



Treasury Guidance on Coronavirus State and Local Fiscal Recovery Fund

On May 10, 2021, the U.S. Department of the Treasury (Treasury) released [guidance on the State and Local Coronavirus Fiscal Recovery Fund](#) (Recovery Fund) enacted as part of The American Rescue Plan (ARP) Act. The Recovery Fund provides approximately \$350 billion in new federal fiscal assistance for sub-federal governments, including \$195.3 billion for states and the District of Columbia (full breakdown below). **In addition to this guidance, Treasury opened the [Treasury Submission Portal](#) where eligible state, territorial, metropolitan city, county, and tribal governments may now request their allocation of the Recovery Fund.** The Council of State Governments (CSG) is providing this summary of Treasury’s guidance for our members.

[CLICK HERE](#) to access Treasury’s guidance on the Recovery Fund

[CLICK HERE](#) to access Treasury portal to request funds

[CLICK HERE](#) to access CSG’s analysis of the Recovery Fund

Allocations

The **\$350 billion Recovery Fund** is allocated as follows:

Government Units Funded	Amount (in Billions USD)
States and the District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities	\$45.6
Tribal Governments	\$20.0
Non-Entitlement Units of Local Government ¹	\$19.5
U.S. Territories	\$4.5

¹ Non-entitlement units include those units of general local government which do not receive Community Development Block Grant funds directly from the U.S. Department of Housing and Urban Development (HUD). Non-entitlement units are cities with populations of less than 50,000 (except cities that are designated “principal cities” of Metropolitan Statistical Areas) and counties with populations of less than 200,000.

Funds will be distributed directly to each state, territorial, metropolitan city, county, and tribal government. Non-entitlement units of local governments will receive funds through their state government.²

The \$195.3 billion in funding to states and the District of Columbia will be distributed as follows:

- \$25.5 billion divided among the states and the District of Columbia, with each state assured a **minimum \$500 million baseline allocation**
- \$754.9 million in **additional aid for the District of Columbia** to increase its overall allocation from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 to the state minimum
- \$169 billion **allocated based on each state's share of unemployed workers** over the three-month period from October-December 2020³

[See appendix](#) for the full breakdown of allocations to the states and the District of Columbia. Further details on allocation methodologies and breakdowns can be found on the Treasury website by [CLICKING HERE](#).

Disbursement of Funds

Treasury guidance on the Recovery Fund provides further detail on how and when funds will be distributed. Some governments will receive all funding at once, while others will receive two disbursements⁴:

- **States with at least a two percentage point net increase in the unemployment rate** (from February 2020 to the latest available data when each state's certification of need is received) will receive funds in a **single payment** available in May 2021. Using March 2021 Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) data, it is estimated that 24 states will receive funds in a single payment. [See appendix](#) for states predicted to receive funds in a single payment.
- **States with a less than two percentage point increase in the unemployment rate** will receive funds in **two disbursements**, with the first available in May 2021 and the second in May 2022. Using March 2021 Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) data, it is estimated that 26 states will receive funds in two disbursements. [See appendix](#) for states predicted to receive funds in two disbursements.
- **Territories** will receive a **single payment** available in May 2021.
- **Tribal governments** will receive funds in **two disbursements**, with the first available in May 2021 and the second, based on employment data, in June 2021.
- **Local governments** will receive funds in **two disbursements**, with 50% available in May 2021 and 50% in May 2022.

² Further guidance on distributions to non-entitlement units is expected to be provided by Treasury later this month.

³ Treasury used the latest available data from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program. This data can be accessed at <https://download.bls.gov/pub/time.series/la/>.

⁴ The ARP Act refers to funding disbursements as "tranches".

Use of Funds

Treasury's [Interim Final Rule](#) provides guidance to help states determine how funding can be used, what restrictions apply to the funding, and examples of allowable uses that state may consider. Some [options for using this funding](#) include:



1. Supporting the **public health response**
 - a. Investment in vaccination efforts, testing, and contact tracing
 - b. Purchase of Personal Protective Equipment (PPE)
 - c. Support for those in quarantine or isolation
 - d. Improvement of ventilation systems in key settings (e.g. health care facilities)
 - e. Respond to increased demand for mental health and substance misuse services



2. Addressing the **negative economic impacts** caused by the public health emergency
 - a. Direct assistance to unemployed workers
 - b. Job training
 - c. Premium pay for essential workers
 - d. Survivorship benefits for families who lost someone to COVID-19
 - e. Loans and grants to small businesses
 - f. Public sector staff rehiring
 - g. Unemployment insurance fund replenishment to pre-pandemic levels



3. Serving the **hardest-hit communities and families**
 - a. Intervention to address community violence
 - b. Remediation of lead hazards
 - c. Funding community health workers
 - d. Support for schools in low-income areas



4. **Replacing lost public sector revenue** to avoid cuts to government services



5. **Investing in water and sewer** infrastructure



6. **Investing in broadband** infrastructure

Within these overall categories, **recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.** However, there are two major restrictions:

1. **Funds may not be used to directly or indirectly finance a net decrease in tax revenue** from March 3, 2021 through the last day of the fiscal year in which all funds have been spent. States and territories must demonstrate how they pay for any tax cuts during this time period from sources other than the Recovery Fund. Tax cuts paid for by enacting policies to raise other sources of revenue, by cutting spending, or through higher revenue due to economic growth are allowed. If Recovery Funds have been used to offset tax cuts, that

amount must be paid back to Treasury. This guidance responds to state requests for further clarification on the tax cut offset provision in the American Rescue Plan. Read about states challenging the tax cut offset provision and Treasury's response by [CLICKING HERE](#).

2. **Funds may not be deposited into a pension fund.** While pension deposits are prohibited, recipients may use funds for routine payroll contributions (to pensions) for employees whose wages and salaries are an eligible use of funds.

Other ineligible uses included in the Treasury's Interim Final Rule (see section "Interim Final Rule" below) are funding debt service, legal settlements or judgements, and deposits to rainy day funds or financial reserves. Infrastructure spending is limited to water, sewer, and broadband investments, and general infrastructure spending is not covered. For additional information on restrictions and additional examples of eligible and ineligible uses, please [CLICK HERE](#).

Request Funds

Treasury is now accepting requests for Recovery Fund allocations. **Jurisdictions must submit a request** even if they have previously applied for other funding through this portal. Eligible state, local, territorial, and tribal governments should request funds through the [Treasury Submission Portal](#). Non-entitlement units of local government should not request funds through this portal since they will receive funds from their state government.

For additional information on the Treasury Submission Portal and submission requirements, please [CLICK HERE](#).

Interim Final Rule

Funding from the Recovery Fund is subject to the requirements specified in the [Interim Final Rule](#) adopted by Treasury May 10, 2021. The document has been submitted to the Office of the Federal Register for publication. Upon publication, the Rule will be available at www.federalregister.gov, www.regulations.gov, and at www.treasury.gov.

Public comment on the Interim Final Rule is welcome from state, local, territorial, and tribal governments, as well as other stakeholders.

Questions?

For general questions about the Recovery Fund program, email SLFRP@treasury.gov. For questions about the Treasury Submission Portal or for technical support, email covidreliefitsupport@treasury.gov.

Are you a state leader with specific questions about the American Rescue Plan or other state recovery efforts? CSG Research and Policy Analysts are eager to answer your questions. Send us an email with your question to research@csq.org.

Appendix

Funding Breakdown of the Coronavirus State and Local Fiscal Recovery Fund for States and District of Columbia (in Millions, USD)

	Total Funding	Funding Based on Unemployment	Funding from Even Distribution	CRF Top-Up ⁵	Predicted Number of Disbursements ⁶
ALABAMA	\$2,120.28	\$1,620.28	\$500.00	--	2
ALASKA	\$1,011.79	\$511.79	\$500.00	--	1
ARIZONA	\$4,182.83	\$3,682.83	\$500.00	--	1
ARKANSAS	\$1,573.12	\$1,073.12	\$500.00	--	2
CALIFORNIA	\$27,017.02	\$26,517.02	\$500.00	--	1
COLORADO	\$3,828.76	\$3,328.76	\$500.00	--	1
CONNECTICUT	\$2,812.29	\$2,312.29	\$500.00	--	1
DELAWARE	\$924.60	\$424.60	\$500.00	--	1
DISTRICT OF COLUMBIA	\$1,802.44	\$547.58	\$500.00	\$754.86	1
FLORIDA	\$8,816.58	\$8,316.58	\$500.00	--	2
GEORGIA	\$4,853.54	\$4,353.54	\$500.00	--	2
HAWAII	\$1,641.60	\$1,141.60	\$500.00	--	1
IDAHO	\$1,094.02	\$594.02	\$500.00	--	2
ILLINOIS	\$8,127.68	\$7,627.68	\$500.00	--	1
INDIANA	\$3,071.83	\$2,571.83	\$500.00	--	2
IOWA	\$1,480.86	\$980.86	\$500.00	--	2
KANSAS	\$1,583.68	\$1,083.68	\$500.00	--	2
KENTUCKY	\$2,183.24	\$1,683.24	\$500.00	--	1
LOUISIANA	\$3,011.14	\$2,511.14	\$500.00	--	1
MAINE	\$997.50	\$497.50	\$500.00	--	2
MARYLAND	\$3,717.21	\$3,217.21	\$500.00	--	2
MASSACHUSETTS	\$5,286.07	\$4,786.07	\$500.00	--	1
MICHIGAN	\$6,540.42	\$6,040.42	\$500.00	--	1
MINNESOTA	\$2,833.29	\$2,333.29	\$500.00	--	2

⁵ This Coronavirus Relief Fund (CRF) top-up ensures no state or the District of Columbia receives less than it did from the CRF, inclusive of the amounts allocated under the CARES Act to counties, metropolitan cities, and non-entitlement units within a state or the District of Columbia.

⁶ This prediction is based on March 2021 Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) data. However, the number of allotments each state will receive is dependent on the latest available data as of the date each state's certification of need is received (see above section "Disbursement of Funds").

	Total Funding	Funding Based on Unemployment	Funding from Even Distribution	CRF Top-Up ⁷	Predicted Number of Disbursements ⁸
MISSISSIPPI	\$1,806.37	\$1,306.37	\$500.00	--	1
MISSOURI	\$2,685.30	\$2,185.30	\$500.00	--	2
MONTANA	\$906.42	\$406.42	\$500.00	--	2
NEBRASKA	\$1,040.16	\$540.16	\$500.00	--	2
NEVADA	\$2,738.84	\$2,238.84	\$500.00	--	1
NEW HAMPSHIRE	\$994.56	\$494.56	\$500.00	--	2
NEW JERSEY	\$6,244.54	\$5,744.54	\$500.00	--	1
NEW MEXICO	\$1,751.54	\$1,251.54	\$500.00	--	1
NEW YORK	\$12,744.98	\$12,244.98	\$500.00	--	1
NORTH CAROLINA	\$5,439.31	\$4,939.31	\$500.00	--	2
NORTH DAKOTA	\$1,007.50	\$507.50	\$500.00	--	2
OHIO	\$5,368.39	\$4,868.39	\$500.00	--	2
OKLAHOMA	\$1,870.42	\$1,370.42	\$500.00	--	2
OREGON	\$2,648.02	\$2,148.02	\$500.00	--	1
PENNSYLVANIA	\$7,291.33	\$6,791.33	\$500.00	--	1
RHODE ISLAND	\$1,131.06	\$631.06	\$500.00	--	1
SOUTH CAROLINA	\$2,499.07	\$1,999.07	\$500.00	--	2
SOUTH DAKOTA	\$974.48	\$474.48	\$500.00	--	2
TENNESSEE	\$3,725.83	\$3,225.83	\$500.00	--	2
TEXAS	\$15,814.39	\$15,314.39	\$500.00	--	1
UTAH	\$1,377.87	\$877.87	\$500.00	--	2
VERMONT	\$1,049.29	\$549.29	\$500.00	--	2
VIRGINIA	\$4,293.73	\$3,793.73	\$500.00	--	2
WASHINGTON	\$4,427.71	\$3,927.71	\$500.00	--	2
WEST VIRGINIA	\$1,355.49	\$855.49	\$500.00	--	1
WISCONSIN	\$2,533.16	\$2,033.16	\$500.00	--	2
WYOMING	\$1,068.48	\$568.48	\$500.00	--	1
TOTAL	\$195,300.00	\$169,045.14	\$25,500.00	\$754.86	

Data Source: <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-statefunding1-CSV.csv>

⁷ This Coronavirus Relief Fund (CRF) top-up ensures no state or the District of Columbia receives less than it did from the CRF, inclusive of the amounts allocated under the CARES Act to counties, metropolitan cities, and non-entitlement units within a state or the District of Columbia.

⁸ This prediction is based on March 2021 Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) data. However, the number of allotments each state will receive is dependent on the latest available data as of the date each state's certification of need is received (see above section "Disbursement of Funds").