Communities Continue to Build a Strong Economy By Deploying State and Local Fiscal Recovery Funds

January 2023 Reporting Data Analysis

The State and Local Fiscal Recovery Funds (SLFRF) established by President Biden's American Rescue Plan Act continue to play a crucial role in allowing state, local, Tribal, and territorial governments to stabilize their budgets, respond to the pandemic, and invest in their communities. Governments have used SLFRF funds not only to prevent cuts in government services and respond to the immediate health and economic consequences of the pandemic, but also to make much-needed investments to strengthen their economies and their communities over the long-run.

Over 99% of the $350 billion in Fiscal Recovery Funds have been delivered into the hands of nearly every state, local, Tribal, and territorial government in the country. And previous analysis by the National Association of State Budget Officers has found that state governments have collectively allocated more than 90% of their fiscal recovery funds as of last summer.

Governments continue to spend funds on existing projects and identify new projects to meet the emerging needs in their communities. Among quarterly reporters,[1] the number of projects grew by nearly 20% from September 30, 2022 to December 31, 2022. There was particularly notable growth in a number of areas, including an increase in funds budgeted by SLFRF quarterly reporters for housing (an 11% increase quarter over quarter), childcare and early learning (a 16% increase), and clean water infrastructure (a 16% increase). With these increases, recipients have now dedicated significant funds in the following areas:

- **Housing**: Almost $16 billion for 2,100 projects by nearly 800 governments
- **Supporting workers**: Nearly $11 billion for over 3,500 projects by almost 2,000 governments
- **Water and broadband infrastructure**: Over $24 billion for over 7,500 projects by over 2,600 governments
- **Small business assistance**: Almost $4.5 billion for over 1,100 projects by more than 500 governments

The latest SLFRF reporting data also emphasizes the critical role that SLFRF resources have played in helping avoid a repeat of the Great Recession when state and local government budgets were a drag on the overall economy for 14 quarters of the recovery.[2] To that end, SLFRF

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[1] States, territories, and metro cities and counties with a population over 250,000 or an allocation over $10 million, non-entitlement units of local government allocated more than $10 million, and Tribal governments allocated over $30 million.
[2] https://home.treasury.gov/news/press-releases/jy1271

recipients have reported to Treasury $274 billion in revenue losses resulting from the pandemic to date. This includes over 13,000 participating governments reporting that they budgeted nearly $100 billion for over 28,000 revenue replacement projects to provide fiscal stability. It is worth noting that many recipients who report revenue loss may choose to report funds in other eligible use categories instead of the revenue loss expenditure category.

These figures demonstrate that without the American Rescue Plan, there would have been devastating cuts to public services and state, territorial, Tribal, and local governments would likely still be struggling with restoring operations to pre-pandemic levels — rather than implementing new investments that will shape the future of their economies. The strong recovery of the past two years has allowed government at all levels to plan for future economic growth, rather than scrambling to contain a pandemic without adequate resources. To that end, governments have been using SLFRF to boost economic growth in their communities, advance equity, and increase affordability for households.

Building on previously released reporting data, Treasury continues to regularly release SLFRF reporting data received from recipients[3]; data reported through December 31, 2022 can be accessed through Treasury's SLFRF data dashboard. The following examples[4] provide a snapshot of the types of projects that recipients are implementing across key categories using SLFRF funds.[5]

Investing in Housing Affordability

Expanding access to affordable housing continues to be a top priority for Treasury and for the Biden-Harris administration. Following on efforts over the summer of 2022 to encourage jurisdictions to consider using SLFRF for affordable housing, which included new flexibilities and tools for housing affordability investments, spending continues to accelerate in this area. From September 30 to December 31, 2022, funds budgeted by governments for housing

[3] 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.); however due to privacy considerations, Treasury does not release complete information on all Tribal projects.

[4] The examples included throughout this post are based on recipient reports, and their inclusion in this document does not constitute an explicit approval of these projects by Treasury.

[5] This analysis includes quarterly Project and Expenditure reporting covering the period ending December 31, 2022 from the largest SLFRF recipients: states, territories, and metro cities and counties with a population over 250,000 or an allocation over $10 million, non-entitlement units of local government allocated more than $10 million, and Tribal governments allocated over $30 million. In addition, to provide the full picture of SLFRF investments, the figures highlighted in this analysis include previously reported data from smaller SLFRF recipients who report their spending activity annually in April. These annual reporters include metro cities and counties with populations less than 250,000 and an allocation less than $10 million, Tribal governments with an allocation less than $30 million, and non-entitlement units of local government allocated less than $10 million. These recipients are required to file Project and Expenditure Reports annually by April 30. In 2022, these Project and Expenditure reports covered the period from March 3, 2021 to March 31, 2022.

investments grew 11% to nearly $16 billion. This is a 29% increase in funds dedicated to housing since December 31, 2021 while the number of individual projects grew 57% in this period to more than 2,100. For example, since the updated housing guidance was issued in July 2022, the State of Rhode Island reported that the state has budgeted $75 million to complement other state and federal resources to finance the production and preservation of housing affordable to households earning less than 80% of AMI. Other examples of projects in this area include:

- The **State of Idaho** has budgeted $50 million for gap financing to eligible low- and moderate-income-targeted multifamily housing developments and down payment/closing cost assistance for low- and moderate-income homebuyers. This will ensure that those who were the most economically impacted by the COVID-19 pandemic and the affordable housing crisis have access to long-term, high-quality, affordable housing.
- **Mobile, Alabama** has budgeted more than $4 million to work with housing developers and the local Public Housing Authority to revitalize neighborhoods with affordable housing for unhoused persons and first-time homebuyers.
- **Pensacola, Florida** has allocated $3 million to improve access to stable, affordable housing for unhoused individuals as well as programs to assist the unhoused.
- **Rochester, New York** is dedicating over $13 million focused on creating homeownership opportunities for low-income residents in neighborhoods that have faced challenges even before the COVID-19 pandemic. This includes constructing new single-family houses on previously vacant city-owned land in targeted neighborhoods and incorporating sustainability and energy efficiency in construction.
- **Tarrant County, Texas** has budgeted more than $33 million into expanding permanent supportive housing as the COVID-19 pandemic highlighted the need for additional housing to serve its most vulnerable populations. The project includes grant awards to nonprofits that focus on housing and was facilitated through an application process run by the Tarrant County Housing Finance Corporation.
- The **Knik Tribe** will build 32 affordable homes for the elder population. The homes incorporate accessibility floorplans and important age-in-place features that will support independence.

Supporting Workers

Another key area of investment for SLFRF funds has been projects focused to support and expand the workforce in response to the negative economic impacts of the pandemic on communities. As of December 31, 2022, SLFRF recipients have budgeted over $10.9 billion in SLFRF funds for more than 3,500 workforce projects. Key areas of workforce investment include helping impacted workers enter in-demand careers, with a particular focus on assisting people that have barriers to employment as well as preparing workers for industries of the future such as those catalyzed by the Bipartisan Infrastructure Law, the CHIPS and Science Act, and

Inflation Reduction Act. A key support in this area is childcare, which grows the size of the workforce by providing parents with the ability to more work in greater numbers.

Recognizing the importance of childcare, especially as labor markets remain tight thanks to the nation's growing economy, governments have also made increasingly large investments in this area in recent months. For example, New America found that through September 30, 2022 more than $2.8 billion of SLFRF resources have been dedicated to supporting the care economy. From September 30 to December 31, 2022, spending by quarterly reporters alone on childcare and early learning increased by 15%, reaching nearly $900 million in total. This significant increase includes projects such as:

- **Allegheny County, Pennsylvania** budgeted $20 million to increase support for high-quality childcare centers and other out of school time opportunities, including during the non-traditional hours of evenings and weekends.
- The **State of Colorado** budgeted $16 million to expand an existing grant program that increases access and availability of licensed childcare throughout Colorado by funding facility upgrades and expansions to grow capacity at existing licensed home-based providers and/or childcare centers. Additionally, the Colorado Department of Early Childhood is providing technical assistance to childcare providers.
- The **State of Connecticut** budgeted $30 million to allow state funded childcare programs to stay open and available for low- and moderate-income families and children.
- The **State of Iowa** budgeted over $30 million to encourage and enable businesses and employer consortiums to build or expand on-site childcare centers.
- The **State of New Jersey** budgeted nearly $55 million to implement a pilot program to improve childcare facilities.

In addition, governments are also continuing to make robust investments in more traditional workforce programs, including:

- **Detroit, Michigan** budgeted nearly $59 million for Detroiters for Skills for Life, a training and career readiness program for residents that continue to face economic hardships exacerbated by the COVID-19 pandemic. The program provides employment and skill and career-building activities and assists in removing barriers to employment by offering disconnected workers on-ramps so that they may earn income while building critical skills to improve long-term employment and job retention prospects.
- The **Lovelock Paiute Tribe** is assisting working parents with long-term solutions for childcare. The pandemic reduced childcare in an area that already had an ongoing lack of options. The Tribe is constructing both a daycare and a Head Start to assist families and provide comprehensive early childhood education.
- The **State of Maine** budgeted $1.5 million for the Maine Apprenticeship Program that is specifically focused on building high quality pre-apprenticeship and apprenticeship programs for the clean energy sector in partnership with businesses, industry

associations, unions, education and training providers, and community-based organizations.

- **Pima County, Arizona** budgeted over $5 million for a 'Micro-Pathways' program to provide participants with financial support to access short-term programs that lead directly into in-demand jobs with family-sustaining wages. The county will also support apprenticeships and other workforce programs focused on high growth career fields.
- **Roanoke, Virginia** obligated $3 million to the Star City Works program devoted to identifying the needs of employers in high-growth, high-potential sectors and to filling any gaps that may exist in the local workforce. The program includes training, work-based learning opportunities, and wrap-around supportive services (transportation, childcare, food assistance, utility/mortgage assistance).
- **Salt Lake City, Utah** obligated $1.5 million to cover payroll and benefits to hire positions that were unfilled due to the negative economic impact of the pandemic on public sector employment.
- **Travis County, Texas** budgeted more than $6 million for a workforce development program targeting the pandemic's effect on local industries by providing training aligned with industries in the community workforce development plan. The program provides supportive services including childcare, transportation assistance, laptops and mobile hotspots, educational assistance stipends, work-related payments, and subsidized employment while in work-based learning or apprenticeship programs.

Making Transformative Investments in Key Infrastructure

SLFRF is allowing state, local, Tribal, and territorial governments to make key investments in infrastructure projects that respond to needs that were highlighted by the pandemic and that will support future economic growth. Overall, nearly 2,700 governments have budgeted more than $24 billion for almost 7,500 critical infrastructure projects that support expanded access to high-speed internet and clean water. SLFRF is helping states and localities to further supercharge the historic federal investments in infrastructure delivered by the Biden-Harris Administration through the Bipartisan Infrastructure Law and complementing the American Rescue Plan investment in expanded affordable highspeed internet access through Treasury's Capital Projects Fund. Some specific project examples include:

- The **State of Alabama** budgeted $51 million to develop a statewide middle-mile fiber network that will support, catalyze, and facilitate future last-mile projects.
- **American Samoa** budgeted $10 million for broadband development as the pandemic made clear that remote work, distance learning, and telehealth are essential services. The territory will work with local internet service providers to support the delivery of internet service that reliably meets or exceeds symmetrical upload and download speeds of 100 mbps.

- **Carroll County, Maryland** budgeted $15 million to make investments in broadband infrastructure in response to COVID-19 when households and businesses lacking reliable high-speed service were at a significant disadvantage in areas such as educational, economic, and health opportunities. Carroll County will increase access to the 12% of Carroll households and businesses currently unserved by a high-speed connection by providing 100/100 mbps service that will include an option for low-income customers.
- **Janesville, Wisconsin** budgeted over $2 million in order to improve drinking water quality by replacing publicly owned lead pipes.
- **Rankin County, Mississippi** budgeted $26 million for 45 projects that are improving water quality protection, floodplain management, environmental restoration, and wetlands restoration.

Key Investments through December 31, 2022 for State, Local, Territorial, and Tribal Governments*			
Category	**Reported Funds Budgeted**	**Number of Governments Pursuing**	**Number of Projects Reported**
Housing: Emergency Aid, Affordable Housing, Homelessness	$15.9 billion	778	2,118
Infrastructure: Water, Sewer, and Broadband	$24.3 billion	2,661	7,490
COVID-19 Public Health Response**	$11.8 billion	1,500	5,310
Worker Support: Unemployment Aid, Job Training, Public Sector Workforce, Essential Worker Premium Pay	$10.9 billion	1,861	3,512
Small Business Assistance	$4.4 billion	560	1,109
Childcare and Early Learning	$878.9 million	209	337

* This chart includes all the most recent project and expenditure reporting received by Treasury for all recipients. Specifically, it includes data reported by quarterly reporters (states, territories, and metro cities and counties with a population over 250,000 or an allocation over $10 million; Tribal governments with an allocation over $30 million; and non-entitlement units of local government allocated more than $10 million) through December 31, 2022 and data from annual reporters (metro cities, counties, and non-entitlement units of local with populations less than 250,000 and an allocation less than $10 million, Tribal governments with an allocation less than $30 million) through March 31, 2022.

**Includes vaccinations, testing, contact tracing, PPE, prevention in congregate facilities, medical expenses, and other public health measures.