



WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

ANALYSIS:

One Third of All Coronavirus Relief Funds Remain Unspent *Data Raises Questions About Need for Additional State and Local Funding*

According to the most recent data available, \$46 billion, nearly one third, of the total \$150 billion Coronavirus Relief Fund (CRF) remain unspent. This money, part of a fund created by the Coronavirus Aid, Relief, and Economic Security Act (CARES) signed into law in March 2020, was intended to help state and local governments cover unanticipated expenditures incurred for the pandemic, given the potential for revenue shortfalls in the midst of lockdowns. The grim projections have not materialized.

Democrats are rushing to add another \$350 billion to the fund despite the fact that such a significant amount. The most recent data provided to Congress comes from the Treasury Inspector General's Office, which is responsible for overseeing this pandemic spending. Before moving forward with any additional funding, we should require unspent funds to be expended so that Congress can actually measure the effectiveness of these dollars and determine whether additional aid is needed.

Congress Has Already Provided Over \$1 Trillion in Direct and Indirect Aid to State and Local Governments

The \$150 billion in direct aid provided through the CRF is not the only aid Congress has provided to states. Over \$1 trillion of the money set aside for pandemic relief directly or indirectly benefits state and local governments. The categories of aid include supplementing state unemployment insurance, providing massive amounts of funding for K-12 and higher education, sending money for states and localities to use for Covid testing, and stabilizing state and local transportation funds, among many other categories.

In April 2020, Ways and Means Republicans [highlighted these categories of funding](#) in what was then \$765 billion in aid, to which Congress provided another \$285 billion in December, totaling \$1 trillion in aid to state and local governments. With billions remaining unspent, Democrats should provide evidence to support a need for \$350 billion in additional direct aid to state and local governments.

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Many States have Budget Surpluses, which have Proven Dire Budget Projections Flat Wrong

Last spring and summer, Democrats touted various dire financial projections that suggested states and localities would suffer massive declines in tax revenue due to the global pandemic. Those projections have to date fallen far short of the apocalyptic shortfalls that Democrats suggested. [According to the Tax Foundation](#), combined state and local tax collections were down only \$7.6 billion, or 0.7%, in the first 9 months of 2020 as compared to the same time period in 2019. The grim projections have not materialized. Some states and localities are struggling more than others, which is why we should consider specific situations and better target relief.

The following states aren't struggling with tax revenue:

- **California** has a whopping \$15 billion budget surplus after projecting a \$54.3 billion shortfall this past Spring. In part based on projections like that, the federal government sent the state government of California \$9.5 billion through the CRF that they apparently didn't need. That figure does not include the billions of dollars the CRF sent to cities and counties in the state with more than 500,000 residents. By law California is now constitutionally obligated to put billions of dollars into rainy-day reserve funds. Despite a surplus and well-funded, rainy-day fund, Democrats propose to send the state government of California billions more.
- **Minnesota** is projecting a \$641 million budget surplus through June 2021. Back in May the state projected a \$2.4 billion shortfall. The Minnesota state government received over \$1.8 billion directly from the CRF. That number does not include the more than \$210 million sent to large counties directly through the CRF. Notwithstanding this positive financial report, Democrats would send Minnesota billions more.
- **Delaware** anticipates ending its fiscal year in June with a \$495 million budget surplus. The Delaware state government received over \$927 million directly from the CRF. New Castle County also received \$322 million directly from the CRF. Although the state received over a billion dollars already and is running a budget surplus, they would be slated to get more federal dollars under the Democrat plan.

There are numerous other examples of states and localities that have large budget surpluses. Not all states and localities are in the same position, but \$350 billion in additional direct aid is not based on real-world data and it is not targeted to actual need. It is hard to look at such a massive slush fund and not see a massive bailout for poorly run states that were already drowning in red ink prior to the pandemic.