



Budget Brief 21-15, March 11, 2021

American Rescue Plan Act Includes Fiscal Relief, Other Funding for States

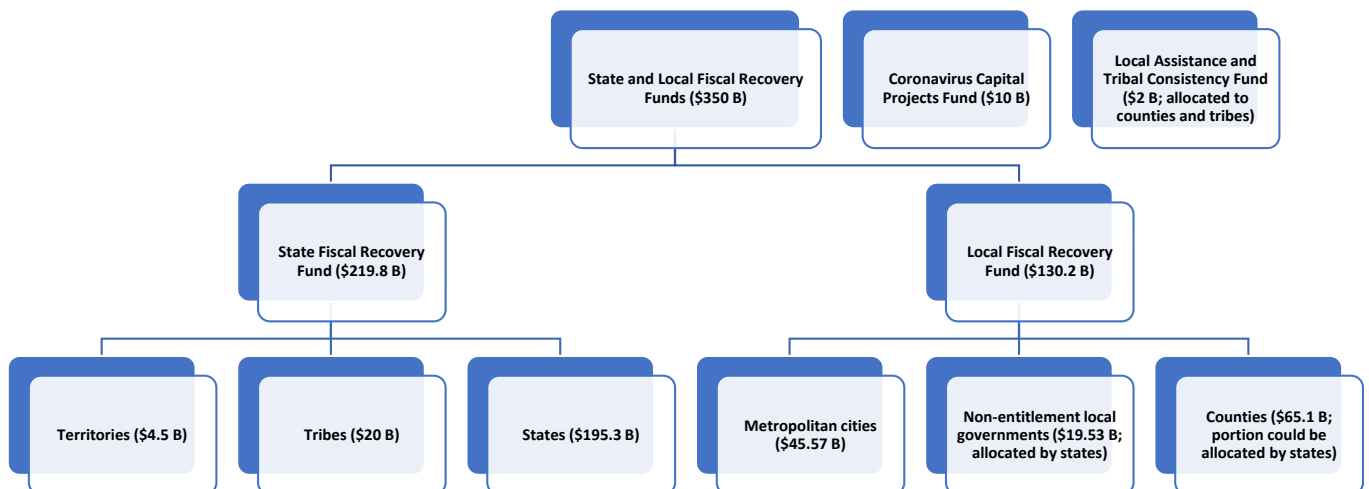
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Summary

The House has approved the Senate-amended [American Rescue Plan Act of 2021](#) (H.R. 1319), which the president will sign presently. The legislation provides \$1.9 trillion in fiscal relief related to the COVID-19 pandemic, with billions flowing to state and local governments. Table 1 at the end of this brief lists more than \$800 billion in funding for individual programs. Table 2 provides estimates of state allocations from the Coronavirus State and Local Fiscal Recovery Funds, which are described below. Forthcoming FFIS materials will include state estimates for many of the programs listed on Table 1 and a *Budget Brief* summarizing relevant provisions of the legislation.

Fiscal Recovery Funds

The chart below summarizes the allocation of funding for the Coronavirus State and Local Fiscal Recovery Funds. The final bill restored \$10 billion to the Local Fiscal Recovery Fund, retained a new \$10 billion Coronavirus Capital Projects Fund, and created a new Local Assistance and Tribal Consistency Fund, with a \$2 billion appropriation for each of fiscal years (FYs) 2022 and 2023. Additional details are provided in the sections below.



State Fiscal Recovery Fund

Table 2 lists state allocations, which are available for costs incurred through December 31, 2024. The \$219.8 billion appropriation is distributed as follows:

- Territories: \$4.5 billion, with 50% divided equally and 50% based on relative population
- Tribal governments: \$20 billion, with \$1 billion allocated equally and \$19 billion allocated by the secretary of the Treasury, payable within 60 days
- States and the District of Columbia: \$25.5 billion allocated equally (\$500 million each), after which:
 - The District of Columbia receives an additional \$755 million to bring it up to the state minimum payment under the CARES Act Coronavirus Relief Fund (CRF).
 - The remainder (\$169.045 billion) is allocated based on the state share of seasonally adjusted unemployed persons for the three-month period ending December 2020.

Hold-harmless provision. The legislation specifies that the sum of payments from state and local allocations may not be less than a state received under the CARES Act CRF.

Pro rata adjustment authority. The treasury secretary is directed to make pro rata adjustments to ensure that all funds are allocated to states, territories, and tribal governments in accordance with the legislation's requirements.

Transfer authority. Recipient governments may transfer funds to a private non-profit (based on the McKinney-Vento Homeless Assistance Act definition), a tribal organization, a public benefit corporation that transfers passengers or cargo, or a special-purpose unit of state or local government.

Certification. Recipients are required to certify that they need the funds and intend to use them as directed (see below).

Timing. Payments are to be made to states within 60 days of certification. (The District of Columbia is eligible for its CARES Act "plus-up" funding within 15 days of enactment and without certification.)

- The legislation allows (but does not require) the secretary to split payments to states and territories, with 50% withheld for a period of up to 12 months from the date of certification. This decision is to be based on a jurisdiction's unemployment rate at the time of certification. The subsequent payment of 50% would require another certification plus any other information the secretary specifies.

Use of funds. The legislation permits the following uses, for costs incurred through December 31, 2024:

- Respond to the COVID-19 public health emergency and cover costs related to it, including assistance to households, small businesses, non-profits, and affected industries such as tourism, travel, and hospitality
- Provide premium pay (up to \$13 per hour in addition to base pay, up to a \$25,000 cap) to state, territory, or tribal government workers who perform essential work during the public health emergency, or provide grants to

employers with employees who perform essential work (defined as work needed to maintain continuity of operations of critical infrastructure and other sectors designated by the governor as critical to protect the health and well-being of residents)

- Provide government services to the extent of lost revenue from the public health emergency, relative to revenues in the fiscal year prior to the pandemic
- Make investments in water, sewer, or broadband infrastructure

Restrictions. The bill includes restrictions on how states and territories may use funds. They may not be used to:

- Reduce taxes directly or indirectly between March 3, 2021, and the last day of the fiscal year in which all funds received have been spent or returned
- Make payments to pension funds

Reporting. The legislation requires grantees to submit periodic reports on the use of funds, including any tax modifications. The treasury secretary may specify additional information to be included in such reports.

Recoupment for tax cuts. States and territories are required to repay any funds whose use does not comply with the uses and restrictions specified above. For tax reductions, states will be required to repay the lesser of 1) the net tax reduction or 2) the amount received under this program or through a transfer from local governments (addressed below). If the secretary chooses to split a grantee's award as specified above, she could recoup funds by reducing the second payment.

Local Fiscal Recovery Fund

The following provisions govern the local share of funds, which total \$130.2 billion. As with the state portion, funding is available for costs incurred through December 31, 2024. Table 2 lists the local payment for each state for each of the three categories described below.

Metropolitan cities. The \$45.57 billion earmarked for metro cities follows the Community Development Block Grant (CDBG) entitlement formula, substituting "all metropolitan cities" for "all metropolitan areas" in the formula's application.

Non-entitlement funds. The \$19.53 billion for non-entitlement local governments will be paid to states based on each state's relative share of the non-entitlement population of all states.

- Within 30 days of receiving funds, a state must distribute funds to non-entitlement units of local government based on relative shares of the state's non-entitlement population. Extensions are available.
- Assistance to a nonentitlement unit of local government may not exceed 75% of the most recent budget for that government as of January 27, 2020. Any undistributed funds stemming from this provision must be returned to the federal government.
- If state payments are not made within 120 days (or later if so authorized by an extension), any undistributed funds become state debt owed to the federal government, paid from the state allocation.

Direct county payments. The final \$65.1 billion is paid directly to counties, allocated by relative population, with a hold-harmless provision for urban counties to ensure they receive at least as much as they would under the CDBG formula. For counties that are not units of general local government, funds will go to the state, which will distribute them to the local governments in the county based on relative population. The District of Columbia receives an allocation from this portion of funding.

Consolidated governments are eligible for all three funding streams.

Adjustment authority. The treasury secretary may make pro rata adjustments to make sure all three categories of funding are distributed in accordance with the relevant requirements.

Population data. Population data used to allocate funds are either the most recent Census data or, if not available, data of the state's choosing.

Tranches. Initial payments of 50% of the appropriation for each of the three categories of local funding are to be made within 60 days of enactment. The remaining 50% may be paid no sooner than 12 months after the first payment.

Certification, uses, and prohibitions. The certification and use requirements are the same as those for states. Local governments are prohibited from using funds for pension contributions.

Transfers. The provisions regarding transfers to non-profits and others are the same as those for states except that transfers to tribal organizations are not permitted. In addition, local recipients may transfer funds to states.

Reporting and recoupment. These requirements are the same as those for states. Funds used in violation of the specified uses must be repaid.

***Coronavirus
Capital Projects
Fund***

The legislation appropriates \$10 billion for states, territories, and tribes to carry out "critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency." Table 2 includes state allocations for this funding, which is allocated as follows:

- States, the District of Columbia, and Puerto Rico receive \$100 million each.
- The Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau receive equal shares of \$100 million.
- Tribal governments plus Hawaii receive \$100 million, with at least \$50,000 going to each tribal government and at least \$50,000 (but not more than \$200,000) going to Hawaii for the exclusive use of the Department of Hawaiian Home Lands and the Native Hawaiian Education Programs.
- Remaining funds are allocated to states based on population (50%), the share of the population living in rural areas (25%), and the share of the population with a household income less than 150% of the federal poverty level (25%). This portion is provided to the 50 states, the District of Columbia, and Puerto Rico.

The legislation directs the treasury secretary to establish an application process for these funds not later than 60 days after the legislation's enactment.

**Local Assistance
and Tribal
Consistency Fund**

The legislation appropriates \$2 billion—available until September 30, 2023—to make payments in FY 2022 and FY 2023 to:

- **Eligible Revenue Sharing Counties:** Counties independent of other local governments that have experienced a negative revenue impact from federal programs or changes to such programs, plus the District of Columbia, Guam, Puerto Rico, and the Virgin Islands
- **Tribal Governments:** Any entity identified in the most recent published list of federally recognized Indian tribes.

For each of the two years, \$750 million will be allocated by the treasury secretary to eligible revenue sharing counties, taking into account “economic conditions of each eligible revenue sharing county, using measurements of poverty rates, household income, land values, and unemployment rates as well as other economic indicators, over the 20-year period ending September 30, 2021.”

Eligible tribal governments are allocated \$250 million in each of the two years by the secretary, based on economic conditions.

Since these funds will be allocated at the secretary’s discretion, no estimates are provided.

Funds will be available for any governmental purpose other than lobbying. Periodic reporting is required, and recipients that fail to submit required reports or that violate the allowed uses must repay funds as follows:

- For misused funds, the amount in violation must be repaid.
- For failing to submit a report, up to 5% of the amount paid over the two years may be required to be repaid, as determined by the treasury secretary.

Next Steps

The president is expected to sign the legislation Friday, which will initiate the implementation phase of the programs described here. Additional FFIS materials, including state estimates for many programs funded in the legislation, will be released in the coming days and weeks.

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Table 1

COVID-19 Funding for States (\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	American Rescue Plan
USDA	Rural Broadband ReConnect	\$100	\$0	\$0
USDA	Distance learning and telemedicine	25	0	0
USDA	Support for Farm Stress Programs	0	28	0
USDA	Farming Opportunities Training and Outreach	0	75	0
USDA	Dairy Donation Program	0	400	0
USDA	Local Agriculture Market Program	0	100	0
USDA	Specialty Crop	0	100	0
USDA	Emergency Grants for Rural Health Care	0	0	500
USDA (FNS)	SNAP Contingency Reserve	15,510	0	0
USDA (FNS)	SNAP 1/	0	See note	0
USDA (FNS)	SNAP state administration	0	100	1,135
USDA (FNS)	SNAP online purchasing and technology improvements	0	0	25
USDA (FNS)	Child nutrition 1/	8,800	See note	0
USDA (FNS)	Emergency Food Program (TEFAP)	850	400	0
USDA (FNS)	Supplemental Nutrition Assistance for Women, Infants, Children (WIC)	500	0	880
USDA (FNS)	Nutrition assistance for Puerto Rico, territories	300	614	1,000
USDA (FNS)	Commodity Supplemental Food Program	0	13	37
USDA (FNS)	Food Insecurity Nutrition Incentive (FINI) Grants	0	75	0
Commerce	Economic Development Assistance programs	1,500	0	3,000
Commerce	Assistance to Fishery Participants	300	300	0
Commerce	Hollings Manufacturing Extension Program	50	0	0
Commerce	Connectivity Grants to Minority-serving Institutions	0	285	0
Commerce	Broadband Infrastructure Program	0	300	0
DOJ	Byrne Justice Assistance Grants	850	0	0
DHS	Disaster Relief Fund 2/	45,000	2,000	50,000
DHS	Emergency Food and Shelter Program	200	0	400
DHS	Emergency Food and Shelter Program - Humanitarian Relief	0	0	110
DHS	Assistance to Firefighter Grants	100	0	100
DHS	Staffing for Adequate Fire and Emergency Response (SAFER) Grants	0	0	200
DHS	Emergency Management Performance Grants	100	0	100
FCC	Emergency Connectivity Fund (schools/libraries)	0	0	7,171
FCC	Emergency Broadband Connectivity Fund (households)	0	3,200	0
FCC	COVID-19 Telehealth Program	200	250	0
Independent Agencies	Election Security Grants	400	0	0
Independent Agencies	National Endowment for the Arts	75	0	135
Independent Agencies	National Endowment for the Humanities	75	0	135
Independent Agencies	Institute of Museum and Library Services	50	0	200
Independent Agencies	Community Navigator Pilot Program	0	0	100
Independent Agencies	State Commissions on National and Community Service	0	19	20
Independent Agencies	Volunteer Generation Fund	0	6	20
Interior	Assistance to Territories	55	0	0
Interior	Water and Related Resources	13	0	0
DOL	UI Fraud Prevention, Equitable Access, and Timely Payment Fund	0	0	2,000
DOL	UI administration	1,000	0	0
DOL	Grants to establish or improve short-time compensation programs	100	0	0
DOL	WIOA - Dislocated Workers Assistance National Reserve	345	0	0
ED	Education Stabilization Fund	30,750	81,880	165,959
ED	Individuals with Disabilities Education Act (IDEA)	0	0	3,030
ED	Project SERV	100	0	0
HHS (CDC)	Grants to states, localities, and tribes	2,450	0	0
HHS (CDC)	Grants to states, localities, tribes for testing 3/	11,000	22,400	47,800
HHS (CDC)	Grants to states, localities, and tribes for vaccines 4/	0	4,500	7,500
HHS (CDC)	Infectious Diseases Rapid Response Reserve Fund	600	0	0
HHS (CDC)	Surveillance, epidemiology, analytics infrastructure, contact tracing	1,500	0	0
HHS (CDC)	Genomic Sequencing and Surveillance	0	0	1,750
HHS (CMS)	Health Insurance Exchange Modernization (State-based Marketplaces)	0	0	20
HHS (CMS)	Medicaid Community-Basis Mobile Crisis Intervention (Planning Grants)	0	0	15
HHS (CMS)	Survey and Certification	100	0	0
HHS (CMS)	State Nursing Home Strike Teams	0	0	250

Table 1, continued
COVID-19 Funding for States
(\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	American Rescue Plan
HHS	Provider Relief Fund	175,000	3,000	8,500
HHS	Hospital Preparedness Program	250	0	0
HHS (ACF)	Child Care and Development Block Grant	3,500	10,000	14,990
HHS (ACF)	Child Care Entitlements to States 5/	0	0	633
HHS (ACF)	Child Care Stabilization Fund	0	0	23,975
HHS (ACF)	Chafee Foster Care Program for Successful Transition to Adulthood	0	350	0
HHS (ACF)	Chafee Education and Training Vouchers	0	50	0
HHS (ACF)	Promoting Safe and Stable Families	0	85	0
HHS (ACF)	Community Services Block Grant	1,000	0	0
HHS (ACF)	Low Income Home Energy Assistance Program	900	0	4,500
HHS (ACF)	Low-Income Household Drinking Water and Wastewater Energy Assistance	0	638	500
HHS (ACF)	Head Start	750	250	1,000
HHS (ACF)	Family Violence Prevention and Services	45	0	446
HHS (ACF)	Child Welfare Services	45	0	0
HHS (ACF)	Runaway and Homeless Youth	25	0	0
HHS (ACF)	Community-Based Child Abuse Prevention	0	0	250
HHS (ACF)	Child Abuse Prevention and Treatment State Grants	0	0	100
HHS (ACF)	Pandemic Emergency Assistance	0	0	1,000
HHS (ACL)	Congregate Meals and Home Delivered Meals	720	168	750
HHS (ACL)	Elder Justice Programs	0	100	276
HHS (ACL)	Home and Community-Based Supportive Services	200	0	460
HHS (ACL)	Family Caregivers	100	0	145
HHS (ACL)	Centers for Independent Living	85	0	0
HHS (ACL)	Aging and Disability Resource Centers	50	0	0
HHS (ACL)	Protection of Vulnerable Older Americans	20	0	10
HHS (ACL)	Preventive Services	0	0	44
HHS (SAMHSA)	Certified Community Behavioral Health Clinical Expansion Grant Program	250	600	420
HHS (SAMHSA)	Emergency Response Activities	100	240	0
HHS (SAMHSA)	Suicide Prevention Programs	50	50	20
HHS (SAMHSA)	Mental Health Block Grant	0	1,650	1,500
HHS (SAMHSA)	Substance Abuse Prevention and Treatment Block Grant	0	1,650	1,500
HHS (SAMHSA)	National Child Traumatic Stress Network	0	10	10
HHS (SAMHSA)	Community-based Funding for Local Substance Use Disorder Services	0	0	30
HHS (SAMHSA)	Community-based Funding for Local Behavioral Health Needs	0	0	50
HHS (SAMHSA)	Project Aware	0	50	30
HHS (HRSA)	Community Health Centers	2,020	0	7,600
HHS (HRSA)	Rural Health Clinics	225	0	0
HHS (HRSA)	Public Health Workforce	0	0	7,660
HHS (HRSA)	National Health Service Corps	0	0	800
HHS (HRSA)	Nurse Corps	0	0	200
HHS (HRSA)	Teaching Health Centers - Graduate Medical Education	0	0	330
HHS (HRSA)	Mental and Behavioral Health Training (Health Care Professionals)	0	0	80
HHS (HRSA)	Grants for Health Care Providers to Promote Mental and Behavioral Health	0	0	40
HHS (HRSA)	Behavioral Health Workforce Education and Training	0	0	100
HHS (HRSA)	Pediatric Mental Health Care Access	0	0	80
HHS (HRSA)	Telehealth and Rural Health	180	0	0
HHS (HRSA)	Ryan White HIV/AIDS	90	0	0
HHS (HRSA)	Poison Control Centers	5	0	0
HHS (HRSA)	Maternal, Infant, and Early Childhood Home Visiting	0	0	150
HHS (HRSA)	Family Planning	0	0	50
DOT	Transit Infrastructure Grants	25,000	14,000	30,461
DOT	Grants-in-Aid to Airports	10,000	2,000	8,000
DOT	Highways	0	10,000	0

Table 1, continued
COVID-19 Funding for States
(\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	American Rescue Plan
HUD	Community Development Block Grant	5,000	0	0
HUD	Emergency Solutions Grants	4,000	0	0
HUD	Tenant-Based Rental Assistance	1,250	0	5,000
HUD	Project-Based Rental Assistance	1,000	0	0
HUD	Public Housing Operating Fund	685	0	0
HUD	Housing Opportunities for Persons with AIDS	65	0	0
HUD	Housing for the Elderly	50	0	0
HUD	Housing for Persons with Disabilities	15	0	0
HUD	Fair Housing Activities	3	0	20
HUD	Housing Counseling	0	0	100
HUD	HOME Investment Partnerships Program	0	0	5,000
Treasury	Coronavirus Relief Fund/State and Local Fiscal Recovery Fund	150,000	0	350,000
Treasury	Coronavirus Capital Projects Fund	0	0	10,000
Treasury	Local Assistance and Tribal Consistency Fund	0	0	2,000
Treasury	Emergency Rental Assistance	0	25,000	21,550
Treasury	Homeowner Assistance Fund	0	0	9,961
Treasury	State Small Business Credit Initiative	0	0	10,000
EPA	Environmental justice grants	0	0	50
EPA	Categorical grants - air pollution	0	0	50
VA	State Homes	150	100	750
TOTAL		\$505,825	\$187,036	\$803,952
1/ Funding in P.L. 116-260 is provided as necessary to cover increases specified in legislation. 2/ Funding for the Disaster Relief Fund in P.L. 116-260 is for funeral expenses. The American Rescue Plan permits new funding to cover these costs. 3/ The American Rescue Plan figure for testing includes national activities and grants to state and local governments, territories. 4/ The American Rescue Plan figure for vaccines includes national activities and grants to state and local governments, tribes, and territories. 5/ The American Rescue Plan figure reflects the increase from the existing \$2.917 billion appropriation for Child Care Entitlement to States, beginning in FY 2021. The amount shown is for one year, but the increase is ongoing. Copyright © 2021 Federal Funds Information for States. All rights reserved.				

Table 2

Estimated Coronavirus State and Local Fiscal Recovery Funds (\$ in millions)

	State		Local			Total
	Relief Fund	Capital Projects	Metro Cities	Other Non-Counties	Counties	
Alabama	\$2,120	\$192	\$417	\$362	\$951	\$4,043
Alaska	1,019	112	45	44	142	1,362
Arizona	4,800	187	975	258	1,412	7,632
Arkansas	1,650	158	202	210	585	2,806
California	26,065	550	7,046	1,310	7,663	42,634
Colorado	3,954	171	549	278	1,117	6,068
Connecticut	2,648	142	679	191	691	4,351
Delaware	913	112	62	86	189	1,362
District of Columbia*	1,744	107	386	0	137	2,374
Florida	10,232	364	1,465	1,397	4,165	17,623
Georgia	4,655	262	552	857	2,071	8,396
Hawaii	1,632	115	206	43	275	2,272
Idaho	1,188	126	125	104	347	1,890
Illinois	7,492	254	2,683	738	2,539	13,705
Indiana	3,060	202	853	435	1,306	5,856
Iowa	1,379	153	335	216	612	2,694
Kansas	1,586	143	252	172	565	2,718
Kentucky	2,441	185	445	307	866	4,244
Louisiana	3,209	180	572	322	902	5,185
Maine	1,029	129	118	115	261	1,652
Maryland	3,870	169	638	506	1,173	6,355
Massachusetts	4,513	174	1,710	368	1,337	8,102
Michigan	5,655	250	1,782	686	1,937	10,309
Minnesota	2,577	179	595	420	1,109	4,881
Mississippi	1,805	166	97	258	577	2,903
Missouri	2,816	195	830	442	1,190	5,475
Montana	910	119	51	82	207	1,369
Nebraska	976	128	186	106	375	1,771
Nevada	2,947	135	285	151	597	4,115
New Hampshire	959	122	88	106	264	1,538
New Jersey	6,434	190	1,168	573	1,823	10,188
New Mexico	1,619	134	177	119	407	2,456
New York	12,569	353	6,141	825	3,907	23,795
North Carolina	5,276	277	672	682	2,034	8,942
North Dakota	1,011	112	41	50	148	1,362
Ohio	5,638	274	2,243	815	2,267	11,237
Oklahoma	2,174	167	304	237	767	3,649
Oregon	2,608	155	438	243	818	4,262
Pennsylvania	7,293	279	2,371	936	2,843	13,722
Rhode Island	1,124	113	282	55	205	1,780
South Carolina	2,095	188	145	442	999	3,869
South Dakota	978	116	39	62	172	1,366
Tennessee	3,821	217	513	431	1,324	6,307
Texas	16,697	484	3,372	1,399	5,668	27,620
Utah	1,517	136	281	189	622	2,744
Vermont	1,052	113	19	57	121	1,363
Virginia	3,766	222	628	604	1,655	6,875
Washington	4,253	189	701	483	1,477	7,103
West Virginia	1,249	138	176	153	348	2,064
Wisconsin	3,206	189	788	399	1,129	5,711
Wyoming	1,075	110	12	51	112	1,360
Subtotal - State Allocations	\$195,300	\$9,638	\$44,738	\$19,375	\$64,408	\$333,459
Puerto Rico	2,463	162	832	118	619	4,195
Virgin Islands	517	18	0	11	21	567
American Samoa	481	8	0	5	9	503
Guam	556	29	0	17	33	634
Northern Mariana Islands	483	9	0	5	10	507
Tribal	20,000	100	0	0	0	20,100
Outlying Areas	0	35	0	0	0	35
TOTAL	\$219,800	\$10,000	\$45,570	\$19,530	\$65,100	\$360,000

*Includes funding to bring the District of Columbia's CARES Act Coronavirus Relief Fund allocation to \$1.25 billion.
Source: House Committee on Oversight and Reform
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