Early Trends in How Local Governments are Using Fiscal Recovery Funds to Recover from the Pandemic and Invest in the Future

Treasury's latest quarterly Project and Expenditure reporting data covers how the largest governments used State and Local Fiscal Recovery Funds (SLFRF) resources from March 3, 2021 through December 31, 2021. These large recipients include all states and territories, and cities and counties with a population over 250,000 or an award over $10 million, and Tribal governments with an award over $30 million.[1]

Treasury has also received and is reviewing additional quarterly reporting data that covers January 1 through March 31, 2022, and the first annual reporting from smaller SLFRF recipients, including smaller cities and counties. This data will provide a more comprehensive and up-to-date view of the program's impact, including additional metrics about the programs and investments underway and information from smaller governments. Treasury looks forward to publishing this information after completing data reviews.

The reporting data through December 31, 2021 illustrate how state, local, and Tribal governments have used funds not only to respond to the pandemic – using SLFRF to build on and complement dedicated funding in the American Rescue Plan for public health response and economic aid to small businesses, workers, and families – but also to make smart investments that will boost growth and opportunity for years to come. These data provide an early look at the significant investments governments are making in affordable housing, workforce development, and public safety; moving forward, the Administration has urged governments to continue to invest SLFRF funds in these areas to meet some of the most pressing needs facing their communities.

Cities and counties across the country have especially led the way with innovative projects to tackle some of the toughest challenges facing American families. In all, governments reported over 14,000 projects using these funds, underscoring the breadth of the program's impact in communities; Treasury has also released project highlights that illustrate the types of projects underway in many communities. During 2022, in the months after this data covers, states, localities, and Tribal governments have continued to plan investments, budget funds, and begin projects that will make a difference for their residents.

1. **By December 2021, the largest cities and counties had budgeted 83 percent of available funds, rapidly putting funds to work on pressing issues.**

Local governments moved quickly to provide relief from the pandemic, put their economies on the path to recovery, and make transformative investments in their communities. By the end of

[1] Due to privacy considerations, Treasury does not release reporting information from individual Tribal governments. Tribally-reported information is included in aggregate statistics about the program (e.g., the total number of governments using funds for a specific eligible use, total projects reported, etc.). All examples of Tribal government projects included in this document are sourced from publicly available information.

2021, large cities and counties[2] had formally budgeted 83 percent of their available funds, often following extensive community engagement to develop spending plans informed by the needs and views of residents. During 2022, in the months after this data covers, Treasury anticipates that communities have continued to move forward, budgeting funds and increasing this percentage further.

In part, this speed reflected the urgent needs facing cities throughout the pandemic. A national survey of mayors in late 2020, before the American Rescue Plan Act (ARP) passed, found that 70 percent anticipated making dramatic service cuts, with 45 percent expecting cuts in school budgets. But the rapid progress by cities and counties in putting these funds to work also reflects the abundant opportunities for SLFRF to support stronger, more resilient, and more equitable local economies as the country rebuilds from the pandemic.

Local governments have focused their work on some of the most pressing challenges facing communities, with the most funds budgeted, respectively, for: 1) replacing lost revenue to prevent cuts to public services, 2) fighting COVID-19, 3) keeping families housed and expanding access to affordable housing, 4) aiding small businesses, and 5) supporting workers through premium pay for essential workers and job training. These categories match up with many testimonials from mayors sharing how they are using their funds.

While data submitted by recipients shows a higher share of funds budgeted by localities than by states, this finding may reflect conservatism in states' reporting. For example, some states reported no funds budgeted although their legislature had passed appropriations legislation, perhaps due to other steps needed to formalize or certify the funds as budgeted. Additionally, state budgeting data is particularly fluid given the timing of this reporting, which covers through December 31. With most state legislative sessions occurring in the winter and spring, many states have likely had additional appropriations since December 31. Tracking by the Center on Budget and Policy Priorities through March 23, 2022, for example, found that states and the District of Columbia had appropriated 80 percent of funds available.

2. The 2021 data demonstrated that SLFRF prevented devastating cuts to public services like police, fire, emergency medical services, and education.

A major use of SLFRF has been maintaining and rebuilding crucial public services by replacing revenue lost due to the pandemic; without SLFRF, many states, cities, counties, and Tribes across the country would have needed to raise taxes or cut critical services in order to balance their budgets. Before ARP's passage, survey data found that 90 percent of cities were experiencing revenue declines and that half of states were imposing hiring freezes or furloughing workers. For example, in January 2021, Hawaii's governor announced plans to furlough over 10,000 state employees and cut the state's budget by $600 million. Less than a week after the ARP was passed, the governor announced that these cuts were off the table.

[2] Cities and counties with populations over 250,000 were required to report adopted budget for each project.

Through SLFRF, over 800 governments have been able to replace their lost revenue. Reporting shows that they used these funds for police and fire departments; hospitals; emergency medical services; roads, sidewalks, and infrastructure; education; and myriad other government services.

Governments are also using these funds to rebuild the public sector workforce, rehiring workers cut during the crisis and making sure there are enough staff to operate ambulances, keep libraries open, and maintain streets and water mains. For example, Dekalb, Illinois has been able to rehire thirteen police officers, two firefighter-paramedics, and seven water and street maintenance workers, and Denver was able to rehire 265 city staff positions left vacant because of pandemic-related cuts. While this represents meaningful progress, state and local government employment remains well below its pre-pandemic level and Treasury encourages recipients to use this opportunity to bring back public sector workers.

Finally, cities across the country – including Savannah, Cleveland, St. Petersburg, Fremont, Anaheim, Omaha, Greenville, Rochester, Minnesota, and Bethlehem, Pennsylvania – have used these funds to keep police officers on payroll and maintain police department operations, a major investment in maintaining public safety.

3. **State, local, and Tribal governments budgeted $11.7 billion by December 2021 to help families keep their homes and expand access to affordable housing.**

Governments have not only used SLFRF to weather the pandemic's harms – but have also made major investments to tackle some of the long-standing challenges that the pandemic exposed and exacerbated. Access to stable, quality, affordable housing stands out as one such challenge. Researchers estimates that the United States faces a shortage of 3.8 million housing units, driving prices up and straining families' finances. The pandemic dramatically underscored this challenge, as millions of households fell behind on their rent.

In response, over 350 state, local, and Tribal governments had committed $11.7 billion in SLFRF funds by the end of 2021 to meet immediate and long-term housing needs, including helping families that fell behind on their rent, mortgage, or utilities, providing safe housing for individuals experiencing homelessness, and building more affordable housing to address the root cause of housing insecurity. Treasury anticipates that these investments have continued to grow since the end of 2021 and notes that these data may be underestimates due to conservatism in reporting.

Some jurisdictions – like New Jersey, Washington, Oregon, and St. Louis County – are using SLFRF to expand rental assistance programs to meet local needs. Others are continuing and building on eviction prevention systems first developed through the Emergency Rental Assistance (ERA) program. For example, New York City, Milwaukee County, Indianapolis, and many other jurisdictions are using funds to expand or guarantee access to legal counsel or tenant advocates for households in eviction proceedings. ERA rental assistance and eviction prevention programs helped prevent an eviction crisis over the last year. SLFRF can continue these systems going forward and expand their services to help families find and keep quality, stable housing.

States, cities, counties, and Tribal governments across the country are also making major investments in building and preserving affordable housing – and Treasury urges governments to deepen their investments in this area. Reflecting the urgency of this challenge, jurisdictions across all regions and sizes, from the largest states to small cities and rural communities, have invested in this area; this includes the State of California, Washington, DC, Nashville, Denver, Maricopa County, Arizona, St. Louis, Kansas City, Baton Rouge, Bernalillo County, New Mexico, Morgantown, West Virginia, Manchester, New Hampshire, and Lewis and Clark County, Montana.

Governments are pursuing innovative strategies to develop new housing, piloting new approaches with SLFRF. Utah will create incentives for municipalities to redevelop and rezone current vacant land to allow higher density housing as a permitted use. Tribes across Indian Country have invested in equitably meeting housing needs, including developing housing designed to serve elders and addressing the needs of multi-generational households. Polk County, Iowa is converting an underutilized hotel to 40 units of affordable housing, and Palm Beach County, Florida will develop 19 acres of county-owned land into over 100 units for rent and sale. Finally, Minneapolis is piloting low-barrier single-room occupancy housing as part of the city's wide-ranging strategy to increase the availability of housing and create a pathway out of homelessness and into long-term stable housing.

4. During 2021, SLFRF supported workers by boosting pay, bringing more workers into the labor market, and expanding training for in-demand careers.

Governments have used SLFRF to expand the workforce in the current strong labor market, increasing the number of workers available to fill crucial positions and helping jobs offer competitive wages and working conditions to attract talent.

First, SLFRF boosted pay for essential workers, a critical step to retaining current workers and attracting new staff. Over 740,000 essential workers – like school bus drivers, nurses, paramedics, and police officers – have received bonus pay through SLFRF recognizing their critical work during the pandemic. Many governments have used SLFRF to offer retention bonuses to thank their current staff or recruitment bonuses to help fill critical positions.

Second, SLFRF has helped train workers for well paid, in-demand careers. Over 120 state, local, and Tribal governments are investing in job training programs, preparing youth for good jobs, helping workers advance in their careers, and training unemployed workers for growing fields. For example, the State of Maine will invest in training and stackable credential attainment to help incumbent frontline healthcare workers attain the credentials to move into the next rung on their career pathway. Numerous governments, including Illinois, Providence, Rhode Island, Syracuse, New York, and Memphis, Tennessee, are providing summer jobs for youth, offering key work experience, training, and productive summer opportunities.

Finally, many governments have used SLFRF to expand access to childcare, helping families – and especially mothers – return to the workforce. For example, Utica, New York will help a childcare provider offer night and weekend hours, while Portland, Maine will offer start-up grants for new childcare providers.

Especially as local governments prepare to receive their second tranche of funding this summer, Treasury urges governments to use ARP funds to confront the most pressing challenges that our economy and communities face:

- expanding the workforce and providing competitive wages,
- expanding access to affordable housing, and
- keeping our families and communities safe.

Key Investments through Dec 31,2021 for State, Local, and Tribal Governments*			
Category	**Reported Funds Budgeted**	**Number of Governments Pursuing**	**Number of Projects Reported**
Housing: Emergency Aid, Affordable Housing, Homelessness	$11.7 billion	353	847
Infrastructure: Water, Sewer, and Broadband	$10.4 billion	534	1,636
COVID-19 Public Health Response**	$5.0 billion	690	2,011
Worker Support: Unemployment Aid, Job Training, Essential Worker Premium Pay	$5.0 billion	488	718
Small Business Assistance	$4.5 billion	275	450
Childcare and Education	$3.4 billion	124	258

*As with all data provided, these numbers reflect recipient reporting on investments through December 31, 2021; data do not capture investments since that date and may be underestimates due to conservatism in reporting. Categories reflect eligible uses, outside of replacing lost revenue, available to all state, local, and Tribal governments. Some uses of funds are only available to states and territories given their responsibilities. Note: Certain data in this table was updated on June 22, 2022 to reflect additional data analysis by Treasury; data continues to cover the period through December 31, 2021.
**Includes vaccinations, testing, contact tracing, PPE, prevention in congregate facilities, medical expenses, and other public health measures; does not include capital investments in public facilities