Note 29. COVID-19 Activity

On March 11, 2020, a novel strain of the Coronavirus, also known as COVID-19, was declared a pandemic by the WHO. 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, which commenced in early spring of 2020 and continued throughout FY 2022 resulted in a severe global health and economic crisis. In FY 2021 Congress passed the CAA, which was signed into law on December 27, 2020, and the ARP on March 11, 2021. Both acts, along with several bills, provided additional funding to help supplement the COVID-19 relief efforts that started in FY 2020 including the CARES Act on March 27, 2020. The CARES Act was subsequently modified in legislation in April, June, and July of 2020 to add funding and adjust programs for continued pandemic response.

The COVID-19 related legislation provided supplemental appropriations totaling $4.5 trillion for federal entities to respond to COVID-19 since the beginning of the pandemic. The $4.5 trillion includes enacted rescissions, returns of unused permanent and indefinite authority, and obligation adjustments. Significant impacts of these programs on the government's FYs 2022 and 2021 Balance Sheet and financial results are discussed below. For additional information regarding COVID-19 relief efforts please refer to Treasury, HHS, Education, DOT, USDA, SBA, DHS, and DOL's financial statements.

The government invested in SPVs for the purpose of enhancing the liquidity of the U.S. financial system. As of September 30, 2022, and 2021, Treasury had $17.8 billion and $25.6 billion, respectively, of equity investments in SPVs established through the FRBNY and FRBB. Treasury's funds remaining in the SPVs funded under the CARES Act cannot be used for further lending, asset purchase, or extensions of credit. The FYs 2022 and 2021, FV net gain of $0.7 billion and $3.8 billion, respectively, from these investments is included in Treasury's net cost. See also Note 7—Investments.

Treasury's COVID-19 appropriations provided funding for a variety of emergency relief programs. The state, local, territorial, and tribal programs provided payments to cover eligible costs incurred in response to the pandemic through several funds including: 1) SLFRF; 2) ERA; and 3) HAF. During FY 2022 and FY 2021, Treasury disbursed an aggregate of $125.8 billion and $277.7 billion, respectively, in appropriated and obligated funds to states, local, territorial, and tribal governments related to the programs discussed above to cover eligible costs that recipients incurred in response to the pandemic. Of the aggregate amounts disbursed, Treasury initially recorded $115.8 billion and $276.7 billion as an advance during FY 2022 and FY 2021, respectively, within the line "Advances and Prepayments", and recorded the remaining $10.0 billion and $1.0 billion disbursed in FY 2022 and FY 2021, respectively, as costs. Treasury subsequently recognized $146.6 billion and $89.5 billion of this advance as an expense for the fiscal years ended September 30, 2022 and 2021, respectively, to reflect the estimated amount of eligible costs incurred during those years by recipients. Two other Treasury COVID-19 programs include the American Industry and Financial Markets programs provided financial assistance payments to passenger air carriers and contractors to provide payroll support to aviation workers during the pandemic and the CDFI programs provided immediate assistance and quick deployment of capital to specialized organizations that provide services to low-income communities and those that lack access to financing. Treasury's net costs related to COVID-19 activity totaled $164.4 billion and $110.2 billion in FY 2022 and FY 2021, respectively. The increase in Treasury's COVID-19 net costs is mainly due to the expense recognition of support to state, local, territorial, and tribal programs. See also Note 9—Advances and Prepayments and Note 20—Commitments.

Treasury's taxpayer support programs provided a refundable tax credit (recovery rebate), referred to as an EIP and other taxpayer support programs to eligible recipients in every state and territory and at foreign addresses. Refunds of federal taxes and other payments and individual and other tax credits in FY 2022 and FY 2021 (related to the CARES Act, CAA, and ARP) totaled $13.1 billion and $569.5 billion, respectively, to eligible taxpayers. It should be noted that these credits are included in net costs in addition to the $164.4 billion and $110.2 billion, respectively noted in the previous paragraph. The financial statements impact of these and other programs can be found within Note 19—Collections and Refunds of Federal Revenue and Note 27—Disclosure Entities and Related Parties.

HHS's COVID-19 appropriations provided support testing, contact tracing, containment, mitigation to monitor and suppress the spread of COVID-19, as well as support COVID-19 vaccination programs and addressing disparities in obtaining quality healthcare. Certain programs also assisted households with paying for drinking water and wastewater services, as well as provide direct payment to participating eligible pharmacies and healthcare providers for up to eight free over-the-counter COVID-19 tests. Funding 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. In addition, HHS's advances and prepayments primarily represent payments made for the COVID-19 Accelerate and Advance Payments program which was recorded as an advance on the Balance Sheet of $1.3 billion and $67.0 billion as of September 30, 2022, and 2021. The financial statements impact of the advance can be found within Note 9—Advances and Prepayments. HHS' net cost for operations other than CMS increased by $41.0 billion during FY 2022 primarily due to the Public Health and Social Services

Emergency Fund. HHS's outlays related to COVID-19 activity totaled $130.1 billion and $89.7 billion in FY 2022 and FY 2021, respectively.

Education's COVID-19 appropriations provided funding for a variety of programs administered primarily through grant programs. The COVID-19 relief legislation and administrative actions also provided support for student loan borrowers primarily by temporarily suspending nearly all federal loan payments. These COVID-19 loan modifications are a component of subsidy expense, which reduced the overall loan receivable balances. The significant financial statements impact of these programs can be found within Note 4—Loans Receivable, Net and Loan Guarantee Liabilities. Education's outlays related to COVID-19 activity totaled $80.2 billion and $48.7 billion in FY 2022 and FY 2021, respectively. The increase in Education's COVID-19 costs is due to loan modifications, reestimates (subsidy expense), and grant expenses.

Several DOT programs received COVID-19 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, the Federal Aviation Administration's Grants-In-Aid for Airports and Airport Relief Grants, FHWA's Highway Infrastructure programs, Federal Railroad Administration's Grants to Amtrak, and Office of the Secretary's Aviation Manufacturing Jobs Protection program. DOT's net costs related to COVID-19 activity totaled $32.1 billion and $23.5 billion in FY 2022 and FY 2021, respectively.

USDA's COVID-19 appropriations provided funding and extended various programs and activities. It extended modifications to federal nutrition assistance programs for children, pregnant women, and older adults. As well as provided funding for programs to support agricultural producers, growers, and processors. USDA's net costs related to COVID-19 activity totaled $27.2 billion and $77.0 billion in FY 2022 and FY 2021, respectively. The decrease in USDA's COVID-19 costs is due to less spending in pandemic related programs.

SBA provided emergency and immediate economic relief and assistance through disaster response programs, funded by COVID-19 appropriations. These programs include: 1) PPP; 2) CARES Act Debt Relief Program; 3) EIDL Grants; 4) the Business Loan Fee Waiver and Debt Relief program; 5) the Targeted EIDL and Supplemental EIDL Advance programs; 6) the Restaurant Revitalization program; 7) the Shuttered Venue Operators Grants program; and 8) the Community Navigator Pilot program. SBA's outlays related to COVID-19 activity totaled $23.7 billion and $345.9 billion in FY 2022 and FY 2021, respectively. The decrease in SBA's COVID-19 outlays is due to COVID-19 program applications closing, programs expiring, and program applications no longer being accepted.

DHS's COVID-19 appropriations supported DHS components by providing funding to several programs which included the expansion of medical support, provided COVID-19 test kits, developed assessments for risk management efforts, research and development, disaster relief, and the analysis for national threats and hazards. DHS's outlays related to COVID-19 activity totaled $20.3 billion and $33.9 billion in FY 2022 and FY 2021, respectively.

DOL's COVID-19 appropriations provided funding for several unemployment programs. DOL has spent approximately $10.7 billion and $332.9 billion, respectively, on COVID-19 relief in FY 2022 and FY 2021. The decrease in DOL's COVID-19 related spending is due to the decreases in unemployment benefits. DOL's net costs for COVID-19 programs for the year ended September 30, 2022, and 2021, was $9.7 billion and $313.0 billion, comprised mostly of unemployment benefits expenses for programs implemented in FY 2020 and ending in FY 2021.