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General State and Local Fiscal Assistance and COVID-19: Eligible Purposes, Allocations, and Use Data

December 16, 2021

Congressional Research Service
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R46990

CRS REPORT
Prepared for Members and
Committees of Congress

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SUMMARY

R46990

December 16, 2021

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General State and Local Fiscal Assistance and COVID-19: Eligible Purposes, Allocations, and Use Data

The sudden decline in economic output following the Coronavirus Disease 2019 (COVID-19) outbreak has significantly altered the fiscal outlook for state and local governments, which generally balance their operating budgets every one or two years. In an effort to mitigate adverse fiscal consequences for these governments and the economic activity they support, Congress provided two rounds of general fiscal assistance to state and local governments during the COVID-19 crisis. The first round of general assistance provided a total of $150 billion through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136), which was signed into law in March 2020. The second round of assistance was enacted in the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2), signed into law in March 2021, and delivered a total of $362 billion in general assistance payments.

Of the $150 billion provided to the Coronavirus Relief Fund (CRF) through the CARES Act, (1) $139 billion was allocated to governments in the 50 states, with allocations based on their populations and with no state receiving less than $1.25 billion; (2) $8 billion was set aside for governments in tribal areas; and (3) $3 billion was allotted to governments in territories, including the District of Columbia (DC) and Puerto Rico. The deadline for spending CRF funds provided through the CARES Act was initially December 30, 2020, but was extended through December 31, 2021, by the Consolidated Appropriations Act, 2021 (P.L. 116-260). CRF assistance provided through the CARES Act was generally transferred to state governments. Local governments serving a population of at least 500,000 had the option to receive assistance directly from Treasury. Such direct local assistance allocations reduced the allocation that was made to the state government (keeping the state allocation constant), and equaled the product of (1) the state or territory allocation amount, (2) the share of the state or territory population served by the local government, and (3) 45%. As of September 30, 2021, recipients had spent 94% of the money provided through the CRF.

Section 9901 of ARPA provided a total of $362 billion in general federal payments to state, local, tribal, and territorial governments. ARPA assistance was provided through four channels: (1) $220 billion provided to state, tribal, and territorial governments through the Coronavirus State Fiscal Recovery Fund (CSFRF); (2) $130 billion provided to local governments through the Coronavirus Local Fiscal Recovery Fund (CLFRF); (3) $10 billion provided to state governments through the Coronavirus Capital Projects Fund (CCPF); and (4) $2 billion provided to certain local and tribal governments through the Local Assistance and Tribal Consistency Fund (LATCF). ARPA assistance provided through the CSFRF and CLFRF was provided to all state, territorial, and tribal governments and units of general local government. CSFRF payments were allocated based on population and unemployment, while CLFRF payments were based on FY2021 Community Development Block Grant formulas (for city and town governments with at least 50,000 people) and on local and state populations (for other local governments). CSFRF and CLFRF money is to be distributed by Treasury in one or two tranches, with first-tranche payments made in spring and summer 2021 and second-tranche payments (where applicable) provided no later than 12 months after first-tranche payments. CCPF allocations have been made, though funds have not yet been provided as of December 2021. LATCF allocation methodology has not been made available as of December 2021.

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Background

Federal, state, and local government revenues generally increase when the economy is growing, as taxes are paid on increased economic output. During periods of economic contraction, revenues decrease while heightened demand for social safety net programs tends to put upward pressure on government spending. Therefore, net deficits generally increase in adverse economic conditions at all levels of government.

Unlike at the federal level, state and local governments must routinely balance their operating budgets, typically every one or two years. In severe economic recessions, state and local governments can thus face budget shortfalls that, absent outside intervention, would require a combination of tax increases and spending cuts to meet balanced budget requirements, which may exacerbate the time and intensity of negative economic shocks. While many states have "rainy day funds" designed to help close such funding gaps, in practice those funds have not been financed at levels to resolve fiscal issues brought about by severe recessions.[1]

The sudden decline in economic output following the Coronavirus Disease 2019 (COVID-19) outbreak was unlike that of any U.S. economic shock since World War II. In the second quarter of 2020, real U.S. gross domestic product (GDP) fell at an annual rate of 31%, more than triple the drop recorded in any quarter going back to 1947.[2] While some sectors of the economy recovered quickly, for others the shock was longer lasting. Total service output, for instance, declined by 7.5% in calendar year 2020; before that, the largest decline in services since 1947 was 0.4% (in 2009).[3]

Forecasts of the economic decline's effect on state and local budgets projected significant short- and medium-term fiscal gaps. Projections made in 2020 by the Federation of Tax Administrators, Moody's Analytics, the Center on Budget and Policy Priorities, and Upjohn Institute generally projected cumulative state and local budget effects of $200-$300 billion per fiscal year, with significant variation in the intensity and duration of those effects depending on the scope, methodology, and release date of each forecast.[4]

In an effort to mitigate adverse fiscal consequences for these governments and the economic activity they support, Congress provided two rounds of general fiscal assistance to state and local governments during the COVID-19 crisis. The first round of general assistance provided a total of $150 billion through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136), which was signed into law in March 2020. The second round of assistance was enacted in the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2), signed into law in March 2021, and delivered a total of $362 billion in general assistance payments. This report summarizes the methodology, allocations, and eligible uses of those payments.

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[1] See Kathryn White, "States Saving for a Rainy Day," National Association of State Budget Officers, January 2019, at https://community.nasbo.org/budgetblogs/blogs/kathryn-white/2019/01/03/states-saving-for-a-rainy-day.

[2] U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, Historical Table 1.1.1, available at https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey.

[3] Ibid.

[4] For more detail on COVID-19 state and local budget projections, see CRS Insight IN11394, *State and Local Fiscal Conditions and COVID-19: Lessons from the Great Recession and Current Projections*, by Grant A. Driessen and Jane G. Gravelle.

CARES Act Assistance: the Coronavirus Relief Fund (CRF)

The Coronavirus Relief Fund (CRF), established through Section 5001 of the CARES Act (P.L. 116-136), offers assistance for state and local governments. The CARES Act provided a total of $150 billion in federal fiscal support for state and local governments through the CRF, with eligibility dependent upon the location, level of government, and use of potential funds.[5] A similar fund (the State Fiscal Stabilization Fund) was created during the 2007-2009 recession by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). The State Fiscal Stabilization Fund provided $54 billion to state and local governments, most of which was targeted to certain types of spending for education programs.[6]

Eligible Purposes

CRF payments received through the CARES Act allow state and local governments to make payments for programs that

> (1) are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);
>
> (2) were not accounted for in the budget most recently approved as of ... [March 27, 2020] for the State or government; and
>
> (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.[7]

Per Section 5001(f) of the CARES Act, the Inspector General of the Department of the Treasury determines whether CRF payments are used for eligible purposes. Fund payments that are determined to be for ineligible purposes are treated as a debt owed by the implementing government to Treasury.

As clarified in Treasury guidance, CRF payments may not be used to *directly* account for revenue shortfalls related to the COVID-19 outbreak.[8] Such funds, however, may *indirectly* assist with revenue shortfalls in cases where expenses paid for by the CRF would otherwise widen the gap between government outlays and receipts. For example, if $3 billion in CRF assistance is sent to a government with revenues that are $10 billion lower than expected and $5 billion in new COVID-19-related expenses, that assistance will reduce the fiscal gap (from $15 billion to $12 billion) by the same amount regardless of whether it applies to revenues or spending. Only in cases where governments have revenue shortfalls and less COVID-19-related spending than the program provides are governments limited by the eligible purpose restrictions. For instance, in that same

[5] Separately, Section 4003 of the CARES Act authorized use of Federal Reserve capacity to support up to $454 billion in debt issued by state governments, local governments, and eligible businesses. For more on that program, see CRS Insight IN11327, *Federal Reserve: Emergency Lending in Response to COVID-19*, by Marc Labonte.

[6] For more information about this program, see U.S. Department of Education, "State Fiscal Stabilization Fund," March 7, 2009, available at https://www2.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html.

[7] CARES Act, Section 5001. The Coronavirus Relief Fund was also used by the Consolidated Appropriations Act, 2021 to allocate $25 billion in payments to state and local governments for emergency rental assistance. For more information on the Emergency Rental Assistance program, see CRS Report R46688, *Pandemic Relief: The Emergency Rental Assistance Program*, by Grant A. Driessen, Maggie McCarty, and Libby Perl.

[8] U.S. Treasury, "Coronavirus Relief Fund Guidance as published in the Federal Register on January 15, 2021," January 15, 2021, available at https://home.treasury.gov/policy-issues/cares/state-and-local-governments.

example but with no new COVID-19-related expenses, the government could not use CRF assistance despite its decrease in revenues.

Allocations

Across States, Territories, and Tribal Areas

The CARES Act stipulated that the $150 billion provided through the CRF to governments in states, territories, and tribal areas was to be allocated as follows:

- $139 billion allocated for governments in the 50 states based on their populations (as estimated by the U.S. Census Bureau in 2019), with no state receiving less than $1.25 billion;
- $8 billion set aside for governments in tribal areas, with each tribal area's allocation based on its share of aggregate tribal expenditures in FY2019, as determined by the Secretary of the Treasury in consultation with the Secretary of the Interior; and
- $3 billion allocated to the territories of the District of Columbia (DC), Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa, with each territory receiving an amount based on its share of the total population across all territories, with populations determined by the Secretary of the Treasury.

Within States and Territories

CRF allocations were generally provided to state governments. Local governments serving a population of at least 500,000 (as measured in the most recent census data), however, could elect to receive assistance directly from Treasury. Such direct local assistance allocations reduced the allocation made to the state government (keeping the state allocation constant), and were equal to the product of

- the state or territory allocation amount;
- the percentage of the state or territory population attributed to the local government; and
- 45%.[9]

The CARES Act does not explicitly prevent local governments (regardless of their eligibility for direct assistance) from receiving CRF payments from state governments, as long as the funds are used for eligible purposes. Transfers from state governments to local governments are a regular part of the modern U.S. system of federalism: state governments transferred $568 billion to local governments in 2019, which represented 27% of all local government revenues.[10]

In many cases, populations are served by more than one local government that is eligible for direct assistance from the CRF (e.g., a city with a population of 700,000 located in a county with 200,000 other people, and thus with a county population of 900,000). Guidance from the Secretary of the Treasury clarified that in such cases, all overlapping governments are eligible for assistance. However, direct assistance payments to larger localities will be calculated using only

[9] Section 5001(c)(5) of the CARES Act.

[10] U.S. Census Bureau, "Annual Survey of State and Local Government Finances, 2019," October 2021, available at https://www.census.gov/data/datasets/2019/econ/local/public-use-datasets.html.

their unique population, or will be reduced by any amounts also attributable to smaller localities receiving assistance (i.e., in the above example the county government only uses a population of 200,000 for its direct payment calculation).

Allocations by State, Territory, and Government Type

Table 1 shows the allocations for CRF payments made through the CARES Act broken out by state and level of government. State governments in the 50 states received a total of $111.4 billion, with amounts ranging from the state minimum of $0.84 billion (Nevada; exclusive of local government payments) to $9.53 billion (California). State government amounts in 21 states were adjusted to meet the $1.25 billion small state minimum (inclusive of local government payments), with the remaining amounts provided to states based on their population share.

Table 1. CRF Allocations by State, Territory, and Government Type

(combined amounts to all prime recipients, in billions of dollars)

State or Territory	State Govt.	Local Govts.	Tribal Govts.	Total
Alabama	1.786	0.115	0.057	1.958
Alaska	1.250	-	0.845	2.095
American Samoa	0.035	-	-	0.035
Arizona	1.857	0.965	1.266	4.088
Arkansas	1.250	-	-	1.250
California	9.526	5.795	0.776	16.097
Colorado	1.674	0.560	0.028	2.262
Connecticut	1.382	-	0.121	1.503
Delaware	0.927	0.323	-	1.250
DC	0.495	-	-	0.495
Florida	5.856	2.473	0.158	8.487
Georgia	3.503	0.614	-	4.117
Guam	0.118	-	-	0.118
Hawaii	0.863	0.387	-	1.250
Idaho	1.250	-	0.056	1.306
Illinois	3.519	1.395	-	4.914
Indiana	2.442	0.168	-	2.610
Iowa	1.250	-	0.011	1.261
Kansas	1.034	0.216	0.018	1.268
Kentucky	1.599	0.133	-	1.732
Louisiana	1.803	-	0.040	1.843
Maine	1.250	-	0.025	1.275
Maryland	1.653	0.691	-	2.344
Massachusetts	2.461	0.212	0.009	2.682
Michigan	3.081	0.792	0.242	4.115

State or Territory	State Govt.	Local Govts.	Tribal Govts.	Total
Minnesota	1.870	0.317	0.267	2.454
Mississippi	1.250	-	0.062	1.312
Missouri	2.084	0.296	-	2.380
Montana	1.250	-	0.219	1.469
Nebraska	1.084	0.166	0.066	1.316
Nevada	0.836	0.414	0.122	1.372
New Hampshire	1.250	-	-	1.250
New Jersey	2.394	1.050	-	3.444
New Mexico	1.068	0.182	0.253	1.503
New York	5.136	2.408	0.114	7.658
North Carolina	3.585	0.482	0.063	4.130
North Dakota	1.250	-	0.146	1.396
Northern Mariana Islands	0.036	-	-	0.036
Ohio	3.754	0.779	-	4.533
Oklahoma	1.259	0.275	1.647	3.181
Oregon	1.389	0.247	0.201	1.837
Pennsylvania	3.935	1.029	-	4.964
Puerto Rico	2.241	-	-	2.241
Rhode Island	1.250	-	0.006	1.256
South Carolina	1.905	0.091	0.022	2.018
South Dakota	1.250	-	0.201	1.451
Tennessee	2.363	0.285	-	2.648
Texas	8.038	3.205	0.054	11.297
U.S. Virgin Islands	0.075	-	-	0.075
Utah	0.935	0.315	0.030	1.280
Vermont	1.250	-	-	1.250
Virginia	3.110	0.200	0.019	3.329
Washington	2.167	0.786	0.565	3.518
West Virginia	1.250	-	-	1.250
Wisconsin	1.997	0.260	0.251	2.508
Wyoming	1.250	-	0.039	1.289
Total	**114.375**	**27.625**	**8.00**	**150.000**

Source: Pandemic Oversight, "Coronavirus Relief Fund," data downloaded on November 21, 2021, available at https://www.pandemicoversight.gov/track-the-money/funding-charts-graphs/coronavirus-relief-fund.

Note: Alaska tribal allocation total includes $0.5 billion intended for Alaska Native Corporations that was withheld by the federal government until August 2021 due to litigation. Amounts may not sum to totals due to rounding.

Table 1 also shows the $3 billion in CRF allocations to areas designated for fund purposes as territories, including the District of Columbia. Territory allocations were made in direct proportion to the relevant population estimate, with no minimum amount provided. Allocation shares for all territories except Puerto Rico are smaller than the state minimum amount. Treasury has allocated all amounts designated for territorial governments.[11]

The CARES Act provided a total of $8 billion to be distributed to tribal governments through the CRF. The CARES Act further stipulated that fund allocations to individual tribal governments were to be based on increases in government expenditures from FY2019 to FY2020, through a process established by the Department of the Treasury and Department of the Interior.[12] That process resulted in two rounds of payments.[13] The first round of payments distributed 60% of the tribal total, with allocations based on tribal population data. The second-round payments were distributed based on tribal employment and expenditure data after such data were provided. Treasury has provided all fund allocations to tribal governments, including amounts designated for governments of Alaska Native Corporations, which were withheld due to litigation until August 2021.[14]

Figure 1 shows the per capita allocations made to states, reflecting payments made to state, territorial, local, and tribal governments. Of the 21 states that received the $1.25 billion minimum amount for combined state and local payments, per capita assistance ranged from $391 (Utah) to $2,857 (Alaska). Of the 29 remaining states, 27 had per capita assistance under $500, with only the states with large populations served by tribal governments (Arizona and Oklahoma) receiving greater per capita assistance. Treasury has allocated all CRF amounts provided through the CARES Act.[15]

[11] U.S. Treasury, "Interim Report of Costs Incurred by the District of Columbia and Territories through June 30, 2020," August 24, 2020, available at https://home.treasury.gov/policy-issues/cares/state-and-local-governments.

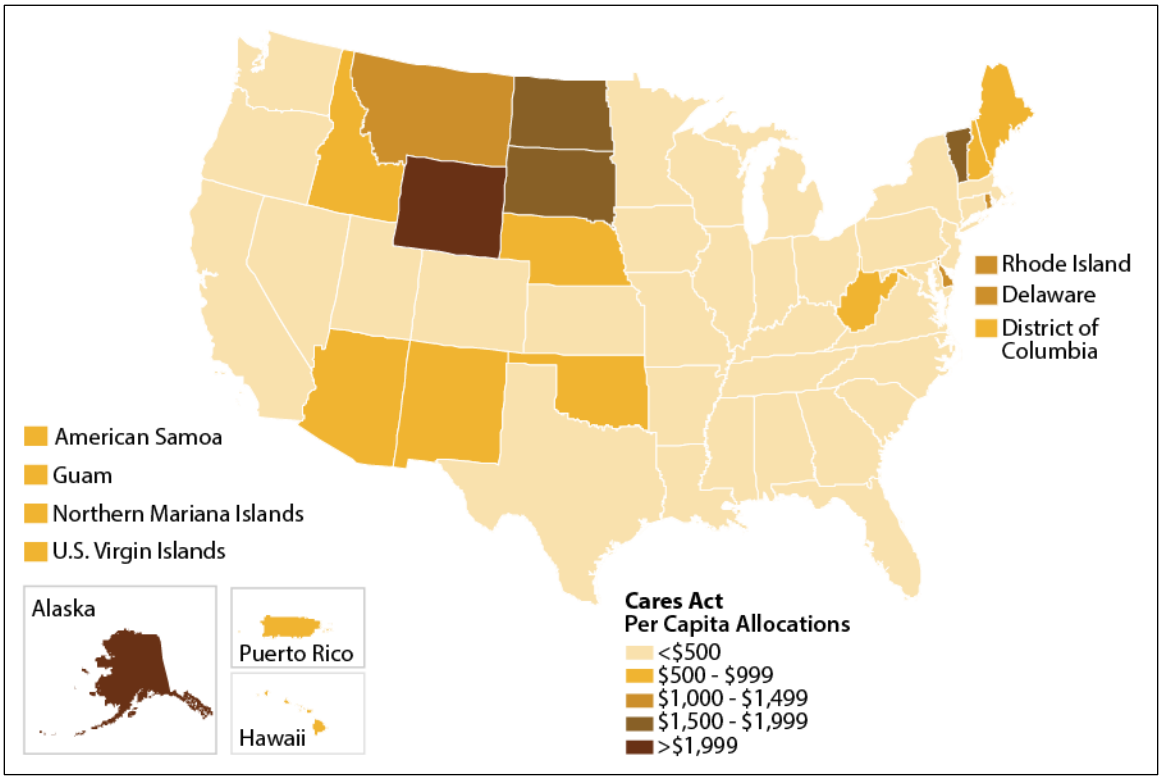
[12] Section 5001(c)(7) of the CARES Act.

[13] U.S. Treasury, "Coronavirus Relief Fund Tribal Allocation Methodology," August 11, 2020, available at https://home.treasury.gov/policy-issues/cares/state-and-local-governments.

[14] U.S. Treasury, "Disbursements to Alaska Native Corporations," August 4, 2021, available at https://home.treasury.gov/policy-issues/cares/state-and-local-governments.

[15] U.S. Treasury, "Payments to States and Eligible Units of Local Government," May 11, 2020, available at https://home.treasury.gov/policy-issues/cares/state-and-local-governments.

Figure 1. CRF Per Capita Allocations by State and Territory



Source: Pandemic Oversight, "Coronavirus Relief Fund," November 2021: and U.S. Census Bureau, "2020 Population and Housing State Projections," August 2021. CRS calculations.

Notes: State populations drawn from 2020 Census estimates.

Recipient Use Data

Table 2 shows the percentage of the total allocation that has been disbursed (classified as "spent" or "to be spent") for each state and type of government as of September 30, 2021.[16] Roughly 94% of CRF payments (or $141.1 billion) were disbursed across all prime (direct) recipient governments. State and local governments exhibited a nearly identical spend rate in that dataset (95% and 94%, respectively).[17] While the total spending rate of tribal governments was slightly lower (86%), that total includes amounts only recently distributed to Alaska Native Corporations (in August 2021).[18] When excluding amounts provided to Alaska Native Corporations, the tribal government spend rate (92%) is comparable to the state and local government total.

[16] All CRF CARES Act usage data draws from Pandemic Response Accountability Committee, "Coronavirus Relief Fund," data downloaded on November 21, 2021, available at https://www.pandemicoversight.gov/track-the-money/funding-charts-graphs/coronavirus-relief-fund.

[17] Pandemic Response Accountability Committee, "PRAC releases cumulative Coronavirus Relief Fund data for March 1, 2020 – June 30, 2021," September 16, 2021, available at https://www.pandemicoversight.gov/news/articles/prac-releases-cumulative-coronavirus-relief-fund-data-march-1-2020-june-30-2021.

[18] Ibid.

Table 2. CRF Percentage of Allocations Disbursed Through September 30, 2021
(combined amounts to all prime recipients)

State or Territory	State or Territory Govt.	Local Govts.	Tribal Govts.	Total
Alabama	100%	97%	100%	**100%**
Alaska	100%	-	42%	**76%**
American Samoa	85%	-	-	**85%**
Arizona	97%	100%	89%	**95%**
Arkansas	94%	-	-	**94%**
California	99%	95%	88%	**97%**
Colorado	99%	93%	93%	**98%**
Connecticut	81%	-	102%	**82%**
Delaware	93%	100%	-	**95%**
DC	86%	-	-	**86%**
Florida	100%	94%	96%	**98%**
Georgia	86%	99%	-	**88%**
Guam	100%	-	-	**100%**
Hawaii	98%	100%	-	**99%**
Idaho	88%	-	95%	**88%**
Illinois	88%	95%	-	**90%**
Indiana	100%	100%	-	**100%**
Iowa	94%	-	99%	**94%**
Kansas	97%	98%	72%	**97%**
Kentucky	99%	101%	-	**99%**
Louisiana	100%	-	90%	**100%**
Maine	94%	-	64%	**93%**
Maryland	95%	94%	-	**95%**
Massachusetts	88%	80%	89%	**87%**
Michigan	97%	98%	90%	**96%**
Minnesota	98%	100%	95%	**98%**
Mississippi	98%	-	100%	**98%**
Missouri	95%	96%	-	**95%**
Montana	98%	-	98%	**98%**
Nebraska	100%	100%	82%	**99%**
Nevada	91%	100%	84%	**93%**
New Hampshire	95%	-	-	**95%**
New Jersey	94%	90%	-	**93%**
New Mexico	99%	100%	90%	**97%**
New York	96%	77%	96%	**90%**

State or Territory	State or Territory Govt.	Local Govts.	Tribal Govts.	Total
North Carolina	99%	92%	100%	**98%**
North Dakota	91%	-	75%	**90%**
Northern Mariana Islands	41%	-	-	**41%**
Ohio	95%	99%	-	**96%**
Oklahoma	96%	94%	93%	**94%**
Oregon	90%	98%	86%	**91%**
Pennsylvania	100%	89%	-	**98%**
Puerto Rico	90%	-	-	**90%**
Rhode Island	99%	-	90%	**99%**
South Carolina	97%	100%	88%	**97%**
South Dakota	94%	-	91%	**93%**
Tennessee	100%	99%	-	**100%**
Texas	82%	96%	94%	**86%**
U.S. Virgin Islands	72%	-	-	**72%**
Utah	99%	97%	97%	**98%**
Vermont	100%	-	-	**100%**
Virginia	98%	100%	89%	**98%**
Washington	95%	95%	87%	**93%**
West Virginia	76%	-	-	**76%**
Wisconsin	93%	100%	92%	**93%**
Wyoming	92%	-	100%	**92%**
Total	**95%**	**94%**	**86%**	**94%**

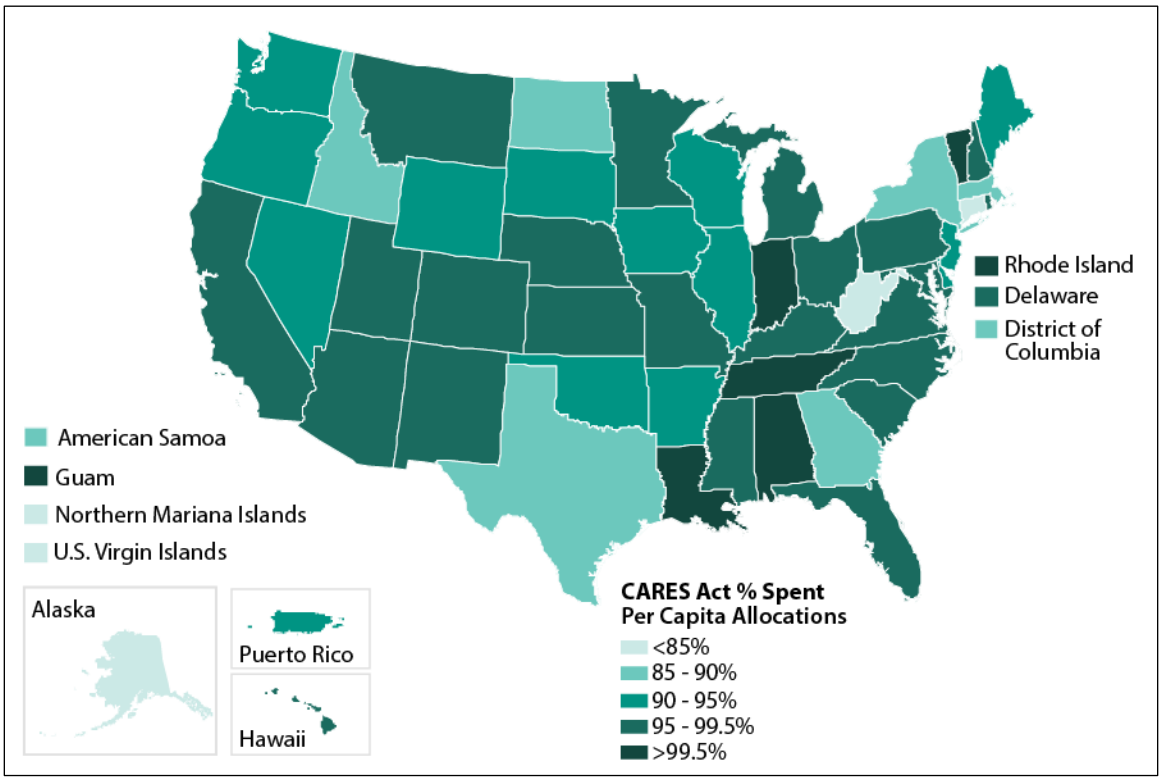
Source: Pandemic Oversight, "Coronavirus Relief Fund," data downloaded on November 21, 2021, available at https://www.pandemicoversight.gov/track-the-money/funding-charts-graphs/coronavirus-relief-fund.

Note: Alaska tribal allocation total includes $0.5 billion intended for Alaska Native Corporations that were withheld by the federal government until August 2021 due to litigation. Amounts may not sum to totals due to rounding. "-" denotes cases where there were no qualifying governments eligible to receive direct payments in the local government or tribal government category.

Figure 2 shows the percentage of allocations disbursed across CRF prime recipients in each state and territory as of September 30, 2021. Only 11 states and territories had cumulative disbursement rates of 89% or lower, while 6 states and territories had disbursement rates of greater than 99.5%. The statutory deadline to disburse CRF funds provided through the CARES Act is December 31, 2021.

Figure 2. CRF Percentage of Allocations Disbursed by State and Territory

As of September 30, 2021



Source: Pandemic Oversight, "Coronavirus Relief Fund," November 2021. CRS calculations.

Notes: Disbursed amounts represent payments categorized by PRAC as "spent" or "to be spent." Calculations include payments to tribal governments.

ARPA Assistance

Section 9901 of the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) provided a total of $362 billion in general federal payments to state, local, tribal, and territorial governments. ARPA assistance was provided through four channels:

- $220 billion provided to state, tribal, and territorial governments through the Coronavirus State Fiscal Recovery Fund (CSFRF);
- $130 billion provided to local governments through the Coronavirus Local Fiscal Recovery Fund (CLFRF);
- $10 billion provided to state governments through the Coronavirus Capital Projects Fund (CCPF); and
- $2 billion to certain local and tribal governments through the Local Assistance and Tribal Consistency Fund (LATCF).

Eligible Purposes

CSFRF and CLFRF

ARPA permits governments to use CSFRF and CLFRF payments for programs that

- respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits, and impacted industries;
- provide grants to employers or premium pay to workers performing essential work during the COVID-19 public health emergency;
- provide for general government services to the extent of reductions in government revenues due to the COVID-19 public health emergency, relative to the most recent year prior to the emergency; and
- make necessary investments in water, sewer, or broadband infrastructure.[19]

Recipients may transfer funds to private nonprofit groups, special purpose units of state or local governments, public benefit corporations involved in the transportation of passengers or cargo, or their state government.

In May 2021, Treasury provided additional clarity on eligible uses of CSFRF and CLFRF payments through the publication of an Interim Final Rule.[20] The Interim Final Rule contained details on

- the types of programs considered to be responses to the public health emergency and its negative economic impacts, including programs that prevent the exacerbation of preexisting economic disparities in certain areas;
- the definition of essential work, and limitations on payments and grants provided to workers;
- the formula by which lost government revenue could be calculated in FY2020 through FY2024; and
- eligible water, sewer, and broadband infrastructure programs.

All payments are to remain available until December 31, 2024, with funded projects completed no later than December 31, 2026. Amounts not spent or used for ineligible purposes must be repaid to Treasury.

CCPF

ARPA provides for state, territory, and tribal government recipients of CCPF payments to use funds for "critical capital projects directly enabling work, education, and health monitoring, including remote options," in response to the COVID-19 public health emergency.[21] Treasury released additional guidance on eligible uses in September 2021.[22]

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[19] American Rescue Plan Act of 2021, P.L. 117-2, Section 9901.

[20] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds," May 17, 2021, available at https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf.

[21] American Rescue Plan Act of 2021, P.L. 117-2, Section 9901, p. 230.

[22] U.S. Treasury, "Capital Projects Fund," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-

LATCF

ARPA directs LATCF payments to be made to "eligible revenue sharing counties and eligible Tribal governments"[23] for "any governmental purpose other than a lobbying activity."[24] Further guidance on eligible LATCF purposes has not yet been made available.

Allocations

CSFRF

ARPA provided a total of $219.8 billion through the CSFRF, distributed differently across state, territorial, and tribal governments:

- **States and DC:** $195.3 billion to the 50 states and the District of Columbia (DC), with
  - $0.755 billion to DC (i.e., the difference between DC's allocation and the minimum allocation to the 50 states provided in the CARES Act);
  - $25.5 billion distributed equally across state governments ($0.5 billion each);
  - $169.045 billion distributed to states (and DC) in proportion to their seasonally adjusted unemployed population from October through December 2020, as measured by the Bureau of Labor Statistics; and
  - adjustments to ensure that each state and DC receives a total of at least $1.25 billion from the CSFRF and Coronavirus Local Fiscal Recovery Fund (discussed below), a separate fund for local governments established in Section 9901;
- **Tribal Governments:** $20 billion provided for tribal governments, with
  - $1 billion allocated equally across all tribal governments; and
  - $19 billion allocated to all tribal governments through a process to be determined by the Secretary of the Treasury;
- **Territories:** $4.5 billion set aside for Puerto Rico, American Samoa, Guam, the Commonwealth of Northern Mariana Islands, and the U.S. Virgin Islands, with
  - $2.25 billion allocated equally across the five territories ($0.45 billion each); and
  - $2.25 billion allocated based on relative population.

ARPA provided Treasury with the discretion to make CSFRF payments to states in one or two tranches, based on state unemployment levels. Treasury released guidance specifying that payments will be made in one installment for states with unemployment levels at the time of Treasury certification that are more than two percentage points higher than February 2020 levels.[25] All other states are to receive payments in two installments, with second-tranche

for-state-local-and-tribal-governments/capital-projects-fund.

[23] American Rescue Plan Act of 2021, P.L. 117-2, Section 9901, p. 232.

[24] American Rescue Plan Act of 2021, P.L. 117-2, Section 9901, p. 232.

[25] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds – Allocations to States," May 10, 2021, available at https://home.treasury.gov/system/files/136/Allocation-Methodology-for-States-508A.pdf.

payments required to be made no later than 12 months after Treasury certifies the first round of payments.

Treasury's guidance also stated that payments to all territorial governments would be made in a single installment.[26] Payments to tribal governments are to be made in two installments, with the latter based on unemployment data.

Treasury has announced final CSFRF allocations to states and territories, and made first-tranche CSFRF payments to state and local governments in 2021.[27] Treasury has also developed a final allocation methodology for tribal governments, and provided further details on the tribal government payment process.[28]

CLFRF

ARPA provided a total of $130.2 billion through the CLFRF, distributed differently across types of local government:

- **Metropolitan Cities:** $45.57 billion to governments of localities classified as "metropolitan cities" in the Community Development Block Grant (CDBG) program, with individual amounts provided pursuant to the FY2021 CDBG formula;
- **Nonentitlements (NEUs):** $19.53 billion to other units of general local government (as defined in 42 U.S.C. §5302(a)(5)) that represent areas classified as "nonentitlement communities" in the CDBG program and are county governments, with
  - federal payments first made to states made proportionally to the state populations not residing in metropolitan cities; and
  - individual amounts distributed by the state proportional to each local government's state population share; and
- **Counties:** $65.1 billion to county governments, with
  - payments to counties classified as "urban counties" under the CDBG program equal to the greater of their projected allocation based on their population and the allocation they would have received if urban counties had been included in the $45.57 billion provided to "metropolitan cities"; and
  - payments to all other counties made proportional to their state's population share.

Treasury released guidance specifying that all local governments will receive payments in two installments, with the first payment provided in 2021 and the second payment made no later than 12 months after the first payment.[29]

[26] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds – Allocations to States," May 10, 2021, available at https://home.treasury.gov/system/files/136/Allocation-Methodology-for-States-508A.pdf.

[27] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds.

[28] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds for Tribal Governments," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/tribal-governments.

[29] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds.

Treasury published a final methodology for allocation payments to counties, metropolitan cities, and NEUs in May 2021, and made first-tranche payments directly to local recipients (for county and metropolitan city governments) and to state governments (for NEUs) later in 2021.[30] Many state government payments to NEUs have been made, while others remain outstanding as of November 29, 2021. The status of all NEU payments is publicly updated weekly.[31]

CCPF

ARPA provided a total of $10 billion through the CCPF, to be distributed as follows:

- $100 million each provided to the 50 states, DC, and Puerto Rico;
- a total of $100 million provided to other U.S. territories, divided evenly among the governments of the U.S. Virgin Islands, Guam, American Samoa, Northern Mariana Islands, Marshall Islands, Micronesia, and Palau;
- a total of $100 million provided to tribal governments, divided evenly among each government, with between $50,000 and $200,000 paid to Hawaii for Native Hawaiian assistance; and
- the remaining $4.6 billion allocated to the 50 states, DC, and Puerto Rico through the following formula:
  - 50% allocated proportional to population share;
  - 25% allocated proportional to the rural population share; and
  - 25% allocated proportional to the population with household income below 150% of the national poverty line.[32]

Treasury provided final allocations to all CCPF recipients in August 2021.[33]

LATCF

Further guidance on the LATCF allocation methodology has not yet been made available.

Allocations by State, Territory, and Government Type

Table 3 shows the combined allocations made across states and types of government for the CSFRF, CCPF, and CLFRF. CSFRF payments do not include payments to tribal governments, as final allocation data have not yet been made available. Allocations to the 50 states through the CSFRF and CCPF range from $1.03 billion (Montana) to $27.56 billion (California). Combined local government payments through the CLFRF range from $0.18 billion (Wyoming) to $15.90 billion (California).

[30] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds.

[31] U.S. Treasury, "Status of Payments to States for Distribution to Non-Entitlement Units of Local Governments (NEUs)," November 29, 2021, available at https://home.treasury.gov/system/files/136/Status-State-NEU-Distribution.pdf.

[32] American Rescue Plan Act of 2021, P.L. 117-2, Section 9901, p. 230.

[33] U.S. Treasury, "Capital Projects Fund," available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund.

Table 3. CSFRF, CLFRF, and CCPF Allocations by State and Territory

(in billions of dollars)

	State and Territory Governments		Local Governments
State or Territory	**CSFRF**	**CCPF**	**CLFRF**
Alabama	2.120	0.192	1.739
Alaska	1.012	0.112	0.238
American Samoa	0.479	0.014	0.016
Arizona	4.183	0.190	2.644
Arkansas	1.573	0.158	1.011
California	27.017	0.540	15.898
Colorado	3.829	0.171	1.935
Connecticut	2.812	0.142	1.557
Delaware	0.925	0.113	0.344
District of Columbia	1.802	0.107	0.510
Florida	8.817	0.366	7.106
Georgia	4.854	0.260	3.510
Guam	0.554	0.014	0.050
Hawaii	1.642	0.115	0.518
Idaho	1.094	0.129	0.579
Illinois	8.128	0.254	5.930
Indiana	3.072	0.203	2.588
Iowa	1.481	0.152	1.174
Kansas	1.584	0.143	0.994
Kentucky	2.183	0.183	1.587
Louisiana	3.011	0.177	1.808
Maine	0.997	0.128	0.502
Marshall Islands	0.000	0.014	0.000
Maryland	3.717	0.171	2.322
Massachusetts	5.286	0.175	3.388
Michigan	6.540	0.251	4.407
Micronesia	0.000	0.014	0.000
Minnesota	2.833	0.181	2.132
Mississippi	1.806	0.163	0.947
Missouri	2.685	0.197	2.473
Montana	0.906	0.120	0.344
Nebraska	1.040	0.129	0.663
Nevada	2.739	0.136	1.041
New Hampshire	0.995	0.122	0.462

	State and Territory Governments		Local Governments
State or Territory	**CSFRF**	**CCPF**	**CLFRF**
New Jersey	6.245	0.195	3.595
New Mexico	1.752	0.133	0.705
New York	12.745	0.346	10.715
North Carolina	5.439	0.274	3.411
North Dakota	1.008	0.113	0.242
Northern Mariana Islands	0.482	0.014	0.016
Ohio	5.368	0.269	5.289
Oklahoma	1.870	0.168	1.323
Oregon	2.648	0.157	1.505
Palau	0.000	0.014	0.000
Pennsylvania	7.291	0.279	6.159
Puerto Rico	2.470	0.158	1.546
Rhode Island	1.131	0.112	0.537
South Carolina	2.499	0.186	1.626
South Dakota	0.974	0.116	0.276
Tennessee	3.726	0.215	2.281
Texas	15.814	0.500	10.440
U.S. Virgin Islands	0.515	0.014	0.032
Utah	1.378	0.138	1.099
Vermont	1.049	0.113	0.201
Virginia	4.294	0.220	2.910
Washington	4.428	0.196	2.692
West Virginia	1.355	0.136	0.679
Wisconsin	2.533	0.189	2.323
Wyoming	1.068	0.109	0.182
Tribal Governments	20.000	0.100	0.000
Total	**219.800**	**10.000**	**130.200**

Source: U.S. Treasury.

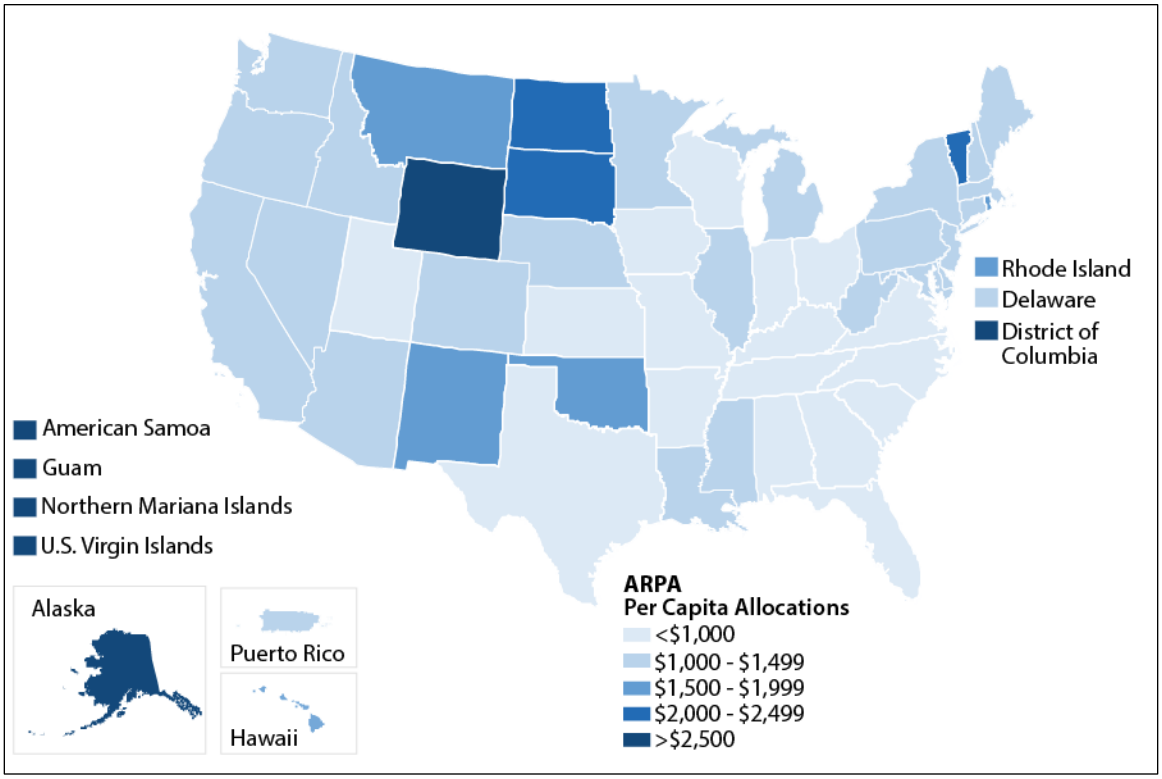
Notes: CSFRF and CCPF amounts do not include allocations to tribal governments within states and territories. Tribal government allocations are listed collectively at the bottom of the table: tribal information by state and territory, similar to what is provided in **Table 1**, will be included as tribal allocation data are made available. LATCF allocation methodology has not yet been determined.

Figure 3 shows per capita payments from the CSFRF, CLFRF, and CCPF by state and territory. CSFRF allocations assume that tribal government payments will be made across states in equal proportion to tribal payments made in the CRF; actual allocation data have not yet been made available. Relative to the CRF money provided in the CARES Act, ARPA assistance is a bit more proportional to state population distributions. The highest concentration of large per capita payments can be found in Mountain West states (due largely to the $1.25 billion combined

minimum for CSFRF and CLFRF payments to nontribal governments), while a higher concentration of low per capita payments is found in the Southeast.

Figure 3. ARPA General Per Capita Allocations by State and Territory

Includes CSFRF, CLFRF, and CCPF Allocations



Source: U.S. Treasury and U.S. Census Bureau. CRS calculations.

Notes: State populations drawn from 2020 Census estimates. Allocations include payments to tribal governments. CSFRF allocations assume that tribal government payments will be made across states in equal proportion to tribal payments made in the CRF; actual allocation data have not yet been made available. Allocations do not include those from the LATCF, for which allocation methodology is not yet available.

Recipient Use Data

Data on recipient use of the general assistance provided in ARPA are not yet available. Preliminary data from the CSFRF and CLFRF are expected to be released in early 2022;[34] a sampling of use from select governments was released by Treasury in October 2021.[35] CCPF and LATCF amounts have not yet been provided to recipient governments.

[34] Pandemic Response Accountability Committee, "State and local governments spent $150B. Then they got $350B more. Follow the money," November 2021, available at https://www.pandemicoversight.gov/data-interactive-tools/data-stories/state-and-local-governments-spent-150b-then-got-350b-more-follow-money.

[35] U.S. Treasury, "Coronavirus State and Local Fiscal Recovery Funds—Early Reporting Highlights," October 14, 2021, available at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds.

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