

Coronavirus State and Local Fiscal Recovery Funds

Allocations to Non-Entitlement Units of Local Government

May 10, 2021

The American Rescue Plan Act (the Act) established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund (CLFRF), which provide a combined \$350 billion in assistance to eligible state, local, territorial, and Tribal governments to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. This document describes Treasury’s methodology for allocating the funds to non-entitlement units of local government.

Allocation methodology

The CLFRF provides \$19.53 billion for non-entitlement units of local government (NEUs), to be paid by Treasury to states for distribution to NEUs within each state.

The Act specifies that each state shall receive “an amount which bears the same proportion to such reserved amount as the total population of all areas that are non-metropolitan cities in the State bears to the total population of all areas that are non-metropolitan cities in all such States.”

To calculate the amount to be paid to a state for distribution to its NEUs, Treasury subtracted the population of metropolitan cities in a state from the total population in the state.

The Act requires Treasury to use the latest population available data from the U.S. Census Bureau. At the time of publication of the Interim Final Rule, population data for states is available for 2020, but population data for metropolitan cities is only publicly available for 2019. To avoid mixing Census vintages and ensure that the components of the formula sum to the total, Treasury used 2019 data for state and metropolitan city population.