

# **Coronavirus State Fiscal Recovery Funds**





# Overview

- The American Rescue Plan Act of 2021 established the **Coronavirus State and Local Fiscal Recovery Funds** designed to deliver \$350 billion in funding for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and its economic impacts
- Allocated funding amounts:
  - States and the District of Columbia: **\$195.3 Billion**
  - Counties: **\$65.1 Billion**
  - Metropolitan Cities: **\$45.6 Billion**
  - Tribal Governments: **\$20.0 Billion**
  - Territories: **\$4.5 Billion**
  - Non-Entitlement Units of Local Government: **\$19.5 Billion**



## Funding Objectives


- **Support urgent COVID-19 response efforts** to continue to decrease spread of the virus and bring the pandemic under control
- **Replace lost public sector revenue** to strengthen support for vital public services and help retain jobs
- **Support immediate economic stabilization** for households and businesses
- **Address systemic public health and economic challenges** that have contributed to the unequal impact of the pandemic



- The Interim Final Rule from the Department of the Treasury provided:
  - Definition of revenues to be included in the calculation
  - Established a formula to determine lost revenue
  - Provided 4 calculation points: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023
- Section 10 of Act 2021-479 provides that *“Any amount of Coronavirus State Fiscal Recovery Funds used to replace lost revenues shall be based upon estimates of lost revenues provided by the Director of Finance and the Deputy Director of the Legislative Services Agency-Fiscal Division and a plan approved by the Governor, Speaker of the House of Representatives, President Pro Tempore of the Senate, and the Chair of each budget committee of the Alabama Legislature.”*



# **Coronavirus State Fiscal Recovery Funds**



**Alabama's  
Allocation of  
State and  
Local Fiscal  
Recovery  
Funds**

- State - \$2,120,279,000
- Counties\* - \$952,386,209
- Metropolitan Cities\* - \$430,650,620
- Non-Entitlement Cities - \$356,382,822
- **Grand Total - \$3,859,699,000**

\* *The State, Counties, and Metropolitan Cities will receive their funds directly from Treasury. Non-entitlement cities receive their funds through the state.*



## Timing

- The portal for requesting State and Local Fiscal Recovery Funds from Treasury opened May 10
- Treasury will distribute funds directly to each state, territorial, metropolitan city, county, and Tribal government
- Local governments classified as non-entitlement cities will receive their funds through their state government, within 30 days of the state receiving funds
- When a state requests its funds, it will be considered to have requested the non-entitlement local government funding as well
- The State will receive funds in two tranches: 50% in 2021 and 50% 12 months after the initial payment



# Example Uses of Funds






**Support  
Public  
Health  
Response**

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response



**Replace  
Public  
Sector  
Revenue  
Loss**

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag



**Water and  
Sewer  
Infrastructure**

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund



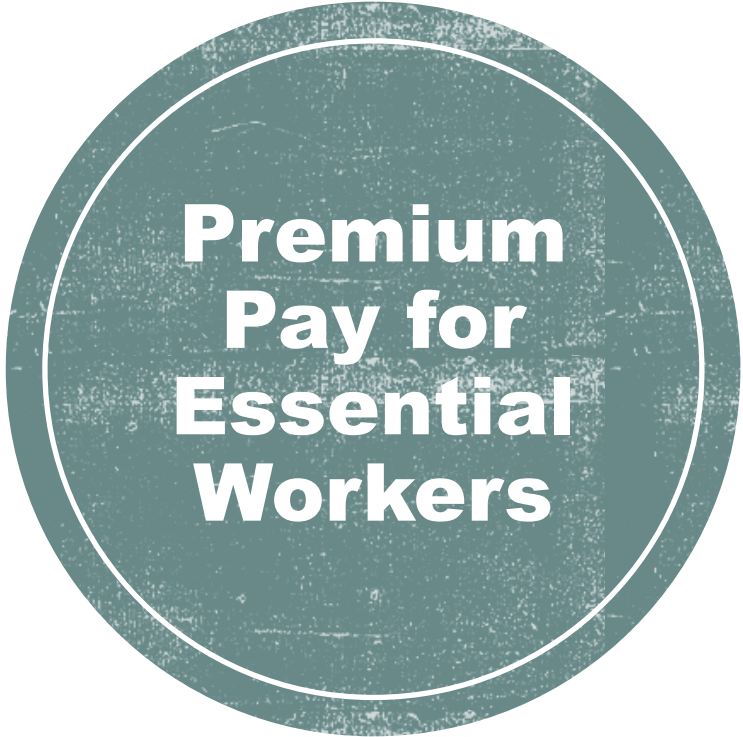
**Equity-  
Focused  
Services**

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments



**Address  
Negative  
Economic  
Impacts**

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs



## Premium Pay for Essential Workers

- **Provide premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages



## Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund



## Ineligible Uses

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding
- **Other restrictions apply** to eligible uses



# Questions

