Note 28. COVID-19 Activity

COVID-19 Appropriations as of September 30, 2020

(In billions of dollars)	**2020**
Department of Treasury	975.0
Small Business Administration	751.8
Department of Labor	394.3
Department of Health and Human Services	250.4
Department of Agriculture	73.2
Department of Homeland Security	45.9
Department of Transportation	36.0
Department of Education	31.0
Department of Veterans Affairs	19.6
Department of Housing and Urban Development	12.4
All other entities	44.0
Total COVID-19 appropriations	2,633.6

On March 11, 2020, a novel strain of the Coronavirus, also known as COVID-19, was declared a pandemic by the World Health Organization. As a result, a national emergency was declared in the U.S. concerning the COVID-19 outbreak on March 13, 2020. The global spread of COVID-19 in early spring of 2020 has resulted in a severe global health and economic crisis. In March of 2020, the Federal Reserve Board and Congress took steps to limit the damage caused by the pandemic in the U.S. On March 27, 2020, Congress passed a series of bills including the CARES Act to help reduce the financial burden on individuals and their families, minimize business and employment losses, and enhance the liquidity of the U.S. financial system. The CARES Act was subsequently modified in legislation in April, June, and July 2020 to add funding and adjust programs for continued pandemic response. Entity disaster declarations were announced for all states and six territories of the U.S., enabling existing disaster response programs to respond to the pandemic. For additional information on events occurring after September 30, 2020 related to the government's COVID-19 response, please see Note 29—Subsequent Events.

The COVID-19 related legislation provided FY 2020 supplemental appropriations in the amount of $2,633.6 billion for federal entities to respond to COVID-19. Significant impacts of these programs on the government's FY 2020 balance sheet and financial results are discussed below. Please also refer to the corresponding entity's financial statements for additional information.

Treasury received appropriations in the amount of $975.0 billion. Treasury's appropriations included $500 billion to fund the credit subsidy costs of investments and loans in support of eligible businesses, states, and municipalities that incurred losses as a result of COVID-19. As of September 30, 2020, Treasury had $107.9 billion of equity investments in SPVs established through the FRBNY and FRBB. The FY 2020 net loss of $4.5 billion from these investments is included in Treasury's net cost. Subsequent to September 30, 2020, the *Consolidated Appropriations Act, 2021* rescinded $478.8 billion of the $500 billion appropriation. Treasury's appropriations included $282 billion to provide a refundable tax credit (recovery rebate), referred to as an EIP, of $1,200 per qualifying adult and $500 per qualifying child. In FY 2020, IRS disbursed $274.7 billion of EIPs to eligible recipients in every state and territory and at foreign addresses, which resulted in an increase in Treasury's net cost. Treasury's appropriations included $150 billion for Treasury, through Coronavirus Relief Fund efforts, to provide payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic. Of the $149.5 billion in payments made, $80.6 billion was recognized as net costs in FY 2020, while the remainder was recognized as an advance on the balance sheet. Treasury's appropriations included $32 billion for financial assistance payments to passenger air carriers, air cargo carriers, and contractors to provide payroll support to aviation workers during the pandemic. Treasury's net costs for FY 2020 include $28.2 billion related to this support. The financial statement impact of these and other programs can be found within Note 3—Accounts Receivable, Net, Note 8—Investments in Special Purpose Vehicles, Note 10—Other Assets, Note 18—Collections and Refunds of Federal Revenue, Note 19—Commitments, and Note 26—Disclosure Entities and Related Parties.

SBA's $751.8 billion in appropriation primarily funded two programs. The PPP is a loan guarantee program designed to provide a direct incentive for small businesses to retain employees by providing loan forgiveness for amounts used for eligible expenses for payroll and benefit costs and interest on mortgages, rent, and utilities. SBA's liability for loan guarantees increased $510.7 billion during FY 2020, primarily from the PPP, with a similar increase in net costs. SBA also administered the Economic Injury Disaster Loan program designed to provide loans to small business owners. SBA's loans receivable increased $182.9 billion during FY 2020, primarily from a $173.2 billion increase in this program, with net costs of $5.4 billion. The financial statement impact of these programs can be found within Note 4—Direct Loans and Loan Guarantees Receivable, Net and Loan Guarantees Liability.

The CARES Act appropriation of $394.3 billion allowed DOL to create several Unemployment Programs in FY 2020. These programs include the FPUC program (provides an additional $600 of weekly unemployment benefits), the PUA program (provides temporary benefits for individuals who are not eligible for regular/traditional unemployment insurance), the Pandemic Emergency Unemployment Compensation program (provides an additional 13 weeks of benefits to a regular claim for eligible persons), Federal funding of the Short-time Compensation program (provides alternatives to layoffs for employers experiencing a reduction in available work), and Federal funding of the first week of compensable regular unemployment for states with no waiting week. DOL's net costs associated with unemployment benefits authorized by the CARES Act totaled $352.2 billion.

The CARES Act, along with three additional supplemental appropriations, provided HHS $250.4 billion for COVID-19 response and recovery, with the majority for the PHSSEF. Funds provided broad support including payments to assist eligible health care providers for health care related expenses or lost revenues attributed to the COVID-19 pandemic; loans and grants to small businesses, health care providers and hospitals; and COVID-19 testing. HHS' net cost for operations other than CMS increased by $115.2 billion primarily due to increases to the PHSSEF. In addition, HHS provided advances under the COVID-19 AAP program, which was recorded as an advance on the balance sheet of $103.6 billion at September 30, 2020. The financial statement impact of the advance can be found within Note 10—Other Assets.

USDA received appropriations in the amount of $73.2 billion. The appropriation provided funding for several domestic food programs including Child Nutrition Programs, SNAP, and The Emergency Food Assistance Program. It also provided appropriations for agriculture, forest service, and other programs. USDA's net costs increased $49.9 billion from COVID-19 activity.

DHS received supplemental appropriations of $45.9 billion under the CARES Act, of which $45 billion was provided to FEMA's Disaster Relief Fund. The Disaster Relief Fund is used to direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies that overwhelm state resources pursuant to the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*. The majority of the funding was used to make available assistance for lost wages to the people of a state, including the members of any tribe. The $49.7 billion net cost increase at DHS is primarily due to COVID-19 activity.

DOT received $36.0 billion of supplemental appropriations to prevent, prepare for, or respond to COVID-19. Several DOT programs received appropriations in support of maintaining and continuing the operations and business needs of various transportation systems in response to COVID-19. These programs include the Federal Transit Administration's Transit Infrastructure Grants and the Federal Aviation Administration's Grants-In-Aid for Airports. DOT's net costs increased $22.5 billion from COVID-19 activity.

The CARES Act provided Education appropriations in the amount of $31.0 billion to fund a variety of programs administered primarily through grant programs. Indirect appropriations were also provided to fund loan modifications resulting from student loan deferrals authorized under the CARES Act and extended by the Administration's Presidential Memorandum. Education also extended the provisions of the student loan deferrals to guaranteed loans not covered by the CARES Act. Education's loans receivable decreased in FY 2020 by $32.4 billion, partly from an increase in the allowance for subsidy offset by increases in loans outstanding and accrued interest receivable, with a similar increase in Education's net cost. The significant financial statement impact of these programs can be found within Note 4—Direct Loans and Loan Guarantees Receivable, Net and Loan Guarantees Liability.

VA received appropriations from the CARES Act in the amount of $19.6 billion, of which $18.6 billion has been allocated to the following programs: Medical Services, IT, and Medical Community Care. The majority of the funding relates to medical services in the areas of medical care, telehealth, and homelessness. Funding is being used to hire new staff and to make sure that the existing personnel have the resources they need to deal with the evolving needs of VA's response to COVID-19, such as additional hospital beds, overtime pay, and needed supplies. Funding is also being used to ensure that veterans have access to telehealth equipment and that funds are allocated to provide emergency housing and homelessness prevention assistance to very low-income veteran families. The $21.6 billion gross cost increase at VA is primarily due to COVID-19 activity.

HUD was appropriated CARES Act funding in the amount of $12.4 billion to prevent, prepare for, and respond to COVID-19. It also was provided funding to maintain normal operations and cover other necessary authorized activities during the period that the programs are impacted by COVID-19. The following programs received nearly all of the funding: 1) Community Planning and Development Programs: Community Development Fund, Homeless Assistance Grants and Housing Opportunities for People with AIDS; 2) Public Indian Housing Programs: Tenant-Based Rental Assistance, Public Housing Operating Fund, and Native American Program; and 3) Housing: Project-Based Rental Assistance, Housing for the Elderly and Housing for Persons with Disabilities. As of September 30, 2020, HUD had disbursed $2.3 billion of the amount appropriated. In addition to appropriations, the CARES Act provides borrowers with federally backed mortgage loans a temporary foreclosure moratorium and a right to forbearance of loan payments for homeowners experiencing financial hardship. See Note 4—Direct Loans and Loan Guarantees Receivable, Net and Loan Guarantees Liability.