

# **ECONOMIC IMPACT OF PANDEMIC RELIEF PROGRAMS IN MARYLAND**

*PANDEMIC SPENDING WORKGROUP  
MAY 2021*

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Andrew Schaufele

Chief

Bureau of Revenue Estimates

**Evolution of Estimates for Ongoing General Fund Revenues**  
(Key State Revenues Not Included: Casinos, Motor Fuel, Vehicle Titling, others)  
*Dollars in Millions*

Last "Pre-Covid" Estimate <sup>1</sup>	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
March 2020	18,763	19,367	19,998

Date of Estimate <sup>2</sup>	Fiscal Year 2020 <sup>4</sup>		Fiscal Year 2021		Fiscal Year 2022	
	\$ Change From March 2020	% Change From March 2020	\$ Change From March 2020	% Change From March 2020	\$ Change From March 2020	% Change From March 2020
May 2020 –Baseline <sup>3</sup>	(925)	-4.9%	(2,061)	-10.6%	(2,563)	-12.8%
May 2020 –Pessimistic <sup>3</sup>	(1,125)	-6.0%	(2,629)	-13.6%	(3,951)	-19.8%
September 2020 –Baseline	(144)	-0.8%	(673)	-3.5%	(523)	-2.6%
September 2020 – Pessimistic	(144)	-0.8%	(1,390)	-7.2%	(1,424)	-7.1%
December 2020	NA	NA	(609)	-3.1%	(312)	-1.6%
March 2021	NA	NA	(185)	-1.0%	161	0.8%

Source: Comptroller of Maryland, Bureau of Revenue Estimates

Notes:

<sup>1</sup> This row includes that actual general fund dollars estimated in March 2020, as the emergence of COVID was unfolding

<sup>2</sup> The table below includes the change for that fiscal year's estimate relative to the Pre-Covid estimate

<sup>3</sup> This was an unofficial forecast, it was meant to put a ballpark estimate for the potential impact

<sup>4</sup> Fiscal Year 2020 finished off the official estimate by just \$144 million

# Monetary Policy – Federal Reserve

- **Interest Rate Target**

- Significant and pre-emptive reduction in rate target

- **Quantitative Easing**

- Larger than any single round during Great Recession

- **Forward Guidance**

- Keep rate target low
- Inflation target is an average over time, not a ceiling
  - Promise to make up for past misses

- **Lending programs**

# Major Covid-19 Relief Bills – Federal Fiscal Policy

- **Coronavirus Preparedness and Response Supplemental Appropriations Act (CPARSA):**

- Passed – 03/06/2020
- \$8.3 billion in for Covid-19 response and vaccine research.
  - \$3 billion for Covid-19 Vaccine R&D

- **Families First Coronavirus Response Act (FFCR) :**

- Passed – 03/18/2020
- \$104 billion in direct spending
  - Expanded sick leave
  - Free Covid-19 testing
  - Economic support for states

- **Coronavirus Aid, Relief, and Economic Security Act (CARES):**

- Passed – 03/27/2020
- \$2.2 trillion in economic stimulus
  - \$1,200 stimulus checks
  - Expanded UI benefits & eligibility
  - PPP funding

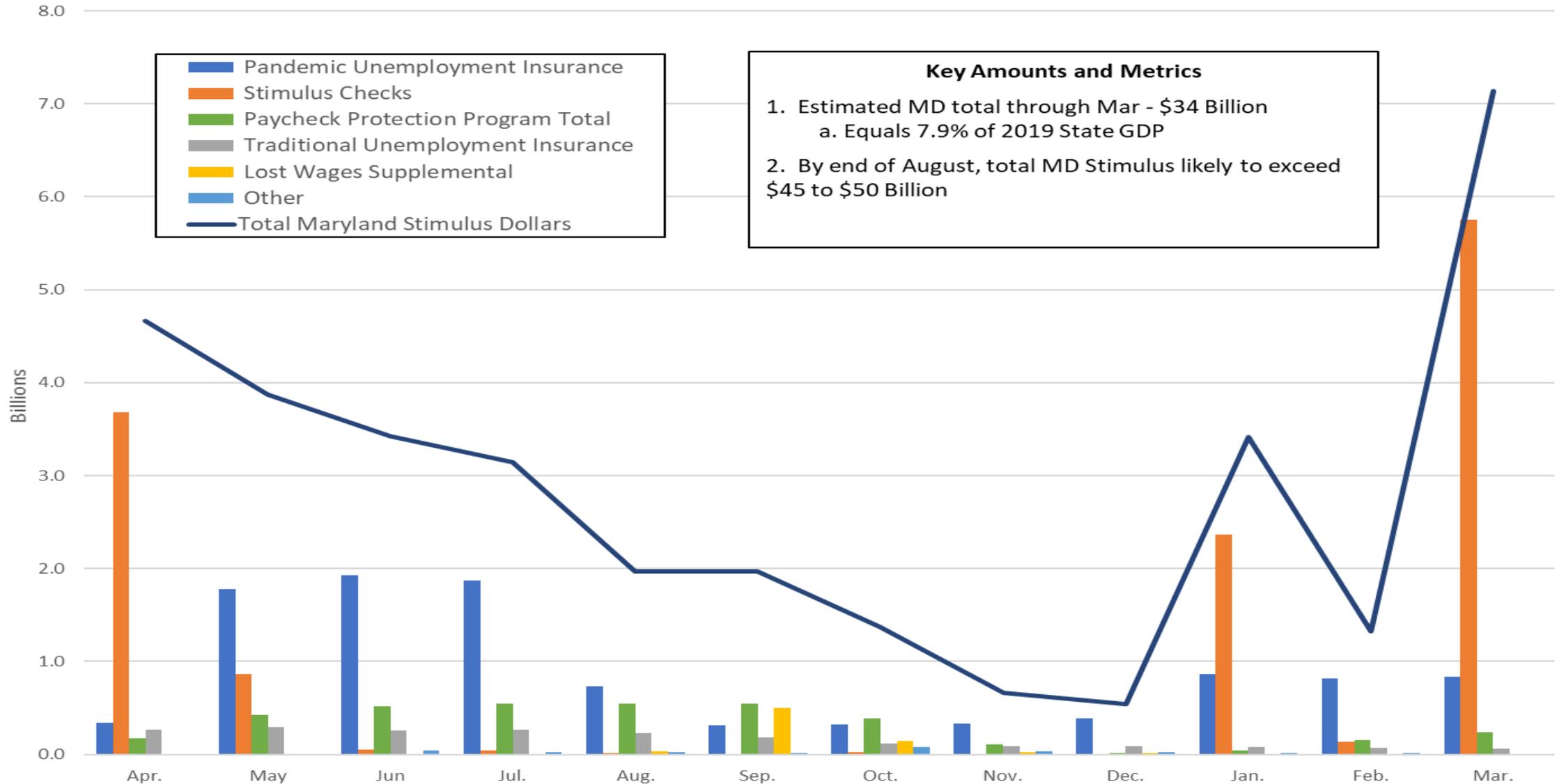
- **Consolidated Appropriations Act of 2021 (CAA):**

- Passed – 12/27/2020
- \$900 billion in economic stimulus
  - \$600 stimulus checks
  - Extending UI benefits & eligibility
  - Second round of PPP funding

- **American Rescue Plan Act of 2021 (ARPA):**

- Passed – 03/11/2021
- \$1.9 trillion in economic relief
  - \$1,400 stimulus checks
  - Extends expanded UI through September
  - Extends previous relief programs
  - Additional economic support for states
  - Expanded Child & Dependent related tax credits

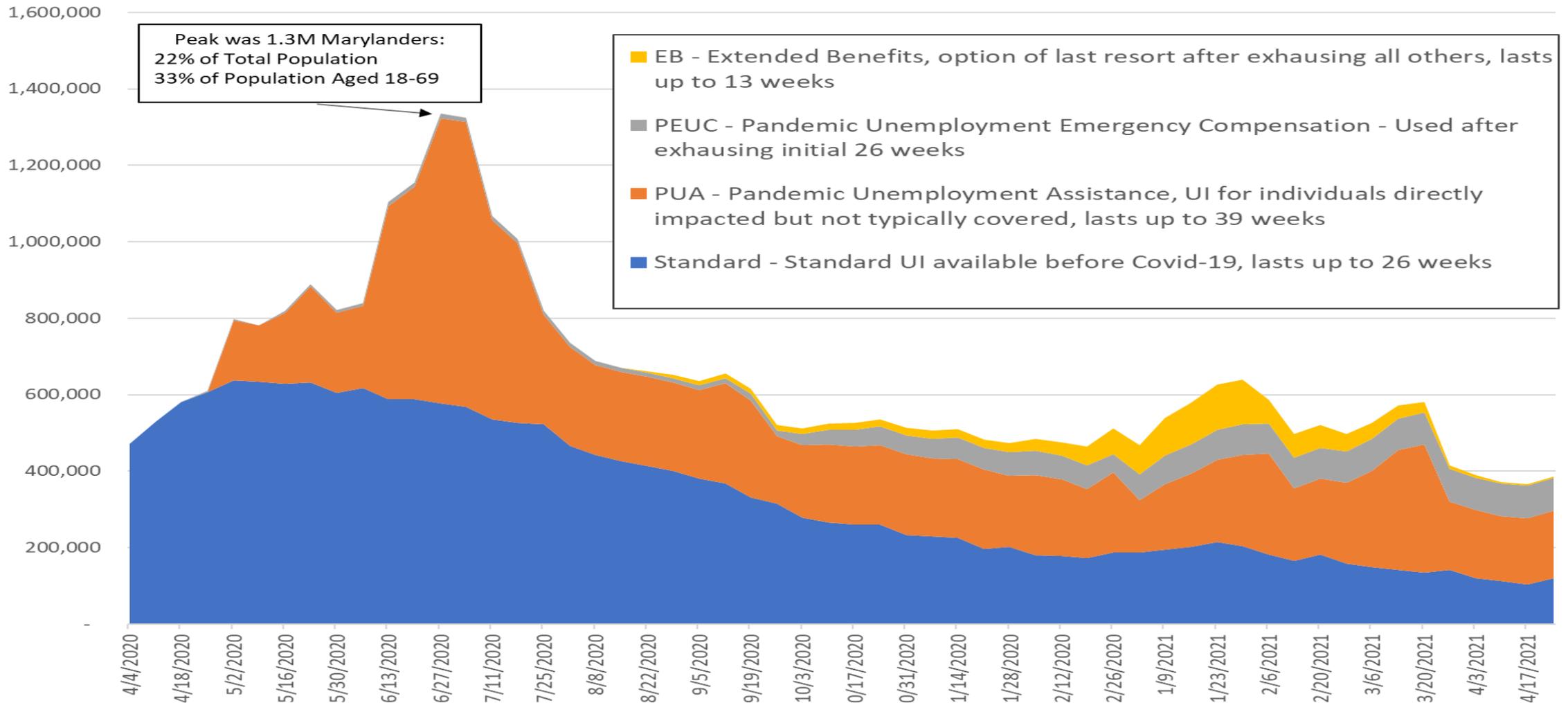
## Estimated Stimulus Amounts by Key Programs By Month



Note: This does not include all stimulus efforts (including much of the stimulus sent directly to governments), this represents the largest dollar categories for which we could find publicly available data  
 Sources: U.S. Bureau of Economic Analysis; U.S. Small Business Administration; Comptroller of Maryland, Bureau of Revenue Estimates

# Unemployment Response Has Been Significant

## Maryland UI Claims by Type Per Week



Source: U.S. Department of Labor  
Note: Claims in this chart are the sum of initial and continuous claims.

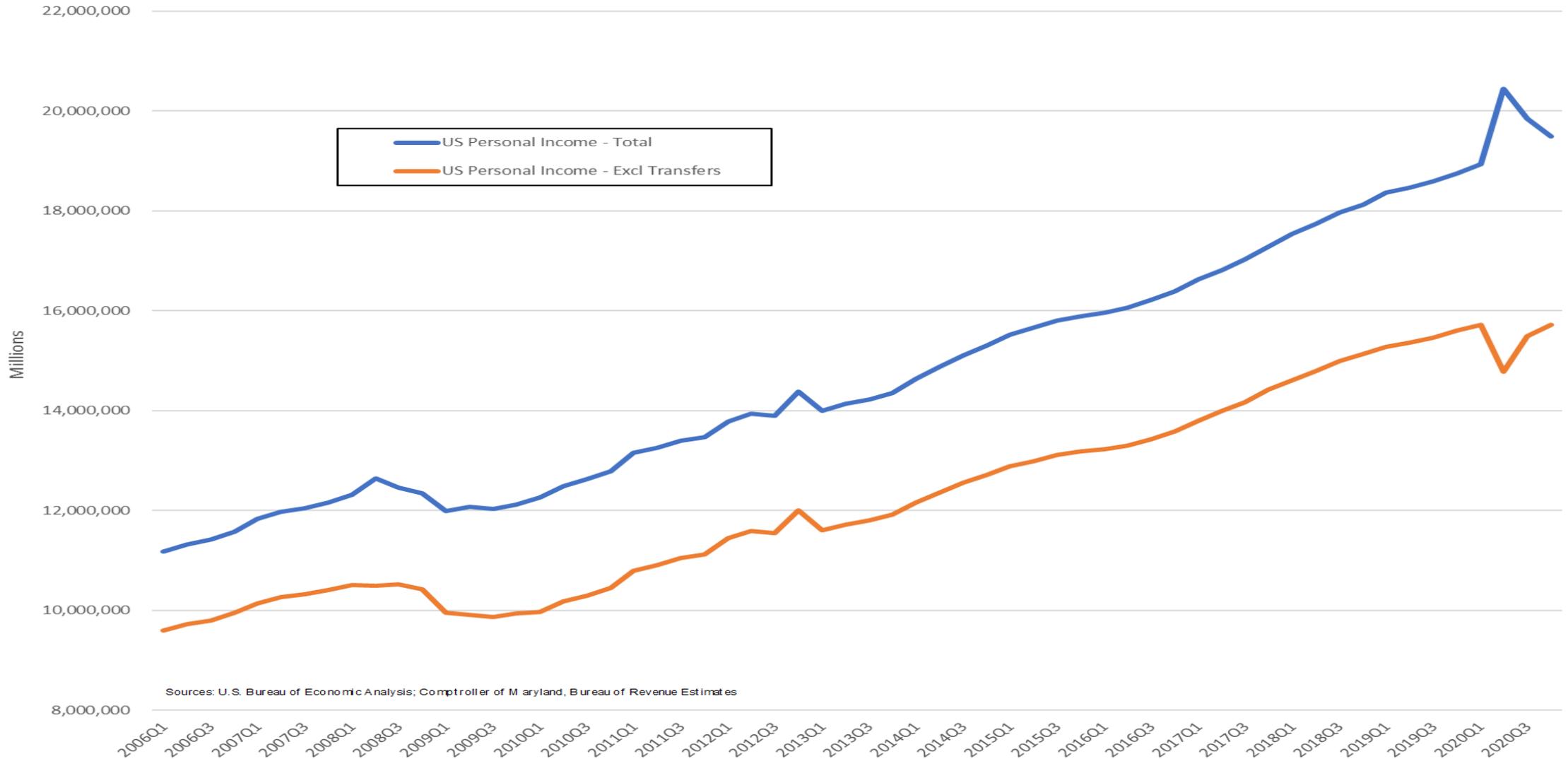
# Economic Impact Payments (Stimulus Checks) - Significant

## Simulation of ARPA Economic Impact Payments

<b>Income_Amount</b>	<b>Count</b>	<b>Count - EIPs</b>	<b>Sum - EIPs</b>	<b>Average</b>
Less than or equal 0	17,912	17,167	38,271,800	2,229
Between 1 and 25,000	771,547	616,787	1,338,334,200	2,170
Between 25,001 and 50,000	610,714	604,885	1,477,950,600	2,443
Between 50,001 and 75,000	406,565	405,932	1,016,439,200	2,504
Between 75,001 and 100,000	279,246	185,237	622,937,140	3,363
Between 100,001 and 150,000	340,849	230,884	923,315,470	3,999
Between 150,001 and 200,000	167,584	33,296	71,369,564	2,143
Between 200,001 and 250,000	85,011	-	-	
Between 250,001 and 300,000	44,242	-	-	
Between 300,001 and 500,000	55,449	-	-	
Between 500,001 and 1,000,000	22,241	-	-	
Greater than 1,000,000	9,720	-	-	
<b>Total</b>	<b>2,811,080</b>	<b>2,094,188</b>	<b>5,488,617,974</b>	<b>2,621</b>

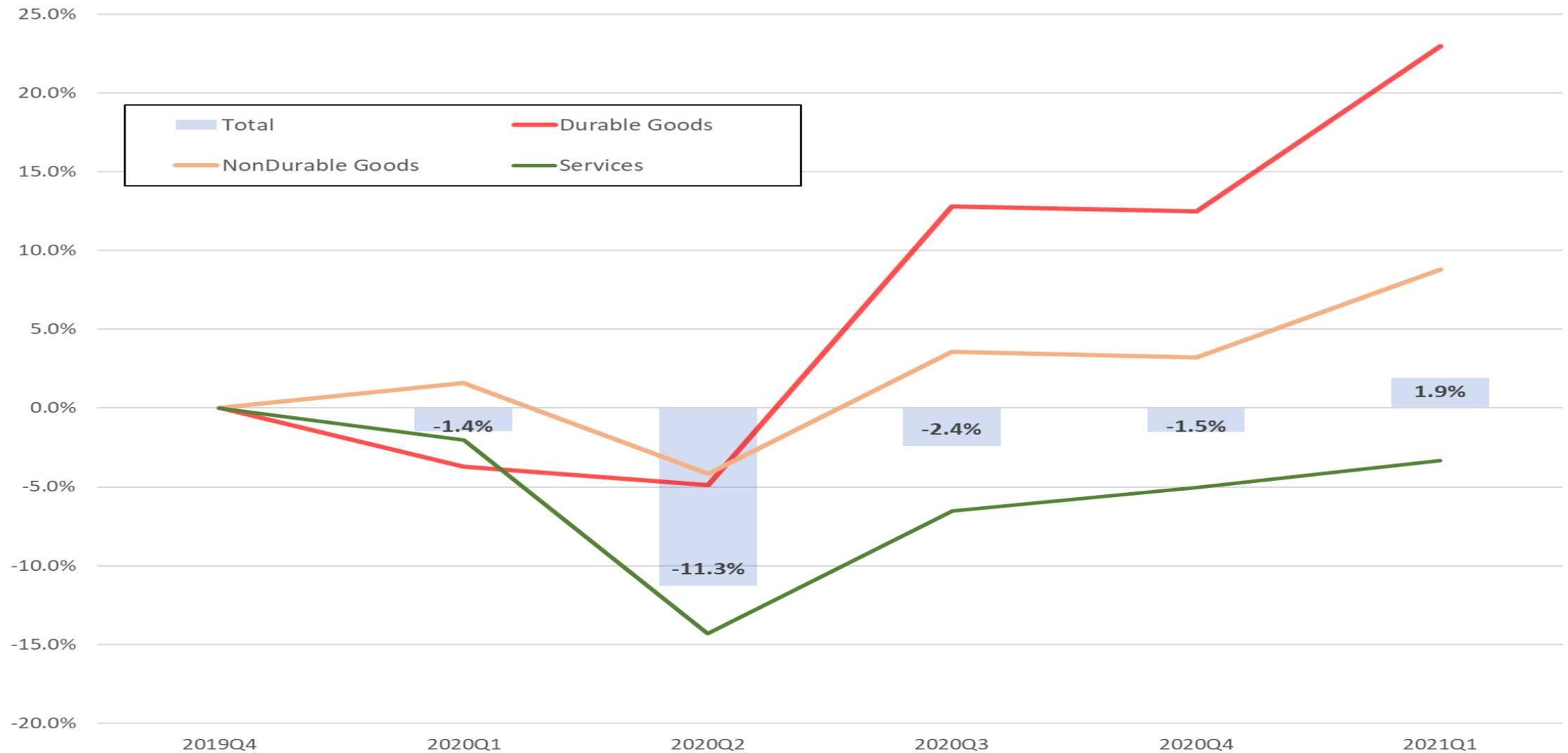
# Federal Support Has Sustained Income in the Aggregate

US Personal Income Dollars - Total versus No Transfer Payments



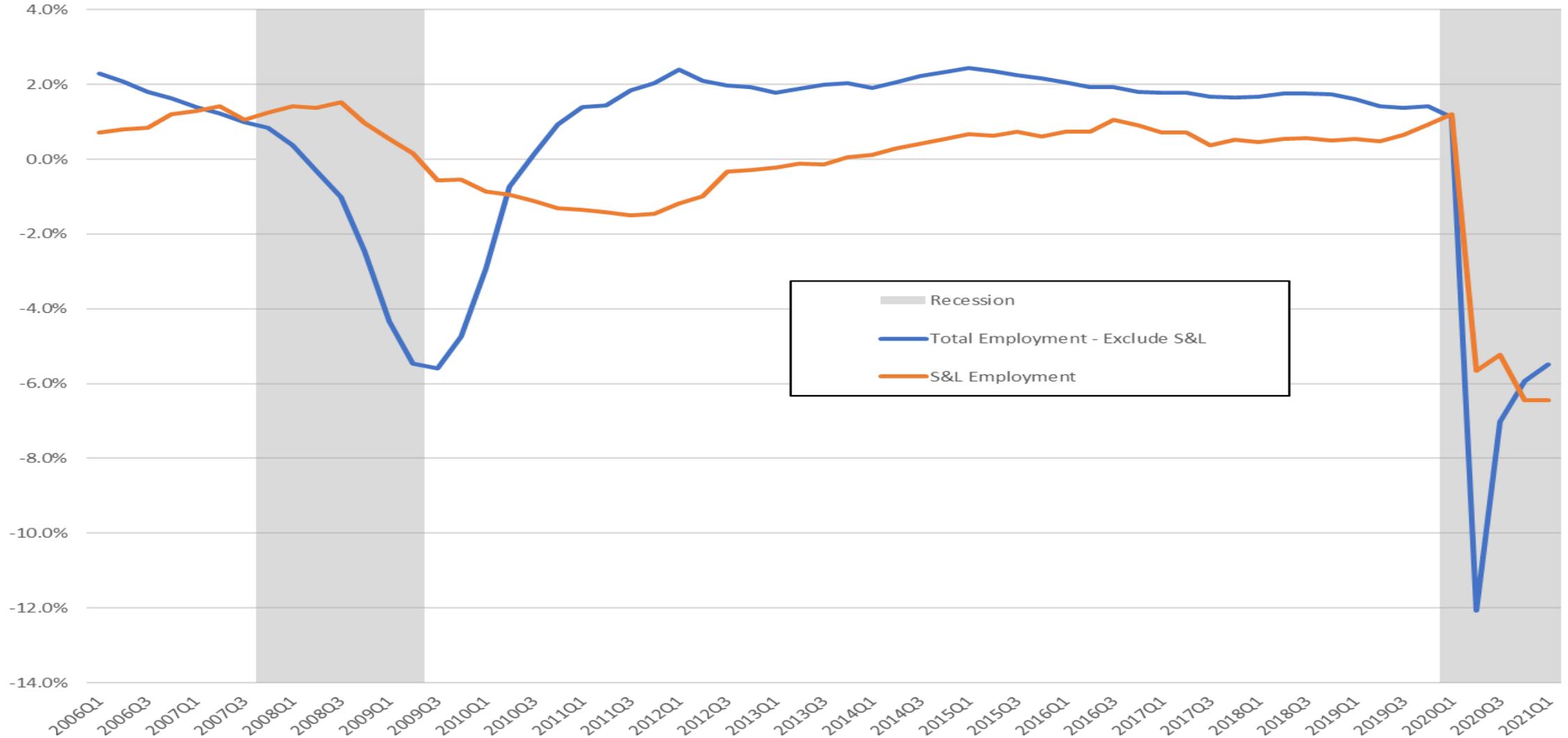
# Federal Support Has Supported Spending in the Aggregate

National Personal Consumption Expenditures - Indexed to 2019Q4



# Federal Spending Also Intended to Support S&L Employment

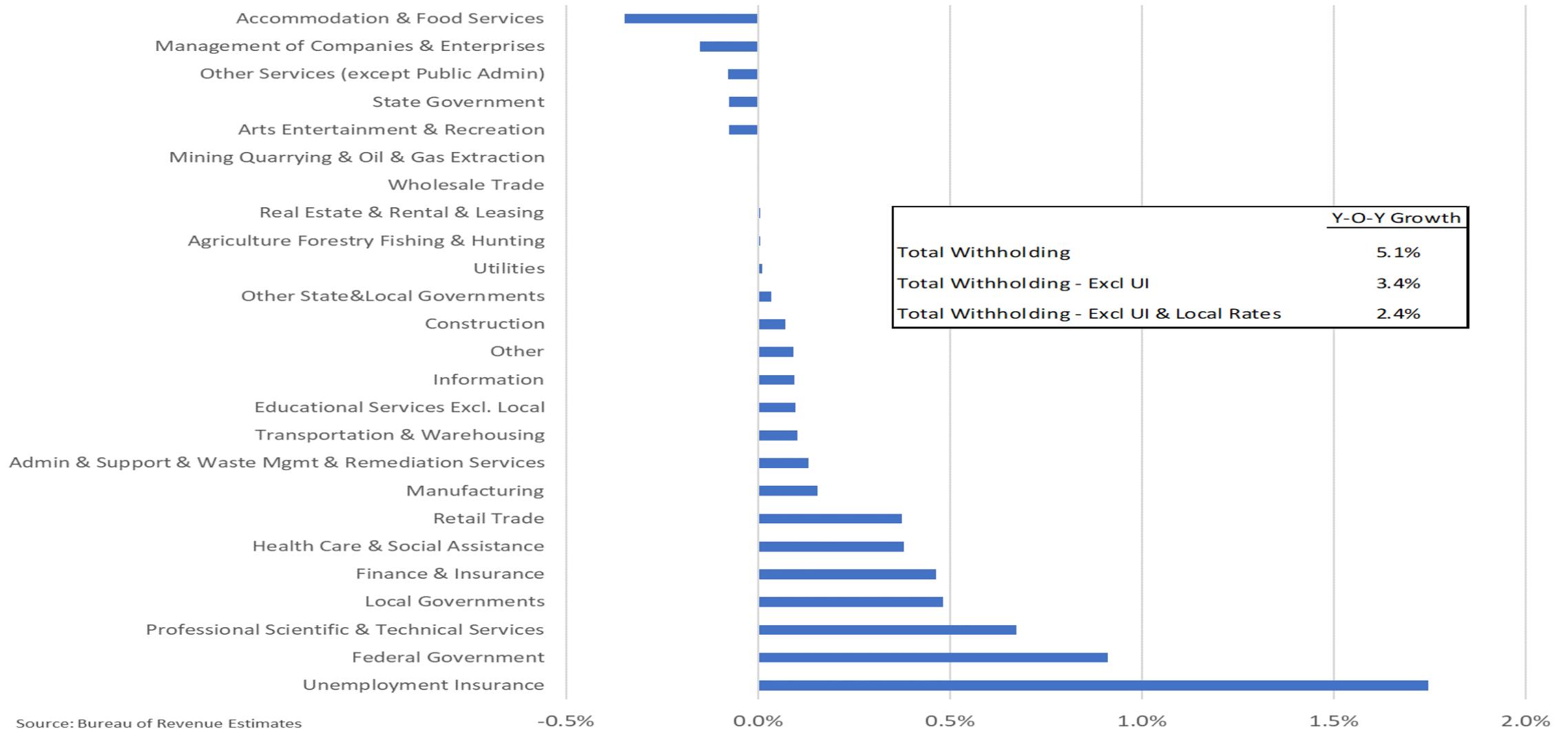
National Employment - Year-Over-Year Growth



Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research; Comptroller of Maryland, Bureau of Revenue Estimates

# Stimulus Minimized Contagion

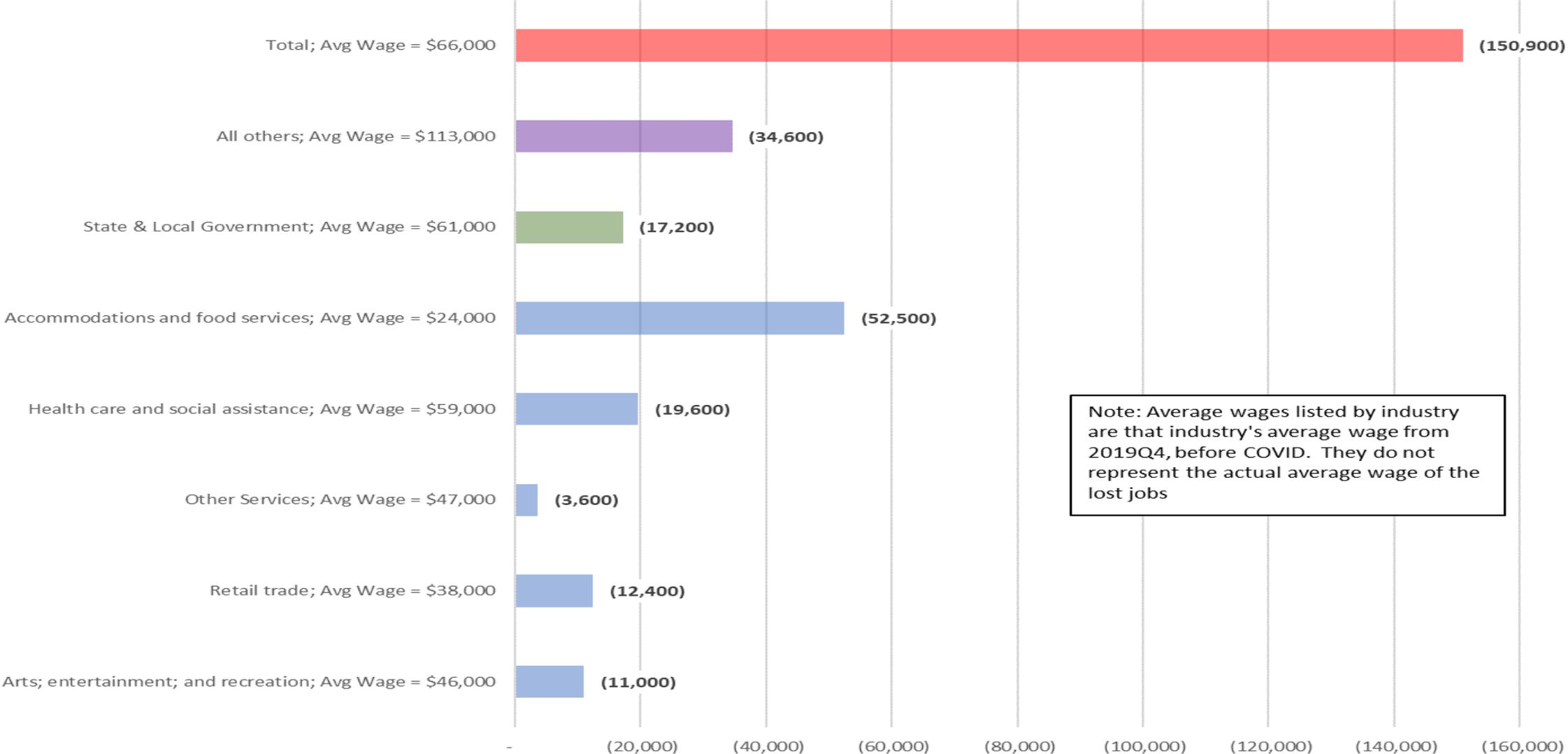
## Contribution to Year-Over-Year Growth of Total Withholding (CY2020)



Source: Bureau of Revenue Estimates

# Labor Impact Still Significant – 5.4% fewer workers than Pre-Covid

Jobs Lost From Feb 2020 to Mar 2021: Top 5 Private Sector; S&L Gov; & All Others

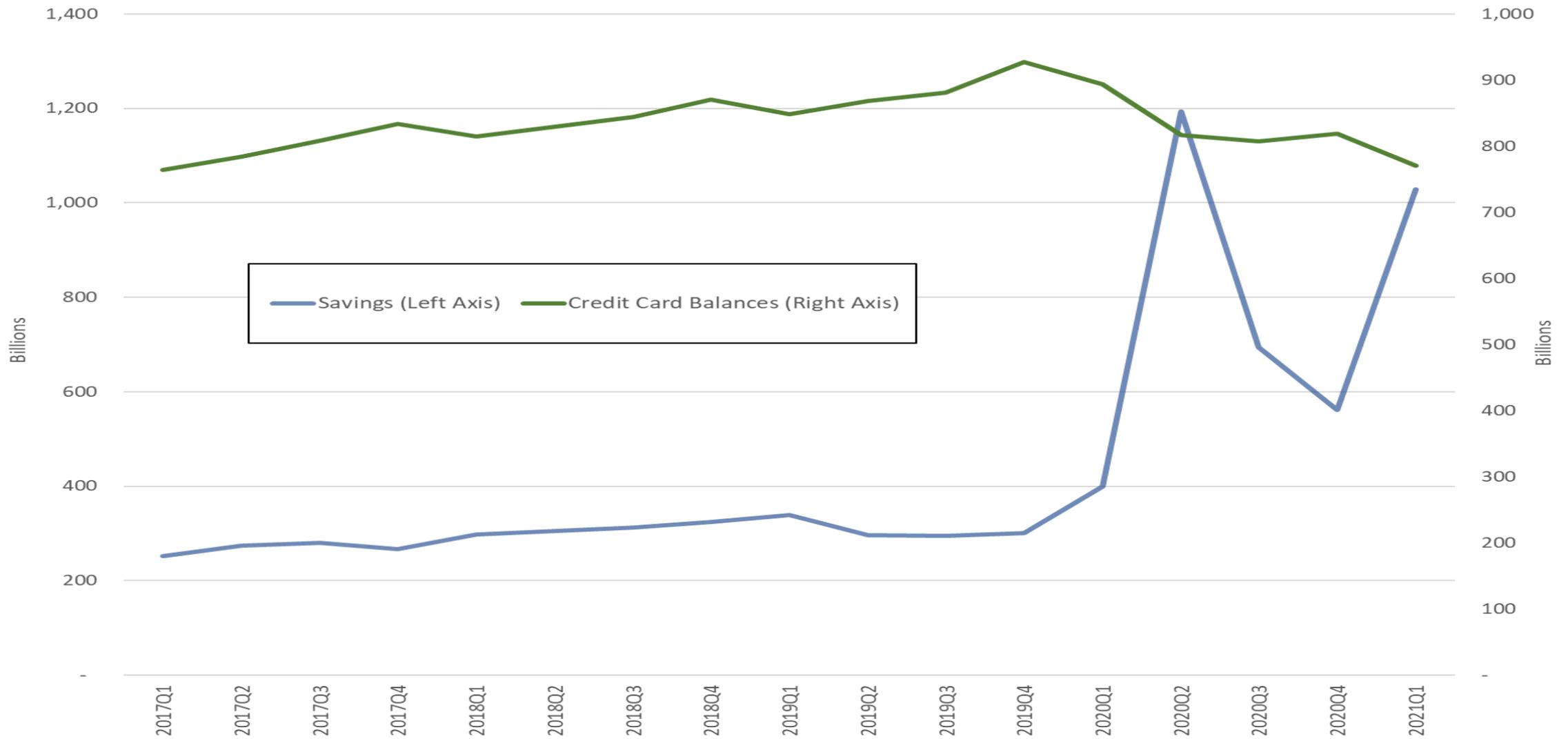


Note: Average wages listed by industry are that industry's average wage from 2019Q4, before COVID. They do not represent the actual average wage of the lost jobs

Sources: U.S. Bureau of Labor Statistics; Maryland Department of Labor; Comptroller of Maryland, Bureau of Revenue Estimates

# High Expectations for Future Spending

National Savings & Outstanding Credit Card Balances



Sources: U.S. Bureau of Economic Analysis; Federal Reserve Bank of New York; Comptroller of Maryland, Bureau of Revenue Estimates

# Final Thoughts – Recent Events Are Encouraging, But Long Way to Go

- **FREE LUNCH?** What is the cost for our stimulus???
  - Short-Term Inflation versus Long-Term Inflation
  - Higher Interest Rates – slower future economic growth
- What happens to the broader financial economy with delayed and perhaps delinquent mortgage and rent payments?
- Local budgets to be more impacted due to heavier reliance on property tax? (Commercial property to undergo valuation correction)
- Accelerated shifts to AI and robotics?

# Thank You

Andrew Schaufele

Comptroller of Maryland

Chief, Bureau of Revenue Estimates

[aschaufele@marylandtaxes.gov](mailto:aschaufele@marylandtaxes.gov)