



Racial Inequities in the Distribution of Louisiana's Coronavirus Relief Funds: A Report for Communities Leaders

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Updated April 16, 2021

Background

A year later, local governments and Louisianans are still spiraling from the economic crisis caused by the Coronavirus pandemic. In the federal relief known as the Coronavirus Aid, Relief and Economic Security (CARES) Act, Congress included a \$150 billion relief fund to assist tribal, state, and local governments during the public health and economic crisis.¹ This fund, known as the Coronavirus Relief Fund, covered a broad range of expenses, such as payroll, personal protective equipment, rental assistance, paid sick leave, contact tracing and many other things. However, the relief funds could not cover lost revenues. Under the federal regulations guiding the use of the fund, it could only be used for expenses directly related to COVID-19 and not already accounted for in local budgets approved before March 27, 2020.² As originally passed by the CARES Act, states had until December 30, 2020 to spend the Coronavirus Relief Funds. In a separate relief package passed on December 27, 2020, Congress extended the funds' deadline to September 2021, but the vast majority of funds had already been expended by the time this change occurred.

Louisiana received \$1.8 billion from the Coronavirus Relief Fund. On June 12, 2020, Gov. John Bel Edwards signed Senate Bill 189, allocating 45% of the funds, or \$811 million, to local governments and small business relief.³ Local governments were allocated \$511 million of the funding. The 64 Louisiana parishes had to apply to Louisiana's Division of Administration for funding and provide documentation of their expenditures to receive the funds as a reimbursement. There were three application periods, with the last period ending on October 15, 2020. To spread the resources across the parishes, Louisiana pre-determined an allocation for each parish, based on population size and COVID cases, allowing counties to seek reimbursement of expenses up to that allocated amount.⁴ This reimbursement structure meant that parishes already struggling to access resources before COVID-19 had trouble getting the relief funds, particularly majority people of color, rural and persistent poverty parishes.

Analysis of the local Government Coronavirus Relief Funding Reports

The Joint Legislative Committee of the Budget (JLCB) released regular reports on the local government Coronavirus Relief Funding. The reports were a part of the monthly reporting requirements included in the enabling legislation.⁵

Allocations for each parish were calculated with 70% based on number of cases and 30% based on population. Allocations changed each period based on the number of Coronavirus cases in each parish. After the final period of funding, the money allocated to parishes, which had received less than their allocated amount, was re-allocated to parishes that requested amounts in excess of their allocation. Hope Policy Institute completed an analysis of the report after the first and second allocation rounds.⁶

After reviewing the data from the first [report](#) released by JLCB, it was evident that some parishes had neither received a payment nor requested funds allocated to them. Information about the available funds or the application process had still not yet reached the most impacted communities by the last week of the program. Within the final weeks of the program, HOPE was able to connect with mayors in the parishes that had not yet applied during the first two rounds of funding. Using targeted communications and existing relationships to reach people whom blanket mass communications and emails had overlooked, several mayors in Northeast Louisiana parishes were able to apply for the funding before the last round of payments. By the end of the program, local governments submitted over \$1 billion in claims to cover COVID-19 related expenses. Allocations totaled \$524,873,918; however, \$1,109,204,500 was requested showing the needs far exceeded the amounts available.⁷

Findings: Final Local Government Funding Amounts Reveal Disparities

The following tables show the final amounts actually received by local governments, compared with what they requested and were originally allocated.⁸ Majority people of color parishes received over 100% of funds allocated to them, yet received a much smaller percentage of the amount they actually requested. See Table 1. The gap in funds allocated and funds requested shows there may have been a greater need for these parishes that was not met. In pure dollar amounts, majority people of color parishes received just over half the amount of funding received by majority white parishes.

Table 1: Percent of Amount Received Compared to Amount Allocated and Requested, by Race

Category	Original Allocation as of Oct. 1, 2020	Total Received	Amount Requested	% of Total Allocation Received	% of Amount Requested Received
Majority People of Color Parishes (12)	\$160,015,441	\$174,325,222	\$449,812,665	109%	39%
Majority White Parishes (52)	\$364,858,477	\$384,157,913	\$659,391,835	95%	52%

Disparities break down further by race, when considering looking at rural, persistently poor areas. Persistent poverty is defined as any county that has experienced poverty rates of at least 20% for 30 years.⁹ Table 2 shows persistent poverty, rural, majority people of color parishes received only a third (31%) of their total allocation of funding. They requested and received over \$2 million of the \$8 million available, indicating

there were barriers to accessing the money. In contrast, persistent poverty, rural, white counties received 74% of their allocated funding. In dollar amount, persistent poverty, rural, majority people of color parishes only received 6.9% of what persistent poverty, rural, white parishes received.

Table 2: Percent of Amount Received Compared to Amount Allocated and Requested by Persistent Poverty and Rural Parishes, by Race

Category	Original Allocation as of Oct. 1, 2020	Total Received	Amount Requested	% of Total Allocation Received	% of Amount Requested Received
Persistent Poverty, Rural, Majority People of Color Parishes (5)	\$8,344,651	\$2,601,911	\$8,132,962	31%	32%
Persistent Poverty, Rural, White Parishes (17)	\$50,100,563	\$37,982,677	\$51,993,230	74%	73%

A Deeper Look into Community Impact

Funding that came from the federal government to states from the CARES Act was handled in different ways by different states. In Louisiana, in addition to making some of the funds available to local municipalities, CARES Act funding was used to support small businesses, with priority set aside for businesses owned by minority, women, and veteran business owners.¹⁰ The bulk of funding made available in the state of Louisiana allowed municipalities to apply for funding based on a formula that included population size and COVID cases. Parishes could then apply for reimbursements up to the amount for which they qualified. The reimbursements could be used to reimburse the parish for expenses during COVID.

The application structure favored parishes with a large capacity to complete the application and process, and already had additional money to spend on unexpected expenses. Smaller municipal governments often just did not have the capacity to apply for the funding, nor in many cases have money they could expend for the ability to get reimbursed, and were forced to forgo the assistance it could have ultimately offered.

During times of disaster, it is a necessity to balance getting the funds out quickly while also doing so in a manner to ensure that it reaches the people and communities most impacted. A government’s ability to respond efficiently and intentionally can make all the difference for a fast recovery and a more resilient future. This means that larger jurisdictions and pre-existing organizations get the bulk of resources while some of the smaller groups are left to respond to their communities with fewer resources. The CARES Act funding in Louisiana was an opportunity to ensure that communities accessed needed funding and that it was done in an equitable manner. Unfortunately, the data shows that this is not what happened and that, in fact, the way it was distributed may have created further inequities in communities in the state.

Funding for communities now not only means much needed relief for COVID-19 related costs but also reimburses the municipalities for money they spent to respond to COVID-19, which every area has done. Inequitable distribution of funding to reimburse these costs will mean fewer resources in the future for jurisdictions that were largely left to fund the response on their own. This means communities that were helped now will likely have a faster recovery while communities left out will feel the economic burden longer.

Policy Recommendations:

Prioritize areas that have been underfunded in the past

Disasters are not equitably distributed. The COVID-19 pandemic has crippled local economies, and there are few places in the nation untouched by this. The barrier to the CARES Act funding in Louisiana put already vulnerable communities at additional risk. The data shows that areas that did not have the capacity to apply for this funding did not receive as much. This has likely happened before and will continue to cyclically be an issue. Underfunding areas now begets underfunding in the future when they again lack resources. Equitable recovery should incorporate identifying areas that have been left out of resources in the past and prioritizing supporting them.

Prioritize funding based on need

The application barrier to the CARES Act funding put already vulnerable communities at additional risk. Areas that did not have the capacity to apply for funding still spent municipal funds on COVID-19 mitigation efforts. Governments may have shifted resources inside their budgets or took out additional loans to protect their communities. In Louisiana, the allocation that each parish could apply for was based on COVID-19 cases and population but as discussed before, many areas that had been in financially precarious situations before the pandemic did not receive the resources needed for an equitable recovery. Allocations need to take into account existing resources for an equitable recovery.

Create mechanisms to support the applications from all areas

If the state of Louisiana continues to distribute funding during disasters using a model that requires an application prior to receiving the funds, pathways must be created for municipalities with fewer resources to be a part of this process. This could incorporate different application models, including bringing on staff from the state to assist areas with applications or creating a shorter application process.

The reality is that these data suggest that rural, majority-minority, persistently poor communities were less likely to receive the funding needed for an equitable recovery. Before the pandemic, these communities were often at a disadvantage, and this disaster has created larger inequities between people and regions. By not supporting communities of color and rural areas equitably, recovery policy is widening gaps between resource rich communities and those with less, as the state moves beyond the pandemic. Louisiana is a disaster prone state. With hurricanes increasing in frequency and intensity, aging infrastructure, and now battling a pandemic that touched every community, Louisiana needs to create avenues to ensure that resources are allocated equitably and in a just manner. The way that the CARES Act funding was distributed in 2020 perpetuated the inequities built into recovery systems. As more funds are slated to come to the state through the American Rescue Plan Act of 2021, policy makers must intentionally create systems and policies that support equity and justice so that all people can succeed.

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- ¹ U.S. Department of the Treasury. The CARES Act Provides Assistance for State, Local, and Tribal Governments. <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>
- ² Maher, Emily. State Uses of the CARES Act Coronavirus Relief Funds. August 2020. <https://www.ncsl.org/research/fiscal-policy/state-uses-of-the-cares-act-coronavirus-relief-funds-magazine2020.aspx>
- ³ Senate Bill 189. <https://legis.la.gov/legis/ViewDocument.aspx?d=1182500>. June 2020.
- ⁴ Joint Legislative Budget Committee, "Louisiana Cares Local Government Program Revised Allocation Schedule," Accessed October 2, 2020, <https://louisianacares.la.gov/>
- ⁵ <https://jlcb.legis.la.gov/>
- ⁶ Davis, Calandra. Standaert, Diane. Louisiana CARES Act Coronavirus Relief Funds Bypass Underserved Parishes. October 2020. <http://hopepolicy.org/blog/louisiana-cares-act-coronavirus-relief-funds-bypass-underserved-parishes/>
- ⁷ For Final Numbers of Requests and Amounts Received from Louisiana Dept. of Administration, see final report, <https://louisianacares.la.gov/JLCBDecember2020FINAL.pdf>
- ⁸ Originally allocated refers to amounts allocated to local governments as of October 1, 2020 prior to the restructuring of allocations <https://louisianacares.la.gov/CARESParishAllocations.pdf>
- ⁹ U.S. Treasury Community Development Financial Institutions Fund. <https://www.cdfifund.gov/Documents/PPC%20updated%20Oct.2017.xlsx>. (Accessed November 19, 2019).
- ¹⁰ Louisiana Main Street Recovery Program <https://stories.opengov.com/latreasurer/published/YbOtGAB3m>