

COVID-19 Federal Funding Update

02/19/2021

City Budget Office



City of Seattle

Presentation Outline

1. Emerging Federal Relief Bill (Leslie Pollner, Holland and Knight)
2. Coronavirus Relief Fund (CRF) Spending and Available Resources
3. FEMA Reimbursement
4. Sustained Funding
5. Next Steps



Congress Passes Budget Resolution

- On Feb. 5, the U.S. House of Representatives and Senate agreed to the FY 2021 budget resolution ([S. Con. Res. 5](#)), setting into motion the budget reconciliation process.
- Congressional Democrats are using the reconciliation process to attempt to pass the \$1.9 trillion relief package proposed by President Biden, known as his “**American Rescue Plan.**”
- **Budget reconciliation** is a mechanism by which Congress can use expedited procedures to consider spending revenue.



Overview of Budget Reconciliation

- The FY 2021 Budget Resolution provides instructions to 12 House committees to draft and report legislation per federal agency, within specific budget amounts, totaling \$1.9 trillion.
- When the Senate considers the reconciliation bill, it is subject to the “**Byrd Rule**,” which allows Senators to block provisions of reconciliation bills that are “extraneous” to reconciliation’s basic purpose of implementing budget changes.



Overview Budget Reconciliation: Process

Congress adopts budget resolution with reconciliation directives to individual committees.



House Committees write and advance legislative language; Budget committee combines for full floor vote with simple majority required to pass.



The Senate takes up the House-passed bill, with simple majority required to pass.



President signs into law.



State of Play:

Budget Reconciliation in the 117th Congress

- Per the budget resolution instructions, various House committees drafted and passed legislation which was sent to the House Budget Committee on February 16, 2021.
 - House Democrats acted swiftly and united, rejecting most amendments offered by Republicans.
- Congressional leaders plan to complete the House bill and bring it to the floor for a vote by the week of Feb. 22 (tentative date – Feb. 26).
- The Senate will then take up the House-passed bill rather than repeating committee drafting and markup process.
 - If a Byrd Rule point of order is raised, the provision will be struck from the bill.
- Congressional leadership is aiming to pass the bill before Mar. 14, when unemployment benefits lapse.



Funding Breakdown by House Committee

Committee	Amount
Ways and Means	\$941 billion
Education and Labor	\$357.9 billion
Oversight and Reform	\$350.7 billion
Energy and Commerce	\$188.5 billion
Transportation and Infrastructure	\$95.6 billion
Financial Services	\$75 billion
Small Business	\$50 billion
Veterans Affairs	\$16.6 billion
Agriculture	\$16.1 billion



House Oversight and Reform Committee

The Committee's \$350.7 billion measure includes direct funding for state/local governments:

- \$195.3 billion for States and the District of Columbia
- \$130.2 billion divided evenly between cities and counties
- \$4.5 billion for territories
- \$20 billion for Tribal governments
- \$570 million for emergency leave of federal employees and postal workers



House Financial Services Committee

The Committee's [proposal](#) provides \$75 billion, including:

- \$15 billion to extend payroll support for airline workers through Sept. 30, 2021
- \$25 billion for emergency rental aid
- \$10 billion for homeowner assistance
- \$5 billion for homelessness funding
- \$5 billion towards 70,000 emergency vouchers and funding directed to rural and tribal communities
- \$10 billion for Defense Production Act spending to boost supplies of personal protective equipment (PPE) and increase capacity for vaccine production
- \$10 billion for the State Small Business Credit Initiative, to support up to \$100 billion in small business financing through state, territorial, and tribal governments



House Ways and Means Committee

The tax-writing panel advanced nine [legislative proposals](#) amounting to \$941 billion, including:

- \$1,400 to qualifying individuals with incomes up to \$75,000 and couples making \$150,000 with eligibility phasing out at higher income levels
- Provides a \$3,000 temporary, fully refundable child tax credit for children between 6 and 17; \$3,600 for children under six
- Increases the federal minimum wage to \$15 per hour by 2025
- Expands the temporary, fully refundable Child and Dependent Care Credit from the current limitation of \$1,050 per child or dependent up to \$4,000
- Extends the temporary federal unemployment benefits through Aug. 29, 2021, and increases the weekly benefit from \$300 to \$400
- Increases the Affordable Care Act's (ACA) premium tax credits for 2021 and 2022
- Subsidizes COBRA coverage through the end of FY 2021 and creates health care subsidies for unemployed workers who are ineligible for COBRA



House Energy and Commerce Committee

This [measure](#) provides a total of \$188.5 billion for public health, Medicaid, Children's Health Insurance Program (CHIP), internet connectivity, consumer protection, and other provisions including:

- \$46 billion for testing, including creating a national strategy for testing and contact tracing of COVID-19
- \$14 billion for COVID-19 vaccines; \$7.6 billion to the CDC to promote and administer vaccines
- Eliminates the federally mandated 100-percent cap on rebates that drug companies pay Medicaid programs for medicines whose prices rise faster than the rate of inflation
- Incentives and federal funding to boost and expand Medicaid
- Full coverage for COVID-19 vaccines through Medicaid and CHIP
- \$100 million in environmental justice grants
- \$4.5 billion for the Low Income Home Energy Assistance Program (LHEAP)
- \$500 million to assist people struggling during the pandemic with payments for drinking water and wastewater expenses
- \$7.6 billion to expand internet connectivity for students and teachers without internet access



House Education and Labor Committee

This measure includes \$357.9 billion in relief, including:

- Gradually increases the minimum wage to \$15 an hour by 2025
- \$130 billion for K-12 schools and \$40 billion for higher education
- \$39 billion for the Child Care and Development Block Grant Program
- \$1 billion for the Head Start program
- \$5 billion for food assistance
- \$800 million for WIC programs



House Agriculture Committee

This measure includes \$16.1 billion for nutrition and agriculture programs, including:

- \$5 billion in aid for supply chain challenges related to COVID-19
- \$3.6 billion to support more resilient food supply systems
- Extends the 15 percent increase in Supplemental Nutrition Assistance Program (SNAP) until Sept. 30
- \$500 million for rural hospitals and communities to expand access to COVID-19 vaccines and food assistance



House Small Business Committee

This measure includes \$50 billion in relief, including:

- \$25 billion in restaurant grants to be distributed in a new Small Business Administration (SBA) program
- \$1.25 billion in additional funding for shuttered live venue grants (SVOG)
- \$15 billion in additional funding for Economic Injury Disaster Loan (EIDL) grants
- \$7.25 billion in additional funding to expand Paycheck Protection Program (PPP) aid to more nonprofit groups and digital news outlets



House Transportation and Infrastructure Committee

Main highlights of this \$95.6 billion [legislation](#) includes:

- \$30 billion in COVID-19 relief funding for transit
- \$1.5 billion for Amtrak to recall and pay furloughed employees through FY 2021
- \$3 billion payroll support fund for aerospace manufacturing jobs through Sept. 30, 2023
- \$8 billion to airports, including \$800 million for airport concessionaires
- \$450 million to communities whose economies depend on travel, tourism, and outdoor recreation
- \$50 billion in disaster funds for the Federal Emergency Management Agency (FEMA) through Sept. 30, 2025



House Veterans Affairs Committee

This \$16.6 billion legislative proposal includes:

- \$272 million for claims and appeals processing
- \$13.5 billion for VA health care services and related support for eligible veterans
- \$400 million for up to 12 months of retraining assistance to veterans that were unemployed due to COVID-19



Questions regarding new federal funding package?



Coronavirus Relief Fund (CRF) Spending

CRF Received	\$131.5m
Spent in 2020	(\$103.4m)
Remaining CRF for 2021	\$28.1m
Carried forward for existing purposes	\$10.9m
Reserves remaining	\$17.2m



FEMA Reimbursement - actions to date

- Per FEMA requirements, under a public health emergency the local public health authority is the lead government entity. King County has had to publish public health orders designating the City take on certain work to establish eligibility, including for testing, vaccinations and shelter.
- City's submittals began in October 2020 and are still in process. Cash-flow, however, can be managed even if payments take some time.
- The City has submitted about \$5 million for reimbursement for 2020 costs so far (PPE, non-congregate shelters, testing, cleaning).
- We have approximately \$10 million of additional known 2020 expenditures that we will be submitting, and we continue to incur eligible costs.
- FEMA reimbursement is a slow administrative process, but we are pursuing maximum reimbursement.



FEMA Reimbursement - looking forward

- FEMA recently announced that reimbursement rates will generally increase from 75% to 100% but still waiting on detailed eligibility guidance.
- Still a risk that FEMA will reject specific expenses as being ineligible generally, or specifically based on how they were contracted or procured, so some funding reserve is still appropriate.
- FEMA recently announced reimbursement will be available for eligible expenses incurred through September 30, 2021. This is a notable change from previous approach that only extended eligibility 3 months at a time. This will allow for longer-term planning but does highlight that FEMA eligibility will be time-limited.
- OEM currently focused on ensuring the City's vaccine distribution activities will maximize FEMA reimbursement. Procurement process and careful documentation is essential for reimbursement. Given additional work associated with vaccination efforts, we will be expanding staffing dedicated to FEMA process.



Important Funding Details Remain Unresolved

- What new direct federal funding will be provided to Seattle—amounts, eligibility, spending timelines?
- State & County funding and spending—what service gaps will remain for the City to fill?
- Additional guidance on FEMA eligibility.
- April revenue forecast could reveal revenue replacement needs or the availability of additional resources.
- Currently pursuing small-scale competitive grants from the Dept of Commerce and Small Business Administration (SBA), and these could provide modest additional funding.

Once federal funding package is resolved, we look forward to working cooperatively with Council on a comprehensive proposal for use of new and remaining resources.



Spending Continues Despite Funding Uncertainty

- HSD has extended food bank and food delivery contracts for PSH and shelters using existing budget authority.
- OSE is covering costs of higher grocery voucher reimbursement rates and extending existing partnership with Seattle Public Schools to provide fresh food to families in need.
- Increased hoteling costs also being addressed with existing budget authority.
- Vaccine distribution – both mobile teams and mass vaccination site – is moving forward.
- Legislation accepting grant of \$23 million for rental assistance to be submitted shortly.

