$2 trillion to counteract economic declines related to the Coronavirus pandemic. In addition to economic relief directed towards individuals, families, small businesses and corporations, important provisions of the CARES Act provide fiscal relief to states and localities to help them respond to this crisis. These include:

- **Fiscal Aid to State & Local Governments to help address funding shortages.**
- **Education Support for states, school districts and institutions of higher education for costs related to the coronavirus.**
- **Additional investments to a range of existing programs and new programs including child care assistance, support for hospitals and disaster relief.**

Although this bill did not include funding assistance for state Medicaid services, **an increase in federal funds to help support state Medicaid programs was included in the previously passed Families First Coronavirus Response Act**, which will provide critical assistance. This paper describes what is known about each of these funding streams and their impact on Missouri.

## State and Local Fiscal Relief

### Coronavirus Relief Fund

The CARES Act includes direct aid to states and local governments through the \$150 billion Coronavirus Relief Fund, **which will provide an estimated \$2.38 billion in aid to Missouri for use in calendar year 2020.**<sup>ii</sup> A portion of each state's funding is allocated to local governments based on a formula that targets funding to local governments with populations of 500,000 or more.

Based on Census data, only two counties in Missouri have populations large enough to qualify for direct aid through this fund – Jackson County and St. Louis County. Neither Kansas City (pop. 491,918) nor St. Louis City (pop. 302,838) have populations large enough to qualify for direct aid through this program, although a portion of Kansas City is assisted through the Jackson County eligibility.<sup>i</sup>

### Estimated Distribution of Coronavirus Relief Fund in Missouri

<b>Estimated Share to State</b>	<b>\$2.084 billion</b>
<b>Estimated Share to Local Governments</b>	<b>\$296 million</b>
<i>Jackson County</i>	<i>\$122.7 million</i>
<i>St. Louis County</i>	<i>\$173.5 million</i>
<b>Total Funds to Missouri (State &amp; Local)</b>	<b>\$2.38 billion</b>

*Estimated share to Jackson & St. Louis County based on Missouri Budget Project analysis using U.S. Census Bureau County Population Totals: 2019.*

Although smaller local governments may not apply directly to the U.S. Department of Treasury for a portion of the funding, they may be able to receive funds by working with state lawmakers through the appropriations process.

### **Enhanced Medicaid Match**

The Families First Coronavirus Response Act included a temporary boost to the federal Medicaid match. **The 6.2 percentage point increase in the Federal Medical Assistance Percentage (FMAP) will provide an estimated \$345 million in enhanced federal funds to Missouri in the current fiscal year.**

The enhanced FMAP is effective retroactively, beginning on January 1, 2020. The enhanced match is available during any calendar quarter that the public health emergency exists. It will expire at the end of the quarter in which the public health emergency ends.<sup>iii</sup> The Missouri estimate for enhanced federal funds under this change is projected based on the emergency period lasting into June, 2020. However, if the emergency period is extended, the increased matching rate for Medicaid would continue for additional months and result in a higher gain for the state.

## **Education Stabilization Fund**

The CARES Act provides more than \$30 billion for an Education Stabilization Fund for states, school districts, and institutions of higher education for costs related to the coronavirus. While this fund is critical, by comparison, the 2009 American Recovery and Reinvestment Act, a stimulus package passed during the Great Recession, provided \$100 billion for education.<sup>iv</sup>

### **Elementary and Secondary Education**

\$13.5 billion is available for formula grants to states based on the same proportion that each state receives under ESEA Title-IA. **Based on Missouri's Title-1A allocation in 2018, MBP estimates that Missouri would be eligible for about \$210.6 million of this fund.**

States will then distribute 90% of funds to local educational agencies (LEAs) based on their proportional allocation of ESEA Title I-A funds. State education agencies can reserve up to 10% of funds for emergency needs as determined by the state.

### **Higher Education**

\$13.95 billion of the education stabilization fund is dedicated to higher education. The U.S. Department of Education will disburse about \$12.5 billion (90 percent) of those funds directly to institutions based on the number and proportion of Pell grant and non-Pell grant recipients. At least fifty percent of the funds provided to institutions must be used for direct emergency aid to students. In a preliminary analysis of higher education provisions, **the American Council on Education estimates that Missouri institutions would receive \$208.9 million.**<sup>v</sup>

### **Discretionary Grants**

The Act includes an additional \$3 billion to be divided among states based on the number of school-age children in each state. Governors will be able to allocate their state's share as emergency support grants to local educational agencies and institutions of higher education at their discretion. It is unclear at this time how much Missouri would receive from these discretionary grants.

## Other Investments

The CARES Act includes a number of other funding sources that may benefit Missouri. However, at this time, it is not clear what funds Missouri might see from some provisions of the bill.

### *Economic Security & Workforce Supports*

- The act supports **Child Care Assistance** through a \$3.5 billion increase in the **Child Care and Development Block Grant (CCDBG)**. However, this funding is quite limited and is likely well short of what is needed to address the crisis. **It is estimated that Missouri will receive an additional \$64,230,190 through the CCDBG.**<sup>vi</sup>
- \$5 billion for the **Community Development Block Grant (CDBG)** program to enable states, counties and cities to respond to economic and housing impacts caused by COVID-19, including the expansion of community health facilities, child care centers, food banks and senior services.<sup>vi</sup>

### *Health & Social Services*

- The \$127 billion **Public Health and Social Services Emergency Fund** includes \$100 billion for grants to health care providers and facilities to help cover COVID-19 related expenses and lost revenue. These grants will be administered by the U.S. Department of Health and Human Services Office of the Assistant Secretary for Preparedness and Response, but it is unknown how the funds will be distributed at this time.
- Appropriations to the Centers for Disease Control and Prevention include \$1.5 billion for the CDC to allocate for **state and local preparedness and response**. This funding includes reimbursements for funds already used in response to the coronavirus.

### *Disaster Response & Infrastructure*

- \$45 billion for the **Federal Emergency Management Administration's Disaster Relief Fund** to support FEMA's activities and reimbursements to states and localities for response and recovery efforts related to COVID-19. These funds are made available as a result of the March 13 national emergency declaration and subsequent state declaration requests.
- \$1.5 billion for the **deployment of National Guard** troops, under the direction of state Governors, to support state and local response efforts. Nationwide, this level of funding will sustain up to 20,000 members of the National Guard for six months.<sup>vii</sup>
- \$25 billion for **transit systems**. These funds would be distributed through existing formulas including the Urbanized Area Formula Grants, Formula Grants for Rural Areas, State of Good Repair Formula Grants and Growing and High-Density States Formula Grants using fiscal year 2020 apportionment formulas.

## Anticipated Funding to Missouri From CARES Act

*Based on Estimates Cited in the Report*

Federal Source of Funds	State Amount	Other Amount	Time Period	Notes
<b>Coronavirus Relief Fund</b>	<b>\$2.084 billion</b>	\$296 million <i>Jackson County, \$122.7 million</i> <i>St. Louis County, \$173.5 million</i>	Funds to be distributed soon; for expenses incurred by December 30, 2020.	
<b>Enhanced FMAP</b>	<b>\$345 million</b>		SFY 2020	Additional funds may be available for FY 2021, depending on the length of the state of emergency
<b>Education Stabilization Fund</b>	<b>\$210.6 million</b> (Elementary & Secondary Education)	\$208.9 million to Missouri institutions of higher education		90% of funds for Elementary & Secondary Education must go directly to local educational agencies
<b>Child Care Development Block Grant (CCDBG)</b>	<b>\$64.23 million</b>			

## Other Federally Approved Sources of Potential State Funding,

*Estimates for MO Unknown*

- Education Stabilization Fund Discretionary Grants
- Community Development Block Grant
- Public Health & Social Services Emergency Fund
- CDC allocations to states and local governments for preparedness and response
- FEMA Disaster Relief Fund
- Funds for National Guard Deployment
- Transit Funding (through Urbanized Area Formula Grants, Formula Grants for Rural Areas, State of Good Repair Formula Grants and Growing and High-Density States Formula Grants)

## Notes

- i. U.S. Census Bureau Annual Estimates of the Resident Population for Incorporated Places: April 1, 2010 to July 1, 2018.
- ii. Center on Budget and Policy Priorities, “How Will States and Localities Divide the Fiscal Relief in the Coronavirus Relief Fund?” March 27, 2020. Found at <https://www.cbpp.org/research/state-budget-and-tax/how-will-states-and-localities-divide-the-fiscal-relief-in-the>; retrieved March 28, 2020.
- iii. “Families First Coronavirus Response Act - Increased FMAP FAQs,” Centers for Medicare and Medicaid Services, found at <https://www.medicaid.gov/state-resource-center/downloads/covid-19-section-6008-faqs.pdf>; retrieved March 30, 2020.
- iv. “Schools Get \$13.5 Billion in Coronavirus Package Signed Into Law,” Education Week, March 27, 2020. Found at <https://www.edweek.org/ew/articles/2020/04/01/schools-get-135-billion-in-coronavirus-package.html>; retrieved March 30, 2020.
- v. American Council on Education, Preliminary Analysis, CARES Act - Higher Education Relief Fund: Simulated Distribution of Amounts Provided Under Section 18004(a)(1). Found at [https://www.nasfaa.org/uploads/documents/ACE\\_Preliminary\\_Analysis\\_COVID\\_Stimulus.pdf](https://www.nasfaa.org/uploads/documents/ACE_Preliminary_Analysis_COVID_Stimulus.pdf); retrieved March 30, 2020.
- vi. CLASP, “\$3.5 Billion for Child Care in Coronavirus Package is Not Enough: How States Will Fare,” March 26, 2020. Found at [https://www.clasp.org/sites/default/files/publications/2020/03/2020\\_3.5billionchildcarecoronaviruspackage.pdf](https://www.clasp.org/sites/default/files/publications/2020/03/2020_3.5billionchildcarecoronaviruspackage.pdf); retrieved March 29, 2020.
- vii. National Conference of State Legislatures, “COVID-19 Stimulus Bill: What It Means for States,” March 25, 2020. Found at <https://www.ncsl.org/ncsl-in-dc/publications-and-resources/coronavirus-stimulus-bill-states.aspx/>; retrieved March 29, 2020.