The American Rescue Plan Act provides $350 billion to help states, counties, cities, and tribal governments respond to the COVID-19 public health emergency and address its economic effects. The Coronavirus State and Local Fiscal Recovery Funds (“Fiscal Recovery Funds”) provide flexibility for each government to meet local needs, including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. Fiscal Recovery Funds provide resources to not only respond to the immediate impacts of the pandemic but also to address the systemic issues that have contributed to the disproportionate impact of the pandemic on people with the lowest incomes and people of color. State and local governments can use these funds to provide emergency rental assistance, address the housing and health needs of people experiencing homelessness, and build and preserve affordable housing in disproportionately impacted communities, among other housing-related investments.

**ALLOCATIONS**

Treasury will distribute Fiscal Recovery Funds to eligible state, territorial, metropolitan city, county, and tribal governments. Congress allocated $195 billion to states and the District of Columbia (a minimum of $500 million for each state), $65.1 billion to counties and $45.6 billion to metropolitan cities (a minimum of $1.25 billion per state is provided by the statute inclusive of the amounts allocated to local governments within the state), $20 billion for tribal governments, $4.5 billion to U.S. territories, and $19.5 billion to non-entitlement units of local governments.

Eligible local governments that are classified as non-entitlement units (generally, local governments with populations of less than 50,000) should expect to receive the funding through their state government. Treasury has posted detailed allocation information on this webpage. Eligible state, territorial, city, county, and tribal governments may request their allocation of the Fiscal Recovery Funds through the U.S. Department of the Treasury’s Submission Portal.

**PAYMENTS TO STATE AND LOCAL GOVERNMENTS**

Local governments will receive funds in two tranches, with 50% provided in May 2021 and the remaining delivered approximately one year later. Treasury will split the total amount of state funding into two equal payments for all state governments, except for states where the unemployment rate is 2 or more percentage points above its pre-pandemic level. U.S. territorial governments will receive a single payment. Tribal governments will receive two payments, with the first available in May and the second payment, based on employment data, to be delivered in June 2021.

**USE OF FUNDS**

The Fiscal Recovery Funds may be used to support public health expenditures, address negative impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure.

The American Rescue Plan Act, Treasury’s Interim Final Rule, and guidance from Treasury explicitly mention assistance to households as an eligible expense to respond to the negative impacts of the pandemic. Assistance to households may include rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; food assistance; and others.

Fiscal Recovery Funds also can be used to support COVID-19 prevention, mitigation, or other services in congregate living facilities, such as homeless shelters and group living facilities; ventilation improvements in congregate settings and other key locations; support for vulnerable populations to access medical or
public health services; support for isolation or quarantine; and other activities.

Treasury’s Interim Final Rule outlines how pre-existing economic disparities have magnified the impact of the pandemic on low-income people and people of color, noting that these families were more likely to face housing, food, and financial insecurity before COVID-19. The interim final rule provides additional flexibility for governments to address the disproportionate negative impacts on certain communities and populations by investing in housing and neighborhoods. Services in this category address the immediate impacts of the pandemic on housing insecurity, as well as the conditions that contributed to poorer public health and economic outcomes during the pandemic.

Eligible housing-related investments include:

- Services to address homelessness, such as supportive housing, and to improve access to stable affordable housing among individuals experiencing homelessness;
- Affordable housing development to increase the supply of affordable and high-quality living units; and
- Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity.

These equity-focused services are broadly applicable to Qualified Census Tracts (QCT; as designated by the Department of Housing and Urban Development), other disproportionately impacted areas, and when provided by Tribal governments. Using Fiscal Recovery Funds to build affordable housing in a QCT would be an allowable use of funds since it would address a specific negative economic impact of the pandemic (see Treasury’s FAQ, #25).

ADDITIONAL RESOURCES

Treasury’s Interim Final Rule: https://bit.ly/3byMGy7