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As Pandemic Aid Winds Down, States Scramble to Fill Gaps.

COVID-19 left a lasting mark on a few sectors, with schools, public transit and child care providers facing fiscal cliffs as federal funding dries up. State legislators, many already grappling with shortfalls, are looking for solutions.

Between 2020 and 2021, the federal government passed six relief bills in response to the COVID-19 pandemic that provided additional funding for state and local governments, Medicaid, and particularly hard-hit public sectors such as transit. All told, states received an unprecedented $800 billion in relief during this time, including $307 billion in flexible fiscal recovery funding that went directly to state coffers. Now, however, most pandemic aid programs have either ended or are slated do so by the end of 2024. And with sectors such as public education, child care, and transit having suffered lasting harm from the pandemic, the end of that funding means state policymakers throughout the country will have tough decisions to make in the upcoming legislative session.

Among the aid programs that have already expired or are winding down in 2024 are the Medicaid funding boost that Congress authorized in 2020; nearly $16 billion in emergency funding for struggling public transit systems and for Amtrak; the Elementary and Secondary School Emergency Relief (ESSER) Fund, which provided a total of $190 billion to schools; and $24 billion in child care stabilization funds from 2021’s American Rescue Plan Act. In addition, states must allocate any of their remaining flexible recovery funds by the end of this year.

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ROUTE FIFTY

by LIZ FARMER

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