

HOW THE FEDERAL GOVERNMENT'S COVID-19 RESPONSE IMPACTS NEW MEXICO



FISCAL RELIEF FOR TRIBES, STATES, AND CITIES



BY THE NUMBERS:

Tribes, states, and local governments are facing enormous costs in their attempt to contain, treat, and respond to this unprecedented public health emergency. Simultaneously, tax revenues – like sales and income taxes (and business income from tribal operations) – are falling with the plummeting economic activity. New Mexico will be especially hard hit with lower oil prices, and some lawmakers are estimating an enormous revenue shortfall this coming fiscal year:

- New Mexico's FY21 budget for education, health care, public safety and more, was enacted at **\$7.6 BILLION**.¹
- New Mexico is expected to lose between **\$1.7 BILLION** and **\$2.4 BILLION**² in revenue for FY21.

WHAT'S INCLUDED:

Federal legislation was passed to help address the immense revenue needs for New Mexico and all the other states, but more will be needed in the future.

Families First provides:

- A temporary increase in federal Medicaid funding for states to help fight the virus, including about \$250 million for New Mexico.

The CARES Act includes:

- A Coronavirus Relief Fund that provides \$150 billion to states, as well as local governments with populations over 500,000, and \$8 billion to tribal governments.
 - New Mexico will receive \$1.25 billion³ for virus-related expenditures in calendar year 2020.
 - An estimated \$182 million of New Mexico's \$1.25 billion relief must be shared with the city of Albuquerque and Bernalillo County, as they meet the population requirements.
- An Education Stabilization Fund that provides \$30.75 billion to states to support K-12 and higher education.
 - New Mexico will receive \$107 million for K-12, \$79 million for higher education, and \$22 million for emergency education relief grants that the governor can distribute to schools, colleges, and universities that have been particularly affected by the virus and economic downturn.⁴
- \$3.5 billion in Child Care and Development Block Grant (CCDBG) funding.
 - New Mexico will receive \$29 million⁵ for emergency child care needs for centers and workers.



WHO'S LEFT OUT:



Smaller local governments

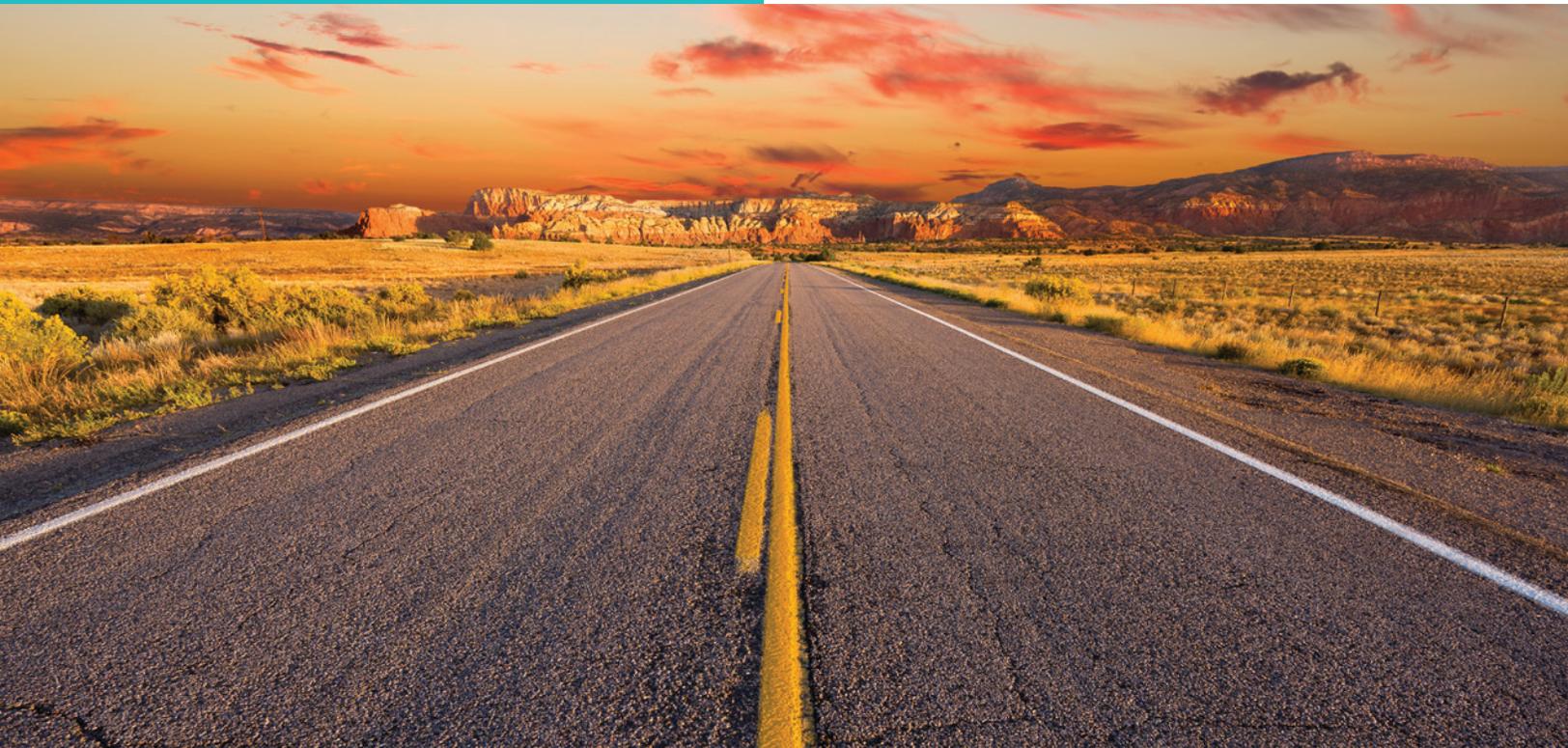
- Most cities and counties across New Mexico are left out of receiving aid from the Coronavirus Relief Fund, even though they too will be hurt by falling tax revenues and will be forced to decide between cutting essential programs and services or raising taxes elsewhere.

Tribal governments

- While New Mexico tribes and pueblos will receive a portion of the \$8 billion from the CARES Act – which will be split between the 574 federally recognized tribes – they will need additional fiscal relief,⁶ as Native Americans have been particularly hard hit by COVID-19 due to a woefully inadequate health care system, colonialism, racism, and a chronic lack of support from the federal government.

WHAT'S NEXT:

This financial assistance is an important first step to help tribes, states, and local governments confront this pandemic. But it will not be enough given the direct health costs, rapidly rising unemployment, and significant revenue loss that governments are facing. A larger and more sustained increase in Medicaid funding would help states with rising Medicaid enrollment and provide flexible fiscal relief. Additionally, states need the ability to use federal aid from the Coronavirus Relief Fund to bridge yawning budget deficits for other essential programs and services. As the CARES Act is written, it's unclear on whether or not states have the flexibility to use the money as needed. Future federal relief packages need to take these factors into consideration so that tribes, states and localities are able to respond to this health emergency, absorb increased program costs, and avoid spending cuts to important programs, as this would only deepen and prolong a recession. The pandemic has illustrated with horrifying clarity that the lack of adequate funding for the Indian Health Service has deadly consequences.



1 Post Session Review, NM Legislative Finance Committee, April 2020

2 Consensus Revenue Estimating Group. Memorandum, 2020 Interim Review of Revenues.

3 "How Will States and Localities Divide the Fiscal Relief in the Coronavirus Relief Fund?," Center on Budget and Policy Priorities (CBPP), March 2020

4 "How much will states receive through the education stabilization fund in the CARES Act?," CBPP, April 2020

5 "\$3.5 Billion for Child Care in Coronavirus Package is Not Enough: How States Will Fare," CLASP, March 2020

6 "Tribal Nations — Highly Vulnerable to COVID-19 — Need More Federal Relief," CBPP, April 2020