

WHERE IS THE MONEY GOING?

Tracking COVID-19 Relief Funds in Nebraska

BY SARAH CURRY, PLATTE INSTITUTE

SEPTEMBER 2020

When the COVID-19 pandemic hit our nation, Congress reacted by enacting a historic \$2 trillion spending plan to keep our nation from falling into financial ruin. In total, there have been four pieces¹ of federal legislation enacted with the intent to help individuals and states combat the health and economic crisis that occurred, of which Nebraska has received \$9.9 billion.

The most well-known and comprehensive of the relief legislation was the Coronavirus Aid, Relief and Security (CARES) Act which sent money to individuals, businesses, and state and local governments to provide fast and direct economic assistance. Within that legislation, the State of Nebraska received \$1.25 billion, of which Douglas County received \$166 million, small businesses received \$3.4 billion via the Paycheck Protection Program (PPP), and Nebraskans received economic impact payments amounting to more than \$1.6 billion, along with many other grants or payments.

Congress is currently debating another relief package, yet the necessary bipartisan support is proving difficult to achieve. One of the divisive issues in the next package is another round of funding for state and local governments. Democrats are pushing for \$900 billion in additional state aid, while Republicans believe \$150 billion is plenty.² Either way, if a new plan is approved, Nebraska will have more federal money to manage.

Looking at Nebraska's situation, and the federal aid already received, the CARES Act's \$1.25 billion amounts to more than a quarter of Nebraska's General Fund expenditures for fiscal year 2020. In total, the state's \$9.9 billion³ in pandemic-related assistance is more than double the state's General Fund spending, or three times the amount the federal government spent in Nebraska last year.

But all this money brings a bigger issue to the forefront: Where is all this money going and is it doing what it is intended to accomplish? For the sake of transparency, all federal money coming into the state should be subject an inventory that is available for the public and policymakers to review. Governor Ricketts has hired an

outside firm to manage the flow of federal dollars into the state and to meet auditing requirements.⁴ While this is a good step for transparency for the pandemic-related funding, what about the 30% of the state's total budget that comes from federal government each year? Nebraska should be measuring all the federal funds coming into the state to have a clear picture of its ongoing effect on state government, not just during a pandemic to meet audit requirements.

The Situation

The COVID-19 pandemic is not the first time the state of Nebraska has received federal money. Before the pandemic, twenty-four agencies in Nebraska received more than 20% of their operating budget from federal sources. The state has received an average of 31% of its total budget from the federal government over the last ten years.

In the most recent fiscal year, Nebraska received \$4.1 billion or 30% of the state's total revenues from the federal government. For some agencies, like the Department of Labor or the Energy Agency,⁵ nearly 90% of their budget is comprised of federal money.

However, Nebraska is not in a unique position. In 2015, state governments across the country relied on the federal government for nearly a third of their general revenue.

While all this money has been entering the state for decades, there is no comprehensive report or website for taxpayers or lawmakers to see where the money is going and if it is accomplishing its intended purpose. Though it is possible to find sources indicating how much is being spent on various programs or departments, knowing how much money we spend on a program is only part of the information needed to measure effective use of taxpayer dollars.

For example, do we care only about how much money we spend on our community colleges, or do we also care how many people are graduating and getting jobs?

Transparency is more than just knowing the dollar amount and where it goes, it is also reporting on the use of those dollars and how long the state has access to those dollars.

The governor and lawmakers have had opportunities to answer these questions in the past. A proposal to create a federal funds inventory in Nebraska received first-round approval from the Legislature in 2017 but failed to become law.⁶

Had the federal funds inventory been adopted at that time, the COVID-19 relief program, as well as federal funds used for the 2019 flood and blizzard relief in Nebraska, would have been subject to more complete scrutiny. Instead, taxpayers, the media, and the Legislature have had to rely on what information the executive branch has chosen to provide.

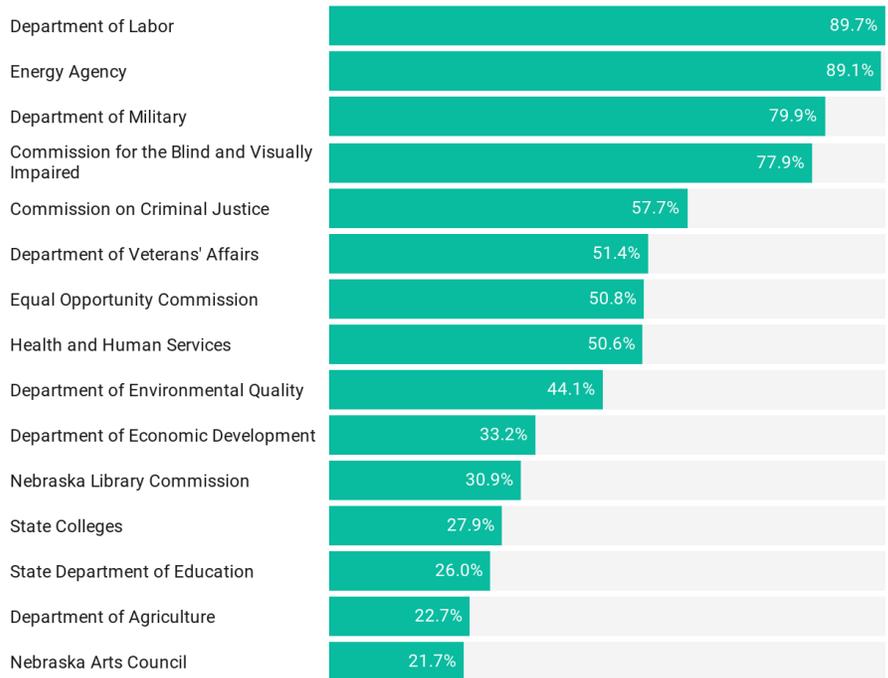
Nebraska's Pandemic Money

In a news conference on May 27, 2020, Gov. Pete Ricketts outlined how he would allocate and spend CARES Act relief funds.⁷ He stressed the importance of being very detailed about the funding to comply with federal audit requirements, and that the state will be “a good steward of these dollars.” However, it was not made clear to what extent these details would be available to the public.

The media release for the news conference provided a link to the PowerPoint file used to outline the planned distribution of federal funds, but there was no other website or publicly-accessible tracking source for these funds until July 15, when the state launched a website at

Many Nebraska agencies receive a majority of their operating budget from the federal government

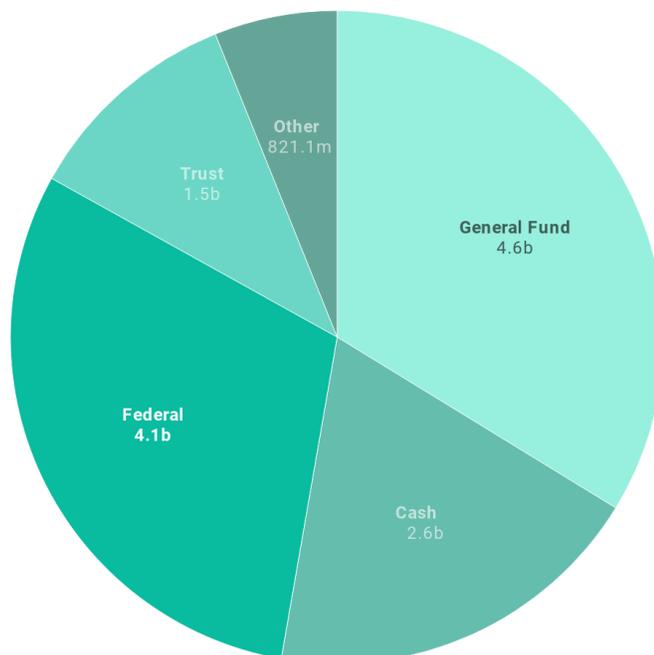
There are 33 state agencies that receive a portion of their budget from the federal government. Eight agencies receive over 50% and sixteen receive over 20%.



Author calculations based on Nebraska Annual Budgetary Report for the year ending June 30, 2018. Created with Datawrapper

Nebraska Total State Revenues

Revenues between July 2019 and June 2020 equated to \$4.1 billion from the federal government, or 30%. This was nearly the same as the General Fund which was 34% of total revenues.



Other funds include construction and revolving funds.

Source: Nebraska Budget Information Portal • Created with Datawrapper

coronavirus.nebraska.gov.⁸ While states are not required to have a website detailing the use of federal funds, many states have chosen to do so for transparency reasons.

Looking back, Nebraska has done a good job of tracking the money to comply with federal and private audits, yet there needs to be more emphasis with taxpayer transparency so people can follow the money. The state’s current website is far from an adequate resource for informing for taxpayers about how COVID-19 relief is being spent in Nebraska.

For example, as of September 11, the website continues to say there will be an analytic tool available to explore data on the CARES Act programs made available soon. This is nearly two months after the website was launched.

In addition, the primary information on this page is focused on the “Grow Nebraska” grant programs and limited information on other areas such as “Community CARES,” and “State Agency & Local Government Reimbursement Programs.” If you sum the programs and grants listed on this page, the amount comes to \$1.084 billion, which is how much the State of Nebraska received in the CARES Act legislation, minus the allocation for Douglas County. However, there is no documentation on the main website of where the other \$8.8 billion has gone.

According to the site, there is still \$228,957,628 set aside for General Fund flexibility. If Congress enacts The FLEX Act, or legislation providing for financial flexibility for the use of COVID-19 relief funds, this money will be spent according to Nebraska’s needs and not based on directives from Washington, D.C.

The website also provides a link to the State Budget Division, where federal grants are outlined by agency. However, there is no explanation or information about how these grants fit into existing state processes. A user must individually click on each agency to access a spreadsheet with more details, and the sum of all the grants or programs under each agency totals only \$282.1 million, far less than the state’s total amount of federal aid.

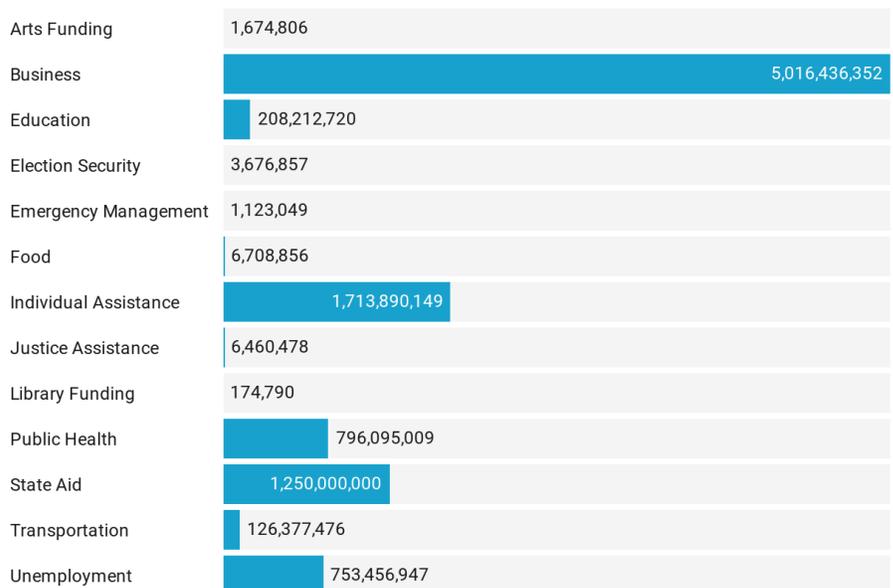
Federal Relief Money to Nebraska by Funding Type



Source: NE State Budget Division COVID-19 Resources • Created with Datawrapper

Federal Relief Money to Nebraska by Category

The total amount of relief sent to Nebraska totals \$9,884,287,489 as of September 3, 2020. This breaks down the funding by category as issued by the federal government.



No category was given for 'state aid' and was named by the author. Education category includes \$56.9 million for child nutrition and food category includes \$458k for 'food & shelter'.

Source: NE State Budget Division COVID-19 Resources • Created with Datawrapper

Another page on the website has a PDF format file documenting all \$9.9 billion sent to Nebraska in all the various COVID-19 relief packages enacted by Congress.⁹ This is the most detailed and precise listing of the spending to date. However, cross referencing this document with others shows it does not match up exactly. Some of the difference accounts for rounding errors, while other differences are due to the lack of uniformity in reporting.

For example, the two charts illustrate this lack of uniformity in reporting with education funds. Documents and reports from the U.S. Department of Education stated that Nebraska K-12 schools received \$65 million, higher education received \$213.8 million, and a governor's emergency education grant received \$16.4 million in funding, which totaled \$295.2 million.

However, when education funding is broken out according to either funding type or category, it does not equal what the federal department stated in its documents. When broken down by category, education received \$208.2 million whereas when broken out by funding type education stabilization only amounts to \$151.3 million. Both figures are significantly different from the \$295.2 million itemized by the U.S. Department of Education. This can cause confusion when someone is trying to figure out exactly how much money has come into Nebraska related to the pandemic.

Conclusion

Overall, Nebraska has listed all the money coming into the state related to the COVID-19 pandemic, however, not in a user-friendly layout or with taxpayer transparency in mind. There are discrepancies between the federal department documents and what is being reported by the state. There needs to be more explanation and clarity so the public can know how much the state has received and how this money is being spent.

In his May 27 news conference, Gov. Ricketts said in response to a question asking if Nebraska needs more money on top of the relief legislation already enacted by Congress that, "in the state of Nebraska that would not be necessary because the cost is worth more than the benefit," and that Nebraska Rep. Don Bacon's FLEX Act is a great compromise so states can have flexibility with the money already appropriated, instead of additional rounds of spending.¹⁰ However, under the current circumstances in Congress, it is clear there will be another round of spending. Nebraska needs to prioritize making upgrades to the website to make sure this money will be spent in a transparent way for all members of the public to see.

Policy Recommendations

- Create an easy to read and comprehensive inventory of all the federal funds that came into the state related to the COVID-19 pandemic. Even if the funds went directly to a school district, airport, or other political entity, these funds should be itemized and labeled with an explanation of what the money was spent on in a way the general public can understand.
- Use this opportunity to create a statewide inventory of federal funds coming into Nebraska.
 - Audit all federal funds in the state, including what they do and their full costs once state matching or maintenance of effort requirements are satisfied.
 - Provide a risk assessment of potential vulnerabilities created by the funds, if any.
 - Create an outcome or performance assessment of the funds to determine if the funds helped the state accomplish its intended goals.

General Breakdown of COVID-19 Relief in Nebraska

(Totals will not add due to both federal and state sources and varying degrees of detail)

Nebraska State Budget Division

- Secretary of State – \$3,726,857
- Department of Education – \$122,018,685
- Department of Labor – \$8,480,734
- Department of Health and Human Services - \$134,183,455
- State Library Commission – \$174,790
- State Colleges – \$2,215,090
- Arts Council – \$432,000
- Department of Economic Development - \$6,486,296
- Crime Commission - \$4,337,801

Coronavirus Relief Fund¹¹

- **Grow Nebraska**
 - Small Business Stabilization Grant: Small Business - \$230 million
 - Small Business Stabilization Grant: Livestock Producers - \$100 million
 - Workforce Retraining Initiative - \$16 million
 - Rural Broadband Remote Access Grant - \$40 million
 - Gallup Business Leadership Training Grant - \$1 million
 - Department of Economic Development Administration Expenses - \$5 million
- **Community CARES**
 - Stabilization Grant for Charitable Organizations & Providers - \$40 million
 - Response & Recovery Grant for Charitable Organizations & Providers - \$43 million
 - Healthy Places Grant for Child Care Providers & Centers of Worship - \$2 million
- **State Agency & Local Government Reimbursement Program**
 - State Agency Reimbursement Program - \$80 million
 - Local Government Reimbursement Program - \$130 million

Other CARES Act Coronavirus Relief Fund Programs

- Unemployment Insurance Trust Fund Claims - \$167,908,114
- Available Funds for General Fund Flexibility - \$228,957,628

Coronavirus Preparedness and Response Supplemental Appropriations Act

- Crisis CoAg Award #1 - \$1,750,000
- Crisis CoAg Award #2 - \$4,796,664

Coronavirus Aid, Relief, and Economic Security Act

- Epi & Lab Capacity Reopen America - \$5,329,627

Public Health and Assistance

- Assistance for Children and Families - \$39.6 Million
- Assistance for Aging and Disabled - \$7 Million
- Public Health Response/Preparedness - \$84 Million
- Health Centers and Rural Hospitals - \$15.1 Million
- Emergency Food Assistance - \$7.6 Million
- Substance Abuse and Mental Health - \$2 Million
- Homeless and Housing Assistance - \$10.4 Million

Direct Local Health Care Provider Appropriations

- Community Health Centers - \$9.4 Million
- Provider Relief Funds - \$497 Million
- Hospital Preparedness - \$1.3 Million

Community Development Block Grant

- \$11.3 million to state
- \$7.4 million to locals

Department of the Treasury

- Economic Impact Payments to Nebraska residents (\$1,200/person payment): 562,422 payments \$1,070,565,88¹²
- CARES Act Coronavirus Relief Fund has distributed \$1,250,000,000 to the State of Nebraska¹³

Paycheck Protection Program (PPP)

- 42,497 PPP loans amounting to over \$3.4 billion¹⁴
- Economic Injury Disaster Loans - \$122 million
- Economic Injury Disaster Loan advances - \$53 million

Education Stabilization Funds¹⁵

- K-12 schools – \$65,085,000
- Higher Education:
 - Higher education emergency relief fund - \$66,159,000
 - Estimated funding provided to the state or institutions of higher education in the state - \$147,624,000
- Governor's emergency education grants – \$16,380,000

Unemployment Insurance

- Federal Pandemic Unemployment Compensation
 - \$225,721,560 distributed
- Unemployment Insurance Administration
 - \$6,072,644

Department of Transportation¹⁶

Transit Infrastructure Grants

- Lincoln – \$9,845,106
- Omaha (NE portion) – \$21,884,422
- Grand Island – \$2,187,878
- Sioux City (IA/NE/SD) – \$748,172
- Rural transit - \$27.1 million

Federal Aviation Administration Payments to 72 Airports - \$64,602,995¹⁷

Endnotes

1. 1st Supplement, H.R.6074; FFCRA, H.R. 6201; CARES, H.R. 748; PPP&HCEA, H.R. 266
2. Elis, Niv (Sept 7, 2020) The Hill. “Discord over state and local funds plagues coronavirus talks”, <https://thehill.com/policy/finance/515221-discord-over-state-and-local-funds-plagues-coronavirus-talks>.
3. <https://budget.nebraska.gov/assets/COVID-19/StateofNebraskaCovid-19andContacts.pdf>
4. Walton, Don (July 28, 2020) Lincoln Journal Star. “Ricketts on \$10B in federal coronavirus aid: ‘It will be a big job to keep track of all this money’”, https://journalstar.com/news/state-and-regional/govt-and-politics/ricketts-on-10b-in-federal-coronavirus-aid-it-will-be-a-big-job-to-keep/article_66d28331-cc08-5388-9c00-9929e528947d.html
5. On July 1, 2019 the Nebraska Department of Environmental Quality and NE Energy Agency merged into one agency, however, at publishing this was still not reflected in the Annual Budgetary Report.
6. News Release from the Platte Institute (March 21, 2017) “Legislative Bill 611 Advances, Receives Appropriations Committee Priority; Bill Requires Agencies to Inventory Federal Grants, Prepare Contingencies for Cuts”, <https://platteinstitute.org/news-release-lb611s-federal-funding-inventory-advances/>.
7. Press Release (May 27, 2020) “Gov. Ricketts Unveils Plan to Use Federal Funds to Get Nebraska Growing”, <https://governor.nebraska.gov/press/gov-ricketts-unveils-plan-use-federal-funds-get-nebraska-growing>.
8. Press Release (July 15, 2020) “Gov. Ricketts Unveils Coronavirus Information Website”, <https://governor.nebraska.gov/press/gov-ricketts-unveils-coronavirus-information-website>.
9. Department of Administrative Services – State Budget Division, “Funding Provided to Nebraska for COVID-19 (updated September 3, 2020)”, https://budget.nebraska.gov/Budget_COVID-19.html.
10. Press Release (May 27, 2020) “Gov. Ricketts Unveils Plan to Use Federal Funds to Get Nebraska Growing”, minute 47:40 of video, <https://governor.nebraska.gov/press/gov-ricketts-unveils-plan-use-federal-funds-get-nebraska-growing>.
11. <https://coronavirus.nebraska.gov/relief-fund>
12. <https://www.irs.gov/newsroom/treasury-irs-deliver-89-point-5-million-economic-impact-payments-in-first-three-weeks-release-state-by-state-economic-impact-payment-figures>
13. <https://home.treasury.gov/system/files/136/Census-Data-and-Methodology-Final.pdf>
14. <https://platteinstitute.org/nebraska-ppp-loan-data-show-cares-act-tax-policies-are-essential/>
15. <https://www.politico.com/states/f/?id=00000171-31b8-da0d-a17b-ffb32a90000>
16. <https://www.transit.dot.gov/funding/appportionments/table-2-fy-2020-cares-act-section-5307-urbanized-area-appportionments>
17. https://www.faa.gov/airports/cares_act/media/cares-act-airport-grant-amounts.pdf



6910 Pacific Street, Suite 216 | Omaha, NE 68106
402.452.3737 | platteinstitute.org

OUR MISSION

To advance policies that remove barriers to
growth and opportunity in Nebraska.

A non-profit foundation, the Platte Institute relies on the resources and innovative thinking of individuals who share a commitment to liberty and the best possible quality of life for Nebraskans.