

Federal Coronavirus Response Programs

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JLBC

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The enactment of the Consolidated Appropriations Act of 2021 on December 27, 2020, has resulted in the following changes to federal coronavirus relief provisions:

- Coronavirus Relief Fund monies are now available until December 31, 2021.
- The federal government will supplement the state's Unemployment Insurance payments by \$300 for the next 10 weeks.
- Individuals will receive a second stimulus check. The maximum amount is \$600 (single)/\$1,200 (married filing jointly), plus \$600 per dependent child, for those with adjusted gross income under \$75,000 (single)/\$150,000 (married filing jointly).
- The Paycheck Protection Program will re-open with an additional \$285 billion in funding for businesses nationwide.
- The Arizona state government is estimated to receive an additional \$3.1 billion in aid, for a total of \$7.4 billion. Significant additions include:
 - \$31 million in Governor's Emergency Education Relief Fund monies.
 - \$1.1 billion in K-12 Education Fund monies.
 - \$198 million to Arizona public universities, of which \$59 million must be distributed as student grants.
 - \$485 million to DHS for vaccine distribution, coronavirus testing, and contact tracing.
 - \$249 million in Child Care and Development Block Grant monies.
 - \$290 million for rental assistance.
 - \$335 million in transportation grants.
- Due to limitations in data available to us and changes to these programs, we do not have estimates of the total Arizona dollar impact for expanded UI benefits or stimulus checks.

Federal Coronavirus Response Programs Program Summary

Overview

The federal government has taken several major actions in response to the COVID-19 pandemic:

- The 2020 Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), a stimulus package valued at \$8.3 billion, was enacted on March 6, 2020. (Referred to in this Program Summary as COVID 1)
- The Families First Coronavirus Response Act (P.L. 116-127), enacted on March 18, 2020, is estimated at \$192 billion. (COVID 2)
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) is estimated at approximately \$2.2 trillion and was enacted on March 27, 2020. (COVID 3)
- The Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139), estimated at \$484 billion, was enacted on April 24, 2020. (COVID 3.5)
- The Paycheck Protection Program Flexibility Act of 2020 (P.L. 116-142) was enacted on June 5, 2020.
- A presidential memorandum issued on August 8, 2020, established the Lost Wages Assistance Program.
- The 2021 Consolidated Appropriations Act (P.L. 116-260) contains \$900 billion in COVID-related relief and was enacted on December 27, 2020. (COVID 4)

Provisions

This document provides a summary of federal funding distributed to the state and local governments. We estimate that the state will receive \$7.6 billion and local governments will receive \$1.4 billion, for a total of \$9.0 billion in aid to Arizona governments.

We have revised this Program Summary to incorporate updated information from the COVID 4 stimulus package.

Figures will be further updated as more information becomes available. Actual monies distributed are reflected in this Program Summary. Estimates primarily come from the Federal Funds Information for States, a collaboration between the National Conference of State Legislatures (NCSL) and the National Governors Association that tracks the fiscal impact of federal actions on states. *(See Table 2 for a summary of Arizona's share of funding from the coronavirus response legislation.)*

The \$9.0 billion estimate excludes direct aid to individuals and businesses. Based on currently available information, Arizona individuals and businesses will receive \$35.2 billion in direct federal aid. In this revised Program Summary, we provide estimates for many of these programs. *(See Direct Aid to Individuals and Businesses section and Table 3 for more information.)*

Most of the following provisions were enacted as part of COVID 3. Funding included in other pieces of legislation or actions by the federal government are noted as such.

Coronavirus Relief Fund

A total of \$150 billion in federal funding was distributed to state and local governments. States are allocated funding based on their share of population, with each state guaranteed a minimum funding amount of \$1.25 billion. Based on this formula, Arizona's total allocation from the Coronavirus Relief Fund (CRF) is \$2.82 billion for both its state and local governments combined.

Monies from the CRF may only be used for costs that are: 1) necessary expenditures incurred due to the public health emergency; 2) not accounted for in the state/local government's budget most recently approved as of March 27, 2020; and 3) incurred from March 1, 2020, to December 31, 2021, as the result of COVID 4. The state budget for FY 2021 was signed into law after the federal legislation was enacted. These funds may not be used to offset revenue shortfalls.

Table 1	
CRF Executive Allocations	
(\$ in millions)	
	<u>Amount</u>
Initial State-Level CRF Allocation	\$ 1,857
<u>Agency/Funding Use</u>	
Local Government Aid	441
State Government Agency Offsets	396
K-12 Enrollment Stability Grant	370
UI Allocation	159
Arizona Express Pay Program	150
Universities (General Expenses)	115
Hospital Staffing/Overtime Expenses	85
Department of Health Services	70
- Direct COVID-19 expenses, including testing, contract tracing, and surge capacity	
Elections	9
Universities (Testing, Surveillance, Other Response Efforts)	8
Census	5
- 2020 census support and administrative costs	
Arizona Office of Tourism	4
- Develop a strategic recovery plan and strengthen domestic marketing campaigns	
Arizona Commerce Authority	2
- Assist small businesses and promote business expansion and relocation	
Arizona Virtual Teacher Institute	2
AZ Stay Connected Program	2
- \$10,000 technology grants to skilled nursing facilities/intermediate care facilities	
Amount Remaining from Initial State-Level CRF Allocation	39

- Of Arizona’s total allocation, the state received \$1.86 billion of the \$2.82 billion. These monies have been deposited in the state’s Operating Fund and are controlled by the Executive. Of the state’s CRF monies, \$39 million has not been allocated. The following have been announced:
 - \$441 million to local governments.
 - \$396 million to reimburse \$300 million in General Fund spending and \$96 million in Other Fund spending for state agency public health and public safety expenses.
 - \$370 million for school districts and charter schools through the Enrollment Stability Grant Program.
 - \$159 million allocated for deposits into the UI Trust Fund. Of this amount, \$24 million has been deposited so far.
 - \$150 million for the Arizona Express Pay Program, which will be repaid using Federal Emergency Management Agency (FEMA) Public Assistance grant monies (see Stafford Act assistance under Emergency Relief section for more information).
 - \$115 million to the universities for general expenses. This amount consists of \$46 million for Arizona State University, \$46 million for the University of Arizona, and \$23 million for Northern Arizona University.
 - \$85 million for hospital staffing and overtime expenses, including an additional 500 nurses. Of this amount, \$25 million was allocated on November 18, 2020, and \$60 million was allocated on December 2, 2020.
 - \$70 million to DHS for direct COVID-19 expenses, including testing, contact tracing, and surge capacity.
 - \$9 million to the Secretary of State for COVID-19 response efforts and early voting opportunities for the 2020 elections.
 - \$8 million to the universities for testing, surveillance, and other response efforts.
 - \$5 million for support and administrative costs of the 2020 Census.
 - \$4 million to the Arizona Office of Tourism to develop a strategic recovery plan and strengthen domestic marketing campaigns.

- \$2 million for the Arizona Commerce Authority to assist small businesses and promote business expansion and relocation.
- \$2 million for the Arizona Virtual Teacher Institute, a partnership among Arizona State University, the Arizona Department of Education, and the non-profit Helios Education Foundation.
- \$2 million for the AZ Stay Connected Program to provide \$10,000 technology grants to skilled nursing facilities and intermediate care facilities.
- Local governments (counties, cities, and towns) with populations over 500,000 were eligible to receive direct payments totaling \$965 million of the \$2.82 billion. The local governments in Arizona that received direct payments are Maricopa County (\$399 million), City of Phoenix (\$293 million), Pima County (\$87 million), City of Tucson (\$96 million), and City of Mesa (\$90 million).

U.S. Treasury/Federal Reserve Lending Programs

The U.S. Treasury has \$500 billion in loan capacity for business and governmental entities. This amount includes \$46 billion in set-asides for certain industries and \$454 billion for Federal Reserve programs.

Of the \$454 billion for Federal Reserve programs, \$35 billion from the U.S. Treasury has been allocated for the Municipal Liquidity Facility (MLF). The Federal Reserve has allocated an additional \$465 billion of its own funds to the MLF, for a total of \$500 billion.

The MLF purchased short-term (maturity of 3 years or less) notes from states, counties with a population of at least 500,000, cities with a population of at least 250,000, and multi-state entities, with at least 2 eligible local governments per state. In Arizona, eligible governments were the state, Maricopa County, City of Phoenix, City of Mesa, City of Chandler, City of Scottsdale, City of Glendale, Pima County, and City of Tucson.

The Federal Reserve had the capacity to purchase up to \$4.2 billion in eligible notes from the state and a total of \$1.5 billion from local governments in Arizona. No governments in Arizona utilized the MLF.

This program terminated on December 31, 2020.

For more information on the MLF, see [here](#).

Unemployment Insurance

COVID 3 established several unemployment insurance (UI) programs that are funded by the federal government. COVID 4 amended these and established an additional UI program. For an estimate of federal UI benefits to individuals, see Direct Aid to Individuals and Businesses section and *Table 3*.

- Federal Pandemic Unemployment Compensation: In Arizona, the maximum state-funded weekly UI benefits are \$240. COVID 3 provided 100% federally-funded UI benefits of \$600 per week, in addition to what the individual would otherwise receive. From March 27, 2020, through July 31, 2020 (weeks ending April 4 through July 25), enrollees were eligible for a combined maximum of \$840 per week. COVID 4 re-established the program with a weekly benefit of \$300. Enrollees will receive these benefits from December 27, 2020, through March 14, 2021 (weeks ending January 9 through March 13).
- Pandemic Emergency Unemployment Compensation: Under Arizona law, individuals may receive up to 26 weeks of UI benefits. COVID 3 provided enrollees that already exhausted their regular 26 weeks of UI benefits with an additional 13 weeks, for a total of 39 weeks of UI benefits. The additional 13 weeks are 100% federally-funded and are effective through December 31, 2020 (week ending December 26). COVID 4 extends the program and allows enrollees to receive up to 24 weeks, for a total of 50 weeks of UI benefits. Individuals may enroll through March 14, 2021 (week ending March 13), and continue receiving benefits through April 5, 2021 (week ending April 10). Individuals receiving these benefits are also eligible for Federal Pandemic Unemployment Compensation.
- Pandemic Unemployment Assistance: COVID 3 allows individuals who are otherwise ineligible for UI benefits, such as self-employed workers, contractors, and gig workers, to receive 100% federally-funded benefits for up to 39 weeks from March 27, 2020, through December 31, 2020 (weeks ending April 4 through December 26). COVID 4 extends the program and allows enrollees to receive up to 50 weeks of benefits. Individuals may enroll through March 14, 2021 (week ending March 13), and continue receiving benefits through April 5, 2021 (week ending April 10). First-time applicants who enroll after December 27, 2020, may receive payments

retroactive to December 1, 2020 (week ending December 12). Individuals receiving these benefits are also eligible for Federal Pandemic Unemployment Compensation.

- Mixed Earner Unemployment Compensation: Under COVID 3, an individual with income through both traditional employment and through self-employment was eligible for either regular UI benefits based on income from traditional employment or Pandemic Unemployment Assistance based on income from self-employment, but not a combination of both programs. COVID 4 allows self-employed individuals with at least \$5,000 in self-employment income in the prior year to receive an additional \$100 per week, above regular UI benefits. These benefits are 100% federally-funded. States must elect to participate in this program, and benefits will be paid the week beginning on or after the date of the state's election through March 14, 2021 (week ending March 13). Arizona elected to participate in the program. Individuals receiving these benefits are also eligible for Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation.
- Waiting week: In Arizona, individuals may not receive UI benefits in the first week that a weekly claim is filed. COVID 3 provides 100% federally-funded benefits for the waiting week. States must elect to participate in this program, and benefits will be paid for waiting weeks beginning on or after the date of the state's election through December 31, 2020 (week ending December 26). Arizona elected to participate in the program. COVID 4 provides 50% federally-funded benefits for waiting weeks through March 14, 2021 (week ending March 13). Arizona also elected to participate in this COVID 4 program, with the federal government and state each contributing an estimated \$3.8 million over 11 weeks.
- For more information, see the Program Summary on [Unemployment Insurance Program Changes](#).
- UI administration (\$19 million): Under COVID 2, Arizona will receive an initial grant of \$10 million. A supplemental grant of \$10 million will be made available if the number of UI claims increases by 10% or more over the same quarter in 2019. This threshold has been exceeded in Arizona.
- UI extension implementation grants (\$0.7 million): Arizona received approximately \$0.7 million to implement extensions of UI provisions in COVID 4.
- Short-Time Compensation (STC) administration (\$2 million): The Arizona Shared Work program allows employees working reduced hours to receive a pro-rated portion of UI benefits. Employers may qualify for the program if employees' hours have been reduced by at least 10% and no more than 60%, and employers must continue to provide health and retirement benefits to participating employees. Employees in the program receive a \$600 weekly increase from March 29, 2020, through July 25, 2020. UI benefits paid through the STC program and the \$600 increase are 100% federally-funded. DES received \$2 million for administrative costs. Of the \$2 million award, one-third of funds (\$0.6 million) are for improved administration of the STC program and two-thirds (\$1.3 million) are for the promotion of the STC program and enrollment of employers in the program.
- Dislocated Worker Grants (\$1 million): DES received funds for disaster-relief cleanup, humanitarian assistance, and employment and training activities. These monies may also be used for contact tracing.
- Reimbursing employers (\$47 million): State and local governmental entities, certain nonprofits, and tribes are to be refunded 50% of the cost of unemployment claims made against the reimbursing employer between March 13, 2020, and March 14, 2021, as established by COVID 3 and amended by COVID 4. As of February 20, \$47 million has been reimbursed. While a portion of these dollars may have been reimbursed to non-governmental entities, we have included this entire figure in *Table 2*.
- Fraud investigation (\$2 million): Arizona received \$2 million in funding for fraud investigation activities in the PUA and PEUC programs.

For the remaining program descriptions, the amounts indicated below in parentheses represent estimates of Arizona's share of funding.

Education

The Education Stabilization Fund (ESF) allocates \$112.6 billion to states, school districts/charter schools, and higher education institutions. Of this amount, \$30.75 billion was appropriated by COVID 3 and \$81.88 billion by COVID 4. Arizona is expected to receive a total of \$2.3 billion in ESF monies from COVID 3 and COVID 4. The federal legislation does not contain "supplement-not-supplant" language, but the state must meet maintenance-of-effort (MOE) requirements to receive ESF monies for the Governor's Fund and K-12 Education Fund. The MOE requirements differ between COVID 3 and COVID 4 monies.

- Governor’s Emergency Education Relief Fund (\$100 million): These funds may be allocated at the Governor’s discretion to local education agencies, higher education institutions, or other education-related entities. Monies must be allocated to eligible entities within 1 year of receipt. Arizona received \$69 million from COVID 3 and will receive \$31 million from COVID 4 for these entities. COVID 3 monies must be spent by September 30, 2022, and COVID 4 monies by September 30, 2023.
 - To receive the COVID 3 Governor's Fund monies, the state must keep its General Fund spending for K-12 and higher education in FY 2020 and FY 2021 at or above the average levels of spending in FY 2017-FY 2019. To receive the COVID 4 Governor's Fund monies, the state must keep its General Fund spending for K-12 and higher education in FY 2022 at or above the average proportional levels of K-12 and higher education spending relative to overall spending in FY 2017-FY 2019. See the following bullets for discussion of these levels of spending.
 - The COVID 3 monies are allocated as follows:
 - \$40 million for installation of broadband infrastructure along I-17 between Sunset Point and Flagstaff and along I-19 between Tucson and Nogales.
 - \$19 million for Acceleration Academy Grants, which are one-time grants to high-need schools for contracted services and training for existing teaching staff.
 - \$6 million for the Arizona Teachers Academy to provide tuition grants to postsecondary students in exchange for a commitment to teach in Arizona K-12 public schools after graduation.
 - \$2 million in grants to support innovative practices responding to the COVID-19 pandemic. A for Arizona, a nonprofit organization, will oversee the program and provide a private match of these monies.
 - \$1 million for vehicles for the Arizona State Schools for the Deaf and the Blind.
 - \$0.7 million for leadership development in rural and underperforming schools through the Beat the Odds School Leadership Academy.
 - \$0.5 million for tutoring from Teach for America.
 - \$0.5 million for the Arizona Virtual Teacher Institute.
 - Emergency Assistance to Non-Public Schools (EANS) grants (\$54 million): In addition to the \$31 million from COVID 4, Arizona will receive \$54 million in EANS grants from the private school set-aside. These funds will be administered to private schools by a public agency, which may retain up to 0.5%, or \$0.3 million, for administrative costs. Private schools receiving these funds may not receive a Paycheck Protection Program loan on or after December 27, 2020. (In *Table 2*, these monies are listed separately from the Governor's Fund line.)
- Elementary and Secondary School Emergency Relief Fund (\$1.4 billion): Arizona received \$277 million from COVID 3 and \$1.1 billion from COVID 4. School districts and charter schools will receive at least 90% of the state allocation, in proportion to the amount of Title I-A funding received. Schools received \$250 million from COVID 3 and \$1.0 billion from COVID 4, for a combined total of \$1.3 billion. The state may retain up to 0.5% for administrative costs, or \$1 million from COVID 3 and \$6 million from COVID 4, for a combined total of \$7 million. Up to 9.5% will be distributed at ADE's discretion to address coronavirus-related emergency needs. ADE received \$26 million from COVID 3 and \$109 million from COVID 4, for a combined total of \$135 million. Monies must be allocated to schools within 1 year of receipt. COVID 3 monies must be spent by September 30, 2022, and COVID 4 monies by September 30, 2023. See [here](#) for ADE's federal application for these funds, which has been approved by the U.S. Department of Education.
 - To receive the COVID 3 K-12 Education Fund monies, the state must keep its General Fund spending for K-12 in FY 2020 and FY 2021 at or above the average level of spending in FY 2017-FY 2019. To receive the COVID 4 K-12 Education Fund monies, the state must keep its General Fund spending for K-12 in FY 2022 at or above the average proportional level relative to overall spending in FY 2017-FY 2019.
 - The COVID 3 MOE requires the state to maintain a spending level of \$4.33 billion for elementary and secondary education in FY 2020 and FY 2021. The FY 2020 budget provides \$866 million in state support above the MOE spending level, and the FY 2021 budget provides \$1.27 billion in state support above the MOE spending level. Therefore, all of the K-12 Education Fund monies could potentially be used to supplant state General Fund spending for K-12. The state also has the option to use some or all of the monies to supplement current K-12 funding levels.
 - The COVID 4 MOE requires the state to keep its K-12 General Fund spending at 43.2% of total General Fund spending in FY 2022. The FY 2022 Baseline includes \$5.8 billion in K-12 General Fund spending,

- which is 47.4% of the \$12.3 billion in total General Fund spending. Therefore, K-12 spending in the FY 2022 Baseline exceeds the MOE by approximately \$526 million.
- The \$26 million portion controlled by ADE from COVID 3 is allocated as follows:
 - \$15 million for schools that are not eligible for formula funds from the K-12 Education Fund. Over 180 schools will receive monies based on the number of low-income students and the size of the school, with each entity receiving at least \$50,000.
 - \$6 million for distance learning grants to school districts and charter schools. Awards will be based on need and impact of COVID-19.
 - \$5 million for special education compensatory education.
 - \$0.3 million for social-emotional learning and trauma-informed training for school teachers and leaders.
 - Funds from the \$109 million portion controlled by ADE from COVID 4 are allocated to provide a minimum of \$150,000 for all school districts and charter schools, with rural schools (not in Maricopa or Pima Counties, or located more than 10 miles from a municipality with a population of 50,000 or more) receiving a minimum of \$175,000 and rural and remote schools (in a census-defined rural territory) receiving a minimum of \$200,000.
 - Higher Education Emergency Relief Fund (\$736 million): Federal Funds are distributed directly to institutions of higher education (IHEs). Arizona IHEs received \$304 million from COVID 3. Of this amount, approximately \$122 million went to public universities, \$82 million to community colleges, and \$101 million to private institutions. So far, Arizona IHEs have been allocated \$432 million from COVID 4 and are expected to receive additional funds. Of the \$432 million, \$198 million will be distributed to public universities, \$167 million to community colleges, and \$67 million to private institutions. For both COVID 3 and COVID 4, some of these monies must be used for student grants, while the remainder may be used to offset revenue shortfalls. For public universities, a total of at least \$118 million must be distributed as student grants. COVID 3 monies must be spent by September 30, 2022, and COVID 4 monies by September 30, 2023.
 - The COVID 3 MOE requires the state to keep its General Fund spending for higher education in FY 2020 and FY 2021 at or above the average levels of spending for higher education in FY 2017-FY 2019. This translates to a spending level of \$721 million. The FY 2020 budget provides \$66 million in state support above the MOE spending level, and the FY 2021 provides \$22 million in state support above the MOE spending level. Therefore, up to \$66 million in FY 2020 and \$22 million in FY 2021 could potentially be supplanted.
 - The MOE requirements may affect the state's eligibility to receive GEERF or ESSERF monies, but do not impact HEERF monies distributed directly to IHEs.
 - We previously reported that the COVID 3 MOE requires the state to maintain a spending level of \$709 million for higher education in FY 2020 and FY 2021. Our revised calculation includes state support for the Arizona Board of Regents.
 - We are currently calculating the COVID 4 MOE.
 - See [here](#) for a breakdown of COVID 3 and COVID 4 funds received by Arizona IHEs.
 - Head Start (\$16 million): Arizona received \$12 million from COVID 3 and is estimated to receive \$4 million from COVID 4.

Health

- Temporary Medicaid Match Rate Increase (\$506 million): COVID 2 includes a temporary increase of 6.2% in each state's Federal Medical Assistance Percentage (FMAP) used to fund the Medicaid program and Title IV-E child welfare services. The increase is retroactive to January 1, 2020, and is effective for the duration of the federally-declared public health emergency in response to COVID-19. Based on Congressional Budget Office estimates, the JLBC Staff estimates that the FMAP increase will be in effect through March 2021. We estimate that the 6.2% increase reduced Arizona's state General Fund costs by \$(208) million in FY 2020, including \$(153) million for Medicaid services provided by AHCCCS, \$(45) million for DES, and \$(10) million for Title IV-E child welfare services provided by DCS. The actual net savings to the General Fund, however, will be lower, as the above savings do not account for caseload growth and other technical factors that impact General Fund spending for Medicaid and Title IV-E. We anticipate that savings in FY 2021 will be \$(298) million, spread across AHCCCS, DES, and DCS. The combined projected FY 2020 and FY 2021 savings is \$(506) million.
- Medicare State Survey and Certification (\$0.2 million): DHS received \$0.2 million in formula grants.

- CDC grants (\$672 million): DHS received \$16 million in Public Health Emergency Preparedness Grants from COVID 1, \$8 million in Immunization Cooperative Agreements from COVID 3, and \$13 million in Epidemiology and Laboratory Capacity Grants from COVID 1 and COVID 3. Funding may be used for lab capacity, infection control, and other preparedness and response activities. COVID 3.5 provided an additional \$150 million in Epidemiology and Laboratory Capacity Grants to DHS for testing and contract tracing. Arizona will also receive \$66 million for vaccine distribution and \$419 million for testing and contact tracing from COVID 4. See Tribal Relief section for monies distributed to tribal entities. ADE also received \$0.3 million from COVID 3 to address student health.
- Emergency Response Grants (\$5 million): AHCCCS received \$2 million from COVID 3 and \$3 million from COVID 4, for a total of \$5 million, to address mental health, substance use disorders, and to support youth and the homeless.
- Emergency Response for Suicide Prevention grants (\$0.8 million): AHCCCS received these funds to address suicide prevention during the COVID-19 pandemic. In addition, tribal entities received \$0.8 million, and the EMPACT-Suicide Prevention Center received \$0.8 million (see Tribal Relief section and *Table 3*). COVID 4 provided an additional \$50 million nationwide for suicide prevention programs.
- Hospital Preparedness Program (\$5 million): DHS and AHCCCS received approximately \$1 million in total from COVID 1 and \$4 million in total from COVID 3 to assist hospitals and the health care system in preparing for and responding to public health emergencies, including bioterrorism.
- Ryan White HIV/AIDS (\$0.4 million to the state, \$0.4 million to local governments, and \$0.4 million to non-governmental entities): State funds (Part B) improve HIV health care and support services, including AIDS Drug Assistance Program grants. Monies received by local governments (Part A) fund medical and support services in counties and cities that are the most severely affected by the HIV/AIDS epidemic. Local community-based organizations use funds (Parts C, D, and F) to provide outpatient health care services and clinician training.
- Substance Abuse Prevention and Treatment Block Grant (\$38 million): Arizona is estimated to received \$38 million from COVID 4. At least 20% of funds, or \$8 million, must be spent on primary prevention.
- Community Mental Health Services Block Grant (\$22 million to the state): Arizona is estimated to receive \$44 million from COVID 4. At least 50% of funds, or \$22 million, are provided directly to facilities (see *Table 3*).
- For funds directed to hospitals and community health centers, see Direct Aid to Individuals and Businesses section.

Emergency Relief

- Emergency Management Performance Grants (\$2 million): ADOA and DEMA are eligible to apply to FEMA for these grants, which support coordination of communications and logistics among state, local, and tribal governments. The 50% state match requirement is not waived.
- Emergency Food and Shelter Program (\$0.6 million to the state and \$5 million to local governments): Grants are given to jurisdictions to provide food, lodging in a mass shelter or hotel, one month's rent or mortgage payment, one month's utility bill, or equipment necessary to feed or shelter people, up to a \$300 limit per item, for individuals or families in economic crisis.
- Assistance to Firefighters Grants (\$0.8 million to local governments): Assistance to Firefighters Grants (AFG) can be used by firefighters and other first responders to obtain equipment, protective gear, emergency vehicles, training, and other necessary resources.
- Stafford Act assistance (\$93 million to the state and \$1 million to local governments): The national emergency declaration on March 13 and the major disaster declaration for Arizona on April 4 made Arizona eligible for Stafford Act assistance. Arizona is eligible to receive FEMA funding for Public Assistance emergency protective measures. The 25% state cost share requirement has been waived. Arizona has also received \$5 million in grants for the Crisis Counseling Program. As of February 23, FEMA has obligated \$93 million in federal support to the state and \$1 million to local governments. Tribal governments and nonprofits also received some funds (see Tribal Relief section and *Table 3*). We anticipate that the amount of federal assistance will grow as additional expenses are approved by FEMA. This amount includes federal funding for National Guard deployments. For more information, see [here](#).

Food Assistance

- The Emergency Food Assistance Program (TEFAP) commodities (\$14 million): TEFAP provides emergency food and nutrition assistance. Funding came from COVID 2 (\$7 million) and COVID 3 (\$7 million).

- TEFAP administration (\$16 million): TEFAP is administered by DES. Funding was provided by COVID 2 (\$2 million) and COVID 3 (\$4 million). Arizona is also estimated to receive an additional \$10 million from COVID 4. These monies are for commodities and administration.
- Special Supplemental Nutrition Program for Women, Infants, and Children (\$9 million): COVID 2 provides \$9 million in funding. WIC provides assistance to low-income women and mothers with young children who are unemployed due to the COVID-19 pandemic.
- National School Lunch Program (\$140 million)
- Supplemental Nutrition Assistance Program (SNAP) administration: COVID 4 appropriates \$100 million for state administrative costs in FY 2021. The grants are based 75% on the state's share of SNAP households and 25% on the increase in SNAP households over 12 months.
- Reimbursement for nutrition programs: COVID 4 allows states to be reimbursed for 55% of emergency operational costs incurred between March and June 2020 for school meal programs and child and adult care food programs. States may use 1% of funds for administrative costs. Monies remain available until September 30, 2021.

Children and Families

- Child Care and Development Block Grant (\$337 million): Funding assists child care providers and provides child care subsidies for essential employees. These funds require legislative appropriation and may not supplant child care assistance for low-income families. Arizona received \$88 million from COVID 3, and these funds will remain available through September 30, 2021. Payments of COVID 3 monies may be obligated from FY 2020-FY 2022. Arizona also received \$249 million from COVID 4, and the state must report how the funds were spent by October 31, 2022.
- Title IV-B (\$3 million): DCS uses Title IV-B monies primarily to fund caseworkers and other DCS staff. The state match requirement is waived. For child welfare services, DCS received \$1 million from COVID 3. For the Promoting Safe and Stable Families Program, DCS is estimated to receive \$2 million from COVID 4 for FY 2021.
- Chafee Foster Care Program for Successful Transition to Adulthood (\$13 million): Arizona is estimated to receive \$11 million for the Chafee program and \$2 million for education and training vouchers for youth who age out of foster care from COVID 4.
- Family violence prevention and services formula grants (\$1 million): The non-federal match requirements are waived.

Elderly and Community Living

- Older Americans Act:
 - Congregate and Home-Delivered Meals (\$20 million): COVID 2 provides \$5 million in funding for congregate and home-delivered meals. Arizona received an additional \$11 million from COVID 3 and \$4 million from COVID 4 for home-delivered meals. These programs are run by DES. The non-federal match requirements are waived.
 - Supportive services (\$4 million)
 - Supportive services for family caregivers (\$2 million)
 - Protection of Vulnerable Older Americans activities (\$0.4 million)
 - Discretionary projects (\$1 million): These funds will be used by DES for the Arizona Bridges of Care project.
- Low Income Home Energy Assistance Program (\$16 million): Funding provides energy assistance to low-income residents. See Tribal Relief section for monies distributed to tribal entities.
- Community Services Block Grants (\$8 million): DES received monies for various programs related to poverty. Federal law requires 90% of these monies, or \$7 million, to be passed through to local entities.
- Aging and Disability Resource Centers (\$1 million)
- Adult Protective Services (\$2 million): Arizona received \$2 million from COVID 4.
- Long-Term Care Ombudsman Program (\$0.1 million): Arizona received \$0.1 million from COVID 4.

Housing and Urban Development

- Community Development Block Grants (\$32 million to the state and \$74 million to local governments): Funding is used to provide housing and expand economic opportunities for persons of low or moderate income.

- Homeless Assistance/Emergency Solutions Grant (\$22 million to the state and \$50 million to local governments): The \$72 million to state and local governments represents Arizona's share of the \$2 billion in federal funding distributed according to FY 2020 allocations and the additional \$2 billion distributed by the Secretary. Funding is used to increase the number and quality of emergency shelters which provide short-term accommodations for people who are homeless or experiencing a housing crisis, and to assist in operating those shelters. Of the state's allocation, \$4 million was distributed to shelters, programs, and services that assist individuals and families experiencing homelessness, \$2 million to services and programs that work to prevent homelessness, and \$16 million
- Public Housing Operating Fund (\$3 million to local governments): Funding supports public housing agencies to help maintain normal operations as well as take necessary action to minimize the impacts of COVID-19 on public housing services. These monies are awarded directly to local Public Housing Authorities.
- Tenant-Based Rental Assistance (\$3 million to local governments): Funding provides rental assistance to low-income Arizonans to cover the monthly cost of rental units. These monies are used for adjustments to Section 8 renewal funding allocations due to the COVID-19 pandemic. Local governments received approximately \$3 million. The Arizona Department of Housing received \$22,500, and the Arizona Behavioral Health Corporation received \$16,300 (see *Table 3*).
- Supportive Housing for Persons with Disabilities (\$0.7 million to local governments): Funding subsidizes rental housing and provides supportive services for very low- and extremely low-income adults with disabilities. Local governments received \$0.7 million, and the Arizona Behavioral Health Corporation received \$0.1 million (see *Table 3*).
- Housing Opportunities for Persons with AIDS (\$0.1 million to the state and \$0.8 million to local governments): Funding provides housing assistance and supportive services to low-income persons living with HIV/AIDS who are or at risk of being homeless. The state received \$0.1 million and local governments received \$0.6 million in formula funding. Pima County and Cochise County also received \$0.2 million in competitive grants.
- Rental assistance (\$290 million to the state and \$202 million to local governments): The \$25 billion nationwide in rental assistance from COVID 4 will be distributed to states and localities using the Coronavirus Relief Fund allocation formula. States are allocated funding based on their share of population, with each state guaranteed a minimum funding amount of \$200 million. Arizona's total allocation is \$492 million for both its state and local governments combined. Of this amount, the state received \$290 million, and local governments received \$202 million. Beginning on September 30, 2021, the Secretary may reallocate funds to grantees that have obligated at least 65% of their original allocation. Funds will remain available through December 31, 2021.
 - Local governments with populations over 200,000 are eligible to receive direct payments. The local governments in Arizona that received direct payments are: Maricopa County (\$46 million), Mohave County (\$6 million), Pima County (\$15 million), Pinal County (\$14 million), Yavapai County (\$7 million), Yuma County (\$6 million), Chandler (\$8 million), Gilbert (\$8 million), Glendale (\$8 million), Mesa (\$16 million), Phoenix (\$51 million), and Tucson (\$17 million). Scottsdale was also eligible but did not receive rental assistance monies.

Transportation

- Public Transit Grants provide funding for capital, planning, and operating assistance to state, local, and tribal governments to support public transportation. Arizona entities received \$313 million from COVID 3 and is estimated to receive an additional \$102 million from COVID 4, for a total of \$415 million.
 - Urbanized Areas (\$372 million): Arizona received a total of \$268 million from COVID 3 and \$103 million from COVID 4. Cities with populations of 50,000 or more are eligible for funding. Phoenix-Mesa received \$188 million from COVID 3 and \$85 million from COVID 4, for a total of \$273 million. Tucson received \$44 million from COVID 3 and \$18 million from COVID 4, for a total of \$62 million. The other urbanized areas that received monies are: Avondale-Goodyear, Casa Grande, Flagstaff, Lake Havasu City, Prescott Valley-Prescott, Sierra Vista, and Yuma. Allocations for these areas totaled \$36 million from COVID 3. Urbanized areas may not receive combined allocations from COVID 3 and COVID 4 in excess of 75% of that area's 2018 operating costs.
 - Nonurbanized (Rural) Area Formula (\$42 million): Grant funding is allocated to state and tribal governments to distribute to areas with populations of less than 50,000. Funds are apportioned to states based on a formula that includes land area, population, revenue vehicle miles, and low-income

individuals in rural areas. States may not receive combined allocations from COVID 3 and COVID 4 in excess of 125% of that state's total rural operating costs.

- See Tribal Relief section for monies distributed to tribal entities.
- Highway Infrastructure Program (\$150 million to the state and \$32 million to local governments): Arizona received \$182 million from COVID 4. Of this amount, Phoenix-Mesa received \$25 million, Tucson \$6 million, and all other areas \$150 million. Monies for rural areas fall under the jurisdiction of ADOT. These funds must be spent by September 30, 2024.
- Grants for airports (\$225 million): Airports in Arizona received \$225 million from COVID 3. COVID 4 provided an additional \$2 billion in funds nationwide. Airports that received funds in excess of 4 years of operating costs from COVID 3 are not eligible to receive grants from COVID 4. Through February 15, 2021, airports must maintain at least 90% of employees as of March 27, 2020.
- Airport Improvement Program (\$71 million): Arizona received \$21 million from COVID 3 and is estimated to receive \$50 million from COVID 4.
- Supplemental Discretionary grants (\$10 million)
- Surface Transportation Block Grant Program (\$182 million): ADOT is estimated to receive \$182 million in formula funding from COVID 4. Funds are available until September 30, 2024.
- Enhanced Mobility of Seniors and Individuals with Disabilities (\$0.4 million to the state and \$0.8 million to local governments): Arizona is estimated to receive \$0.4 million in formula funding from COVID 4. In addition, Phoenix-Mesa is allocated \$0.6 million and Tucson is allocated \$0.2 million.
- The Real ID deadline for states is extended from October 1, 2020, to September 30, 2021.

Other

- Byrne Justice Assistance Grants (\$12 million to the state and \$6 million to local governments): The U.S. Department of Justice announced that state, local, and tribal governments in Arizona will receive a total of \$19 million. Funding supports a range of program areas, including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections and drug treatment and enforcement. The Arizona Criminal Justice Commission receives the state's allocation. Of the \$7 million to local governments, approximately \$1 million is allocated for Arizona tribes. (See Tribal Relief section.)
- Coronavirus Emergency Supplemental Funding Program (\$12 million to the state and \$7 million to local governments): Funding may be used for PPE and supplies, personnel expenses, and medical needs of inmates in state, local, and tribal prisons, jails, and detention centers. The Arizona Criminal Justice Commission received the state's allocation. Distributions of the state's allocation to state agencies and local governments can be found [here](#).
- Economic Adjustment Assistance grants (\$1 million to local governments): The Recovery Assistance grant recipients are the Central Arizona Governments, Northern Arizona Council of Governments, and Southeastern Arizona Governments Organization. For information on grants to businesses, see Direct Aid to Individuals and Businesses section.
- Elections (\$8 million): These election security grants are to prevent, prepare for, and respond to coronavirus in the 2020 federal election cycle. To receive these monies, Arizona must provide a 20% match (\$2 million) within 2 years of receiving funds. In-kind sources by state and local jurisdictions may be used to meet the state match. These Federal Funds may not be used to pay for expenses currently paid with state or local funds, such as regularly-anticipated demand for mail ballots. Instead, allowable costs would include such items as the marginal cost of printing additional ballots, cleaning supplies and protective masks, deep cleaning of polling places, and upgrades of statewide or local databases. These monies require legislative appropriation. Monies not used by December 31, 2020, reverted to the Treasury. These monies were not appropriated, and the Governor has allocated \$9 million from the Coronavirus Relief Fund for this purpose (see Coronavirus Relief Fund section).
- Manufacturing Extension Partnership (\$0.7 million): The Arizona Commerce Authority will receive \$0.7 million from the National Institute of Standards and Technology's Manufacturing Extension Partnership to assist small- and medium-sized manufacturers. The state match requirements have been waived for these monies.
- Institute of Museum and Library Services Grants (\$0.7 million): These monies will be distributed to the Arizona State Library within the Arizona Secretary of State's office. Funds are used to expand digital network access and provide technical support. As Arizona's State Library Administrative Agency, the Arizona State Library may distribute the \$0.7 million through competitive subawards or cooperative agreements. Amerind Museum in Cochise County received \$0.2 million as a direct award (see *Table 3*).

- Arts and humanities (\$0.5 million to the state and \$0.5 million to non-governmental entities): Of the \$60 million in federal funding that is distributed to states, Arizona's allocation is \$1 million. The Arizona Commission on the Arts will receive \$0.5 million, and the Arizona Humanities Council, which is not a state entity, will receive \$0.5 million (see *Table 3*). An additional \$90 million in federal funding will be distributed through direct grants.

Tribal Relief

We do not have a comprehensive list of tribal allocations for specific programs, but relief includes:

- Education Stabilization Fund (\$10 million): Diné College and Tohono O'odham Community College received \$7 million from the Higher Education Emergency Relief Fund from COVID 3 and \$3 million from COVID 4. See Education section for more details. These monies are included in *Table 2* and are allocated through a different formula than the Tribal Colleges and Universities (TCUs) set-asides.
- \$409 million nationwide in Education Stabilization Fund set-asides to Bureau of Indian Education-operated and funded schools and TCUs from COVID 4.
- \$750 million nationwide to tribes, tribal organizations, urban Indian health organizations, and health service providers to tribes for coronavirus testing from COVID 3.5.
- \$210 million to the Indian Health Service for vaccine distribution from COVID 4.
- \$790 million to the Indian Health Service for coronavirus testing and contact tracing from COVID 4.
- \$500 million nationwide to the Indian Health Service and tribal hospitals, clinics, and urban health centers.
- At least \$125 million nationwide for tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes for Substance Abuse and Mental Health Services Administration programs from COVID 4.
- \$798 million nationwide to tribes for the rental assistance program from COVID 4. Tribes will receive approximately 121% of their FY 2020 Indian Housing Block Grant formula allocation.
- \$115 million nationwide for the Tribal Transportation Program.
- \$1 billion nationwide for tribal broadband programs from COVID 4.

Arizona tribes have also received the following amounts:

- \$1.3 billion in Coronavirus Relief Fund tribal payments. Of the \$150 billion total nationwide funding provided for the CRF, \$8 billion is allocated to Indian Tribes. The CRF monies are allocated 60% based on population and 40% based on employment and expenditure data, with each Tribe guaranteed a minimum funding amount of \$100,000. See Coronavirus Relief Fund section for more details on uses of these monies.
- \$30 million for Aid to Tribal Governments.
- \$5 million for Welfare Assistance.
- \$6 million to TCUs from the Bureau of Indian Education. These funds are intended for short-term costs such as PPE, sanitation supplies, and IT equipment and facilities. These monies will remain available until September 30, 2021.
- \$4 million to TCUs from the Education Stabilization Fund set-aside. These funds are intended for long-term costs such as broadband, mental health services, transportation, acquisition planning, and learning platform development. These monies must be spent by September 30, 2022.
- \$3 million for Head Start programs.
- \$14 million in CDC Tribal Public Health Capacity Building Grants.
- \$2 million in Emergency Response Grants.
- \$0.8 million in Tribal Behavioral Health grants.
- \$0.8 million in Emergency Response for Suicide Prevention grants.
- \$1 million in telehealth programs.
- \$1 million for Rural Tribal COVID-19 Response grants.
- \$17 million in IHS Indian Self-Determination and Self-Governance grants.
- \$2 million in Epidemiology Cooperative Agreements.
- \$2 million in monies to Community Health Centers.
- \$0.7 million in FEMA Stafford Act monies.
- \$13 million in Child Care Development and Block Grants.
- \$0.2 million for child welfare services.
- \$0.6 million for Family Violence Prevention and Services Act programs.

- A total of \$2 million in Older Americans Act nutrition services programs from COVID 2 and COVID 3. These monies will be further distributed to local meal providers.
- \$1 million for the Low Income Home Energy Assistance Program.
- \$2 million for Community Services Block Grants.
- \$5 million in Community Development Block Grants.
- \$7 million in public transit grants.
- \$1 million in Byrne Justice Assistance Grants.
- \$0.6 million in Coronavirus Emergency Supplemental Funding.

For a breakdown of Federal Funds received by each Arizona tribal entity, see [here](#).

Direct Aid to Individuals and Businesses

- UI benefits (\$11.1 billion): Between the weeks ending April 4 and July 25, the federal government funded the Federal Pandemic Unemployment Compensation (FPUC) program, a \$600 increase above Arizona's regular state-funded UI benefits, which have a weekly maximum of \$240. Between the weeks ending August 22 and September 12, the Lost Wages Assistance Program (established by a presidential memorandum) provided a federally-funded \$300 increase above Arizona's regular UI benefits. Benefits through this program totaled \$1.1 billion. COVID 4 re-established FPUC benefits at \$300 per week between the weeks ending January 2, 2021, and March 13, 2021. The federal government also will also pay for 100% of Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC). Individuals may enroll in PUA and PEUC programs through the week ending March 13, 2021, though compensation may continue through the week ending April 10, 2021. As of February 20, individuals in Arizona have received \$11.1 billion in federally-funded UI benefits through these programs.
- SNAP emergency allotments (\$424 million): SNAP benefits are 100% federally-funded. Under COVID 2, SNAP households may receive emergency allotments, which increase the household's allotment up to the maximum allotment. Arizona SNAP households received emergency allotments benefits beginning in April, and these benefits will continue until the end of the federally-declared COVID-19 public health emergency or until the expiration of the state-issued emergency or disaster declaration. According to DES, emergency allotments benefits totaled \$39 million in April, \$42 million in May, \$40 million in June, \$42 million in July, \$42 million in August, \$41 million in September, \$42 million in October, \$43 million in November, \$45 million in December, and \$47 million in January. COVID 4 also increases the monthly SNAP benefit level by 15% from January 1, 2021, to June 30, 2021, excludes Federal Pandemic Unemployment Compensation from household income calculations for SNAP, and extends SNAP eligibility to college students who are eligible for work-study or have an expected family contribution of \$0.
- Pandemic Electronic Benefit Transfer (P-EBT) (\$201 million): COVID 2 authorized P-EBT to provide assistance to households with children who are eligible for free or reduced-price school meals while schools are out of session due to the COVID-19 pandemic. The Continuing Appropriations Act, 2021 and Other Extensions Act (P.L. 116-159) extends P-EBT availability through September 30, 2021, and expands the program beginning October 1, 2020, to cover households with children at affected child care centers. Households received \$69 for March, \$126 for April, and \$120 for May per child. These benefits are 100% federally-funded. According to DES, emergency allotments benefits totaled \$29 million in April, \$151 million in May, \$2 million in June, \$10 million in July, \$8 million in August, and \$1 million in September. A list of P-EBT participating schools can be found [here](#).
- Emergency Broadband Benefit Program: COVID 4 authorized \$3.2 billion nationwide in emergency broadband benefits to families. The benefits are effective beginning from December 27, 2020, until 6 months after the end of the federally-declared public health emergency in response to COVID-19. Low-income families may receive up to \$50 per month, or \$75 per month if the household is on tribal land, for broadband access, as well as up to \$100 for one connected device per household. Families may qualify if at least one member of the household is eligible for free or reduced-price lunch, Pell Grant, or Federal Communications Commission's Lifeline program, or have experienced a substantial loss of income since February 29, 2020.
- Economic Impact Payments (\$5.9 billion): Individual taxpayers below certain income thresholds will receive 2 one-time direct payments from the federal government. The first round was authorized by COVID 3. In the first round, 3,484,125 individuals in Arizona received a total of \$5.9 billion in stimulus payments. The second round was authorized by COVID 4; these payments are not included in the estimate.

- COVID 3: Single filers with an adjusted gross income (AGI) of less than \$75,000 on TY 2019 filings receive a one-time payment of \$1,200. Joint filers with AGI of less than \$150,000 on TY 2019 filings receive a one-time check of \$2,400, plus an additional \$500 per dependent child. For each \$100 in income over these limits, payments are reduced by \$5. As a result, there are no payments for single filers with AGI above \$99,000 and joint filers with no children with AGI above \$198,000.
- COVID 4: Single filers with AGI of less than \$75,000 on TY 2019 filings receive a payment of \$600. Joint filers with AGI of less than \$150,000 on TY 2019 filings receive a check of \$1,200, plus an additional \$600 per dependent child. For each \$100 in income over these limits, payments are reduced by \$5. As a result, there are no payments for single filers with AGI above \$87,000 and joint filers with no children with AGI above \$174,000.
- Paid Sick and Family Leave: COVID 2 requires employers with fewer than 500 employees and government employers to provide 2 weeks of paid sick leave to employees advised to self-quarantine or caring for a child or family member who has been advised to self-quarantine. Employees advised to self-quarantine may receive 100% of their regular pay, up to \$511 per day and \$5,110 in total, and employees caring for a child or family member may receive two-thirds of their regular pay, up to \$200 per day and \$2,000 in total. Employees who have been employed for at least 30 calendar days are also eligible for up to 12 weeks of paid family leave. After the first 10 days of leave, employees receive at least two-thirds of their average pay, up to \$200 per day and \$10,000 in total. COVID 4 extends these requirements for non-government employers through March 31, 2021.
- Sick and Family Leave Credits: COVID 2 allows a refundable tax credit equal to 100% of paid sick and family leave for employers required to provide paid sick and family leave. For TY 2020, governments are subject to paid leave requirements but are not eligible for these tax credits. COVID 4 extends these credits through March 31, 2021.
- Employee Retention Credit (\$1 billion): Under COVID 3, employers required by a government order to suspend operations due to COVID-19 or whose gross receipts decline by at least (50)% compared to the same quarter in the prior year are allowed a refundable payroll tax credit of 50% of qualified wages paid after March 12, 2020, through and including December 31, 2020, up to \$10,000 per employee. Qualified wages include wages paid to an employee not providing services due to a government-ordered closure and as well as health plan expenses. The Joint Committee on Taxation estimates that this credit will result in \$55 billion to employers. We estimate that Arizona businesses, which make up roughly 1.8% of businesses nationwide, will receive approximately \$1 billion. COVID 4 expands and extends the tax credit through June 30, 2021. During this extension (between January 1, 2021, and June 30, 2021), the level of the credit is increased to 70% of qualified wages, up to \$10,000 per employee per quarter. Employers are eligible during the extension period if gross receipts decline by at least (20)% compared to the same quarter in 2019 or the prior quarter.
- Charitable contribution deductions for individuals: Up to \$300 in charitable contributions may be deducted from TY 2020 federal adjusted gross income (FAGI) for filers that claim the standard deduction. For filers that itemize, the limit on charitable contributions that may be claimed is raised from 60% to 100% of the filer's FAGI in TY 2020.
- Charitable contribution deductions for corporations: For charitable contributions of cash, the deduction limit is raised from 10% to 25% of the taxpayer's modified taxable income in TY 2020. For contributions of food inventory, the limit is raised from 15% to 25% of taxable income for C corporations or net aggregate income for all other taxpayers in TY 2020.
- Business interest expense deductions: For TY 2019 and TY 2020, the limitation on business interest expense deductions is raised from 30% to 50% of the corporation's adjusted taxable income.
- Net operating losses (NOLs): The 80% taxable income limitation for NOL carryovers is suspended for TY 2018-TY 2020. NOLs arising in TY 2018-TY 2020 may also be carried back for five years.
- Qualified improvement property (QIP) depreciation: Retroactive to TY 2018, the QIP depreciation period is decreased from 39 to 15 years. QIP is also now eligible for 100% bonus depreciation.
- Paycheck Protection Program (PPP) (\$10.5 billion): Small businesses are eligible to apply for 250% of their average monthly payroll expenses in potentially forgivable loans. The first round of the PPP closed on August 8, 2020. Arizona businesses were approved for \$8.7 billion in first draw loans and, as of February 21, \$1.9 billion in second draw loans, for a total of \$10.5 billion.
 - Under COVID 3, businesses with fewer than 500 employees were eligible to apply for PPP loans, and the maximum loan amount was \$10 million. Under COVID 4, businesses must have fewer than 300 employees and must demonstrate a revenue reduction of (25)% to be eligible to apply, and the maximum loan amount is \$2 million. COVID 4 also expands PPP eligibility to include 501(c)(6) nonprofits.

- Loans are 100% backed by the Small Business Administration (SBA) and are obtained through participating banks.
- Loan monies used for payroll and interest on rent payments and utility services are forgivable.
- If no employees are laid off, then the entire loan is forgiven. If some employees are laid off, then the forgivable amount of the loan is reduced by the percentage of employees that were laid off.
- Loan amounts that are forgiven may be excluded from the businesses' gross income for federal income tax purposes.
- COVID 3 established the program and provided \$349 billion for PPP loans. COVID 3.5 provided an additional \$310 billion. Of the amount added by COVID 3.5, \$60 billion is reserved for lending by small- and medium-sized financial institutions and those serving minority or underserved areas. COVID 4 appropriated an additional \$284.5 billion for a second round of PPP loans.
- Under the Paycheck Protection Program Flexibility Act, the covered period was extended from 8 weeks to 24 weeks or December 31, 2020, whichever is earlier. COVID 4 continues to allow businesses to select a covered period of 8 weeks or 24 weeks.
- COVID 4 allows businesses to take tax deductions for expenses covered by forgiven PPP loans.
- Economic Injury Disaster Loans (EIDLs) (\$3.3 billion): Small businesses and non-profits may apply for EIDLs of up to \$2 million to cover operating expenses, including sick leave, wages, supply chain cost increases, rent, and other liabilities that cannot be paid due to revenue decreases. EIDLs may not be forgiven. COVID 3.5 provided additional funds for the program and made agricultural enterprises with fewer than 500 employees eligible for the loans. As of February 16, 62,176 Arizona businesses had been approved for \$3.3 billion in loans.
- Emergency EIDL Advances (\$329 million): Small businesses and non-profits may apply for emergency grants of up to \$10,000 made within 3 days of application. Advances may be converted into grants if used to cover operating expenses, including sick leave, wages, supply chain cost increases, rent, and other liabilities that cannot be paid due to revenue decreases, even if the application for a loan is not subsequently approved. COVID 3 established the program and appropriated \$10 billion, and COVID 3.5 provided an additional \$10 billion. A total of 93,559 Arizona businesses received \$329 million in EIDL advances. The program will re-open with \$20 billion from COVID 4.
- Relief for existing loans: Small businesses with existing SBA loans may apply for funds to cover 6 months of payments. COVID 3 appropriated \$17 billion nationwide, and COVID 4 provided an additional \$3.5 billion nationwide.
- Coronavirus Food Assistance Program (\$132 million): Producers of certain agricultural commodities who have suffered price declines of at least 5%, and who face substantial marketing costs for inventories, are eligible for payments of up to \$250,000 per person or legal entity, or \$750,000 per corporate entity. COVID 3 established the program, and COVID 4 provided additional funding. As of February 21, Arizona producers had received a total of \$132 million from both rounds of the program (CFAP 1 and CFAP 2).
- Poison Control Centers (\$0.1 million): Funding would increase capacity of poison control centers to respond to increased calls.
- NIH research grants (\$7 million)
- Hospitals and health care providers (\$2.1 billion): COVID 3 provides \$100 billion to hospitals and health care providers nationwide, and COVID 3.5 provides an additional \$75 billion nationwide. Arizona hospitals and providers have been allocated \$2.1 billion. This allocation for Arizona entities includes \$823 million as a proportionate amount based on providers' share of 2019 Medicare fee-for-service reimbursements, \$202 million for areas particularly impacted by COVID-19, \$104 million for rural providers, and \$76 million for skilled nursing facilities. This amount also includes an estimated \$272 million for safety net hospitals. The remaining COVID 3 funding will be targeted to providers to uninsured Americans, the Indian Health Service, and providers that solely take Medicaid. COVID 4 also provides an additional \$3 billion nationwide for health care-related expenses or lost revenue directly attributable to the COVID-19 pandemic.
- Community Health Centers (\$40 million): These monies will be distributed directly to Arizona's 23 community health centers (CHCs) to detect, diagnose, prevent, and treat COVID-19. Federal funding will expire on November 30, 2020. COVID 1 provides an initial \$2 million in funding. COVID 3 provides \$24 million, and COVID 3.5 provides an additional \$13 million. See Tribal Relief section for monies distributed to tribal entities. For amounts by CHC, see the HRSA website [here](#) for COVID 3 funding and [here](#) for COVID 3.5 funding.
- Certified Community Behavioral Health Clinic Expansion Grants (\$8 million): Valle del Sol and Southeastern Arizona Behavioral Health Services received a total of \$8 million from COVID 4.

- Primary Care Association (\$0.1 million): Each state's Primary Care Association received funding for training and technical assistance related to the COVID-19 pandemic. The Arizona Association of Community Health Centers received \$0.1 million.
- Rural Health Clinics (\$2 million): COVID 3.5 provided a flat amount of nearly \$50,000 to each rural health clinic (RHC). In Arizona, 33 RHCs received a total of approximately \$2 million.
- Health Center Controlled Networks (\$0.1 million): CHC Collaborative Ventures received funding to strengthen health IT support.
- Telehealth Program grants (\$2 million)
- Small Rural Hospital Improvement Program (\$1 million)
- Runaway and Homeless Youth Act (\$0.5 million): These monies must be used to supplement, not supplant, existing funds.
- Centers for Independent Living (\$2 million): Funding serves individuals with significant disabilities, regardless of age or income.
- Economic Adjustment Assistance grants (\$2 million): PPEP Microbusiness and Housing Development Corporation received a Revolving Loan Fund grant, and Northern Arizona University received a University Center grant.
- Health Information Exchange Program (\$0.6 million): Arizona Health-e Connection received \$0.5 million to facilitate electronic state and federal hospital reporting for public health surveillance.

Table 2
Funding for Arizona State and Local Governments from Federal Coronavirus Response Legislation
(\$ in millions)

	<u>State Aid</u>	<u>Local Aid</u>
Coronavirus Relief Fund	\$ 1,857	\$ 965
U.S. Treasury/Federal Reserve Lending Programs	N/A ^{1/}	N/A ^{1/}
<u>Unemployment Insurance</u>		
UI Administration (Initial and Supplemental Grants)	19	
Extension Implementation Grants	0.7	
Short-Time Compensation Administration	2	
Dislocated Worker Grants	1	
Reimbursing Employers	47	
Fraud Investigation	2	
<u>Education</u>		
Education Stabilization Fund		
Governor Emergency Education	100	
Private Schools Set-Aside	54	
K-12	1,427	
Higher Education	736	
Head Start	16	
<u>Health</u>		
FMAP Increase	506	
Medicare State Survey and Certification	0.2	
CDC Grants	672	
Emergency Response Grants	5	
Emergency Response for Suicide Prevention	0.8	
Hospital Preparedness Program	5	
Ryan White HIV/AIDS	0.4	0.4
Substance Abuse Prevention and Treatment Block Grant	38	
Community Mental Health Services Block Grant	22	
<u>Emergency Relief</u>		
Emergency Management Performance Grants	2	
Emergency Food and Shelter Program	0.6	5
Assistance to Firefighters Grants		0.8
Stafford Act Assistance	93	1
<u>Food Assistance</u>		
TEFAP	16	
WIC	9	
National School Lunch Program	140	
SNAP Administration	N/A ^{1/}	
Reimbursement for Nutrition Programs	N/A ^{1/}	
<u>Children and Families</u>		
Child Care and Development Block Grant	337	
Title IV-B	3	
Chafee Foster Care Program	13	
Family Violence Prevention and Services	1	

Table 2 Continued

**Funding for Arizona State and Local Governments from Federal Coronavirus Response Legislation
(\$ in millions)**

	<u>State Aid</u>	<u>Local Aid</u>
<u><i>Elderly and Community Living</i></u>		
Older Americans Act		
Congregate and Home-Delivered Meals	20	
Supportive Services	4	
Family Caregivers Supportive Services	2	
Protection of Vulnerable Older Americans	0.4	
Discretionary Projects	1	
Low Income Home Energy Assistance Program	16	
Community Services Block Grants	8	
Aging and Disability Resource Centers	1	
Adult Protective Services	2	
Long-Term Care Ombudsman Program	0.1	
<u><i>Housing and Urban Development</i></u>		
Community Development Block Grants	32	74
Homeless Assistance/Emergency Solutions Grant	22	50
Public Housing Operating Funding		3
Tenant-Based Rental Assistance	0 ^{2/}	3
Supportive Housing for Persons with Disabilities		0.7
Housing Opportunities for Persons with AIDS	0.1	0.8
Rental Assistance	290	202
<u><i>Transportation</i></u>		
Urbanized Areas	372	
Rural Area Formula	42	
Highway Infrastructure Program	150	32
Airport Grants	225	
Airport Improvement Program	71	
Supplementary Discretionary Grants	10	
Surface Transportation Block Grant Program	182	
Enhanced Mobility of Seniors and Individuals with Disabilities	0.4	0.8
<u><i>Other</i></u>		
Byrne Justice Assistance Grants	12	6
Coronavirus Emergency Supplemental Funding	12	7
Economic Adjustment Assistance		1
Elections	8	
Manufacturing Extension Partnership	0.7	
Institute of Museum and Library Services Grants	0.7	
Arts	0.5	
Total ^{3/}	7,611 ^{4/}	1,353 ^{4/}

^{1/} The state was eligible to borrow up to \$4,197 million and local governments were eligible to borrow up to a total of \$1,453 million through the Municipal Liquidity Facility. For more information, see the narrative and attachment.

^{2/} Actual figure rounds to \$0. See narrative for amount.

^{3/} This table is not a comprehensive list of funding sources in federal coronavirus response legislation.

^{4/} Numbers may not add to total due to rounding.

Table 3
Direct Aid to Arizona Individuals and Businesses from Federal Coronavirus Response Legislation
(\$ in millions)

<u>Individuals</u>	
UI Benefits	11,087
SNAP Emergency Allotments	424
Pandemic EBT	201
Emergency Broadband Benefit Program	N/A ^{1/}
\$1,200/\$2,400 Taxpayer Assistance	5,918
Paid Sick and Family Leave	N/A ^{1/}
Charitable Contribution Deductions (Individual)	N/A ^{1/}
<u>Businesses</u>	
U.S. Treasury/Federal Reserve Lending Programs	N/A ^{1/}
Sick and Family Leave Credits	N/A ^{1/}
Employee Retention Credit	982
Charitable Contribution Deductions (Corporations)	N/A ^{1/}
Business Interest Expense Deductions	N/A ^{1/}
Net Operating Losses	N/A ^{1/}
Qualified Improvement Property Depreciation	N/A ^{1/}
Paycheck Protection Program	10,550
Economic Injury Disaster Loans	3,307
EIDL Advances	329
Relief for Existing Loans	N/A ^{1/}
Coronavirus Food Assistance Program	132
<u>Health</u>	
Emergency Response for Suicide Prevention	0.8
Ryan White HIV/AIDS	0.4
Community Mental Health Services Block Grant	22
Poison Control Centers	0.1
NIH Research Grants	7
Hospitals and Health Care Providers	2,130
Community Health Centers	40
Certified Community Behavioral Health Clinics	8
Primary Care Association	0.1
Rural Health Clinics	2
Health Center Controlled Networks	0.1
Telehealth Program Grants	2
Small Rural Hospital Improvement Program	1
<u>Other</u>	
Stafford Act Assistance	0 ^{2/}
Family Violence Prevention and Services	0.1
Runaway and Homeless Youth Act	0.5
Centers for Independent Living	2
Tenant-Based Rental Assistance	0 ^{2/}
Supportive Housing for Persons with Disabilities	0.1
Humanities	0.5
Institute of Museum and Library Services Grants	0.2
Economic Adjustment Assistance	2
Health Information Exchange Program	0.6
Total ^{3/}	35,150 ^{4/}

^{1/} N/A means Arizona's allocation is not yet known.

^{2/} Actual figure rounds to \$0. See narrative for amount.

^{3/} This table is not a comprehensive list of funding sources in federal coronavirus response legislation.

^{4/} Numbers may not add to total due to rounding.

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