U.S. Government Accountability Office

COVID-19 Relief: States' and Localities' Fiscal Recovery Funds Spending as of March 31, 2024

GAO-24-107301 (Accessible Version)
Report to Congressional Committees

September 26, 2024

Why This Matters

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program allocated $350 billion to tribal governments, states, the District of Columbia, local governments, and U.S. territories to help cover a broad range of costs stemming from the health and economic effects of the COVID-19 pandemic.[1] SLFRF was established under the American Rescue Plan Act of 2021 (ARPA) and is administered by the Department of the Treasury. SLFRF recipients must regularly submit reports to Treasury on their use of the awards and the projects undertaken with them.[2] SLFRF recipients have until December 31, 2024, to obligate their SLFRF awards and generally have until December 31, 2026, to spend their awards.

The CARES Act includes a provision for us to monitor the use of federal funds to respond to the COVID-19 pandemic.[3] This report updates our October 2023 and April 2024 reports on states' and localities' SLFRF spending and uses of SLFRF.[4] We will continue to review states' and localities' reported obligations and spending, as well as their uses of SLFRF awards.

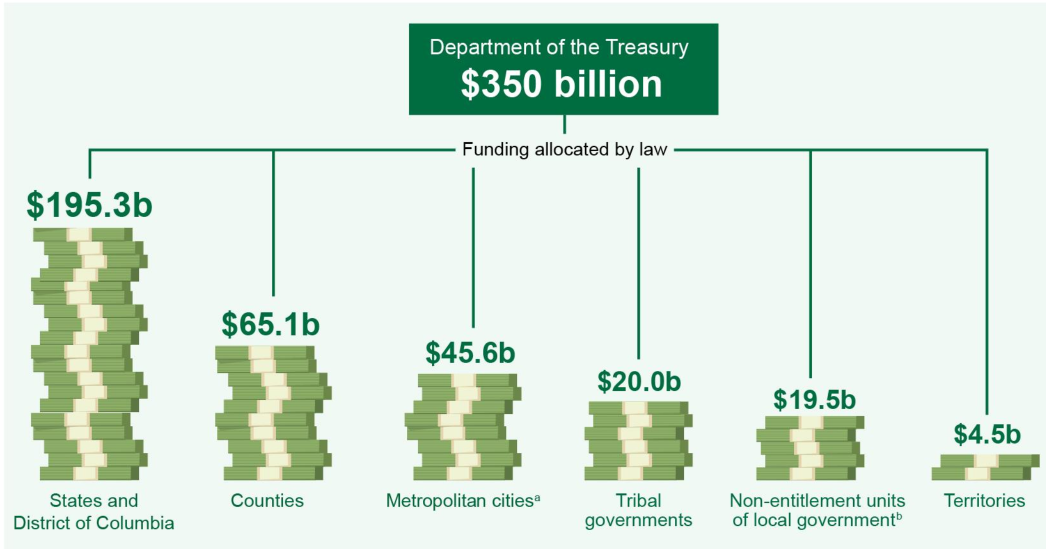
Key Takeaways

- As of March 31, 2024—the most recent data available at the time of this report—states reported obligating 84 percent ($163.7 billion) and spending 60 percent ($117.3 billion) of the SLFRF awards they received.
- Localities reported obligating 76 percent ($95.8 billion) and spending 60 percent ($75.8 billion) of their awards during the same period.[5]
- States and localities reported spending the largest share of their awards to replace revenue lost due to the pandemic. As of March 31, 2024, 45 percent ($53.2 billion) of states' reported spending and 68 percent ($51.5 billion) of localities' reported spending was used for this purpose.

How much in SLFRF awards did states and localities receive?

Under ARPA, the SLFRF allocated the $350 billion across six groups of recipients (see fig. 1). Localities included counties, metropolitan cities (which we refer to as cities throughout this report), and non-entitlement units of local government (NEU), which are smaller local governments typically serving populations of less than 50,000.[6]

Figure 1: Allocations of Coronavirus State and Local Fiscal Recovery Funds by Recipient Type



Source: GAO analysis of the American Rescue Plan Act of 2021. Pub. L. No. 117-2, 135 Stat. 4 (2021); vladwel/stock.adobe.com. | GAO-24-107301

Accessible Data for Figure 1: Allocations of Coronavirus State and Local Fiscal Recovery Funds by Recipient Type

Department of the Treasury (350 billion)

- States and District of Columbia (195.3 billion) – funding allocated by law
- Counties (65.1 billion) – funding allocated by law
- Metropolitan cities[a] (45.6 billion) – funding allocated by law
- Tribal government (20.0 billion) – funding allocated by law
- Non-entitlement units of local government[b] (19.5 billion) – funding allocated by law
- Territories (4.5 billion) – funding allocated by law

Source: GAO analysis of the American Rescue Plan Act of 2021. Pub. L. No. 117-2, 135 Stat. 4 (2021); vladwel/stock.adobe.com. | GAO-24-107301

Note: For purposes of our review, we excluded tribal governments, U.S. territories, and local governments in the territories from our analysis.

[a]A metropolitan city is defined as the central city within a metropolitan area (i.e., a standard metropolitan statistical area as established by the Office of Management and Budget) or any other city within a metropolitan area that has a population of 50,000 or more. 42 U.S.C. §§ 803(g)(4), 5302(a)(4). A metropolitan city includes cities that relinquish or defer their status as a metropolitan city for purposes of receiving allocations under section 5306 of Title 42, United States Code, for fiscal year 2021.

[b]Non-entitlement units of local government (NEU) are local governments typically serving populations of less than 50,000. 42 U.S.C. §§ 803(g)(5), 5302(a)(5). NEUs include cities, villages, towns, townships, or other types of local governments.

Treasury employed various methodologies to determine how much funding states and localities received, based on such factors as population size and unemployment rates. ARPA required Treasury to send direct payments to all SLFRF recipients except NEUs.[7] ARPA required that states receive NEU funds from Treasury, and then allocate and distribute payments to each NEU within their state.

What information are SLFRF recipients required to report to Treasury on their uses of funds?

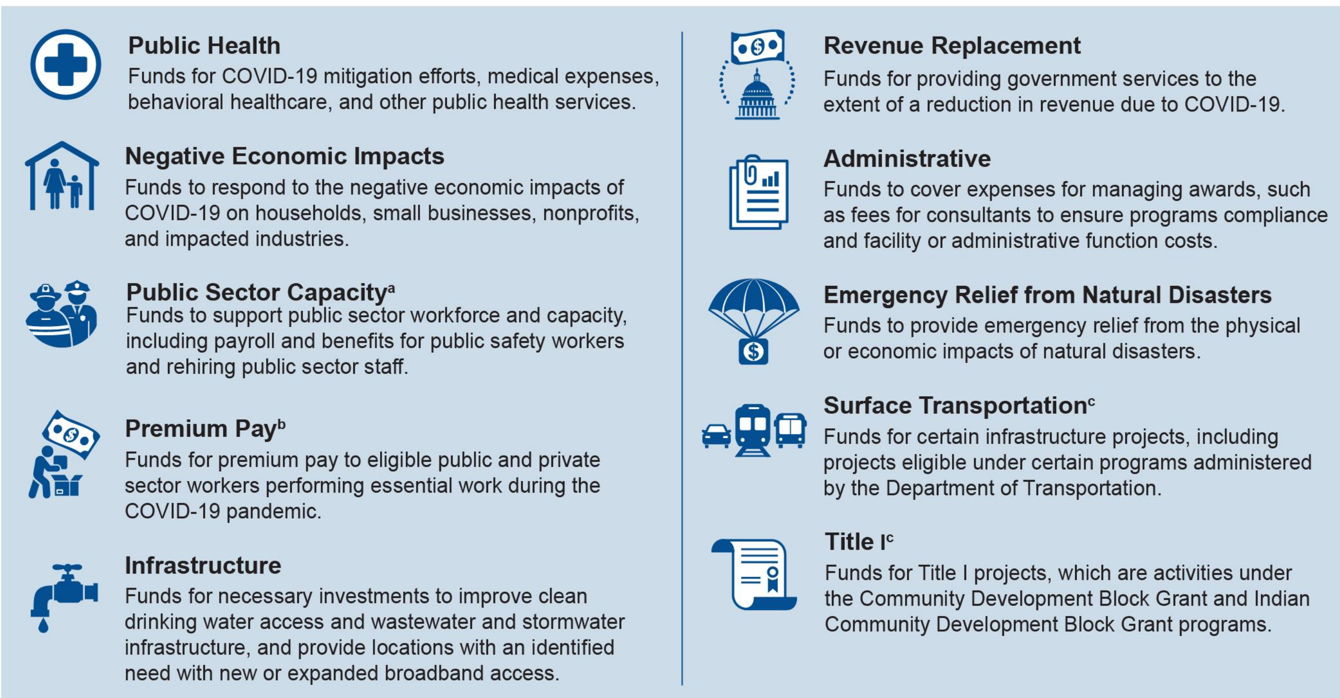
Treasury requires recipients to submit “project and expenditure” reports quarterly or annually, depending on the recipient type, population, and award size. All

SLFRF recipients, including states and local governments, were required to submit a report to Treasury by April 30, 2024, based on their award spending as of March 31, 2024.[8]

In the project and expenditure reports, recipients are to detail their uses of SLFRF funds, including obligations and spending amounts, and projects undertaken. Treasury defines an obligation, in part, as an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.[9]

The SLFRF allows for a broad range of eligible uses to respond to the COVID-19 pandemic and its economic effects.[10] SLFRF recipients are required to report on their uses of funds across 10 spending categories (see fig. 2).[11]

Figure 2: Coronavirus State and Local Fiscal Recovery Funds Spending Categories in Treasury Project and Expenditure Reports, as of March 31, 2024



Source: GAO analysis of Department of the Treasury documentation. | GAO-24-107301

Accessible Data for Figure 2: Coronavirus State and Local Fiscal Recovery Funds Spending Categories in Treasury Project and Expenditure Reports, as of March 31, 2024

Category	Category information
Public health	Funds for COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and other public health services.
Negative economic impacts	Funds to respond to the negative economic impacts of COVID-19 on households, small businesses, nonprofits, and impacted industries.
Public sector Capacity[a]	Funds to support public sector workforce and capacity, including payroll and benefits for public safety workers and rehiring public sector staff.
Premium Pay[b]	Funds for premium pay to eligible public and private sector workers performing essential work during the COVID–19 pandemic.
Infrastructure	Funds for necessary investments to improve clean drinking water access and wastewater and stormwater infrastructure, and provide locations with an identified need with new or expanded broadband access.
Revenue Replacement	Funds for providing government services to the extent of a reduction in revenue due to COVID-19.

Category	Category information
Administrative	Funds to cover expenses for managing awards, such as fees for consultants to ensure program compliance and facility or administrative function costs.
Emergency Relief from Natural Disasters	Funds to provide emergency relief from the physical or economic impacts of natural disasters.
Surface Transportation[c]	Funds for certain infrastructure projects, including projects eligible under certain programs administered by the Department of Transportation.
Title I[c]	Funds for Title I projects, which are activities under the Community Development Block Grant and Indian Community Development Block Grant programs.

Source: GAO analysis of Department of the Treasury documentation. | GAO-24-107301

[a]Treasury guidance refers to this category as Public health-Negative economic impact: Public sector capacity.

[b]Based on Treasury guidance, recipients may not provide premium pay for work performed after April 10, 2023, when the National Emergency concerning COVID-19 ended, but may award premium pay for work performed prior to that date.

[c]Spending for Surface Transportation and Title I projects, combined, cannot exceed the greater of $10 million or 30 percent of a recipient's SLFRF allocation.

Of the spending categories, revenue replacement provides recipients with the most flexibility in using SLFRF awards and streamlining reporting requirements, according to Treasury guidance. Under this category, recipients may use funds to cover a broad range of government services (i.e., generally any service traditionally provided by a government) up to the amount of revenue loss experienced during the pandemic. Based on Treasury FAQs, recipients may use SLFRF awards for revenue replacement for projects that are also eligible under the other spending categories because those categories include services that governments provide.[12]

Recipients may calculate revenue loss using a formula that Treasury established, or they may elect a "standard allowance," which allows them to spend up to $10 million (not to exceed their total SLFRF award amount) over the course of the SLFRF program.[13]

Further, according to Treasury guidance, revenue replacement spending for government services can be reported in the project and expenditure reports as a single project, even if the project description notes that funds are used for more than one activity or purpose.[14]

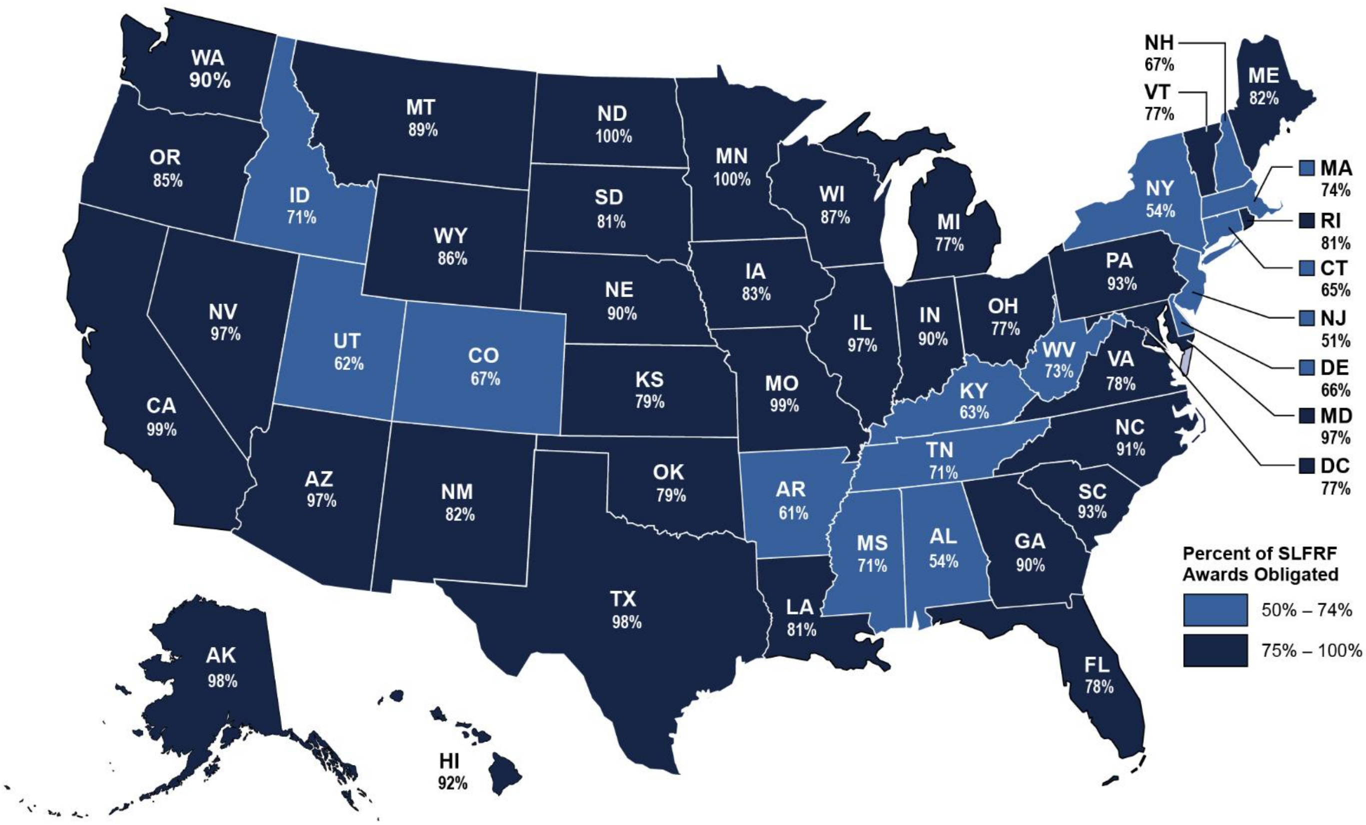
How much of their SLFRF awards have states obligated and spent as of March 31, 2024?

In the aggregate, the states, including the District of Columbia, reported obligating $163.7 billion (84 percent) and spending $117.3 billion (60 percent) of the $195.8 billion in SLFRF awards they received, as of March 31, 2024.[15] In comparison, states reported obligating 60 percent and spending 45 percent of their SLFRF awards, in the aggregate, as of March 31, 2023.

Obligated

Figure 3 shows the share of SLFRF award amounts states reported obligating as of March 31, 2024. The majority of states (36, including the District of Columbia) reported obligating at least 75 percent of their SLFRF awards. North Dakota (100 percent), Minnesota and Missouri (over 99 percent each), and California (99 percent) reported obligating the largest shares. New Jersey (51 percent) and New York and Alabama (54 percent each) reported obligating the lowest shares.

Figure 3: Reported Obligations of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by States and the District of Columbia, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data; GAO (Map). I GAO-24-107301

Accessible Data for Figure 3: Reported Obligations of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by States and the District of Columbia, as of March 31, 2024

State/Territory	[Percent to be reflected within outline of each state]	Percent of SLFRF Awards Obligated
North Dakota	100%	75% -100%
Minnesota	100%	75% -100%
Missouri	99%	75% -100%
California	99%	75% -100%
Texas	98%	75% -100%
Alaska	98%	75% -100%
Illinois	97%	75% -100%
Arizona	97%	75% -100%
Nevada	97%	75% -100%
Maryland	97%	75% -100%
Pennsylvania	93%	75% -100%
South Carolina	93%	75% -100%
Hawaii	92%	75% -100%
North Carolina	91%	75% -100%
Nebraska	90%	75% -100%
Georgia	90%	75% -100%
Washington	90%	75% -100%
Indiana	90%	75% -100%
Montana	89%	75% -100%

State/Territory	[Percent to be reflected within outline of each state]	Percent of SLFRF Awards Obligated
Wisconsin	87%	75% -100%
Wyoming	86%	75% -100%
Oregon	85%	75% -100%
Iowa	83%	75% -100%
Maine	82%	75% -100%
New Mexico	82%	75% -100%
Louisiana	81%	75% -100%
South Dakota	81%	75% -100%
Rhode Island	81%	75% -100%
Oklahoma	79%	75% -100%
Kansas	79%	75% -100%
Florida	78%	75% -100%
Virginia	78%	75% -100%
District of Columbia	77%	75% -100%
Vermont	77%	75% -100%
Michigan	77%	75% -100%
Ohio	77%	75% -100%
Massachusetts	74%	50% -74%
West Virginia	73%	50% -74%
Idaho	71%	50% -74%
Mississippi	71%	50% -74%
Tennessee	71%	50% -74%
New Hampshire	67%	50% -74%
Colorado	67%	50% -74%
Delaware	66%	50% -74%
Connecticut	65%	50% -74%
Kentucky	63%	50% -74%
Utah	62%	50% -74%
Arkansas	61%	50% -74%
Alabama	54%	50% -74%
New York	54%	50% -74%
New Jersey	51%	50% -74%

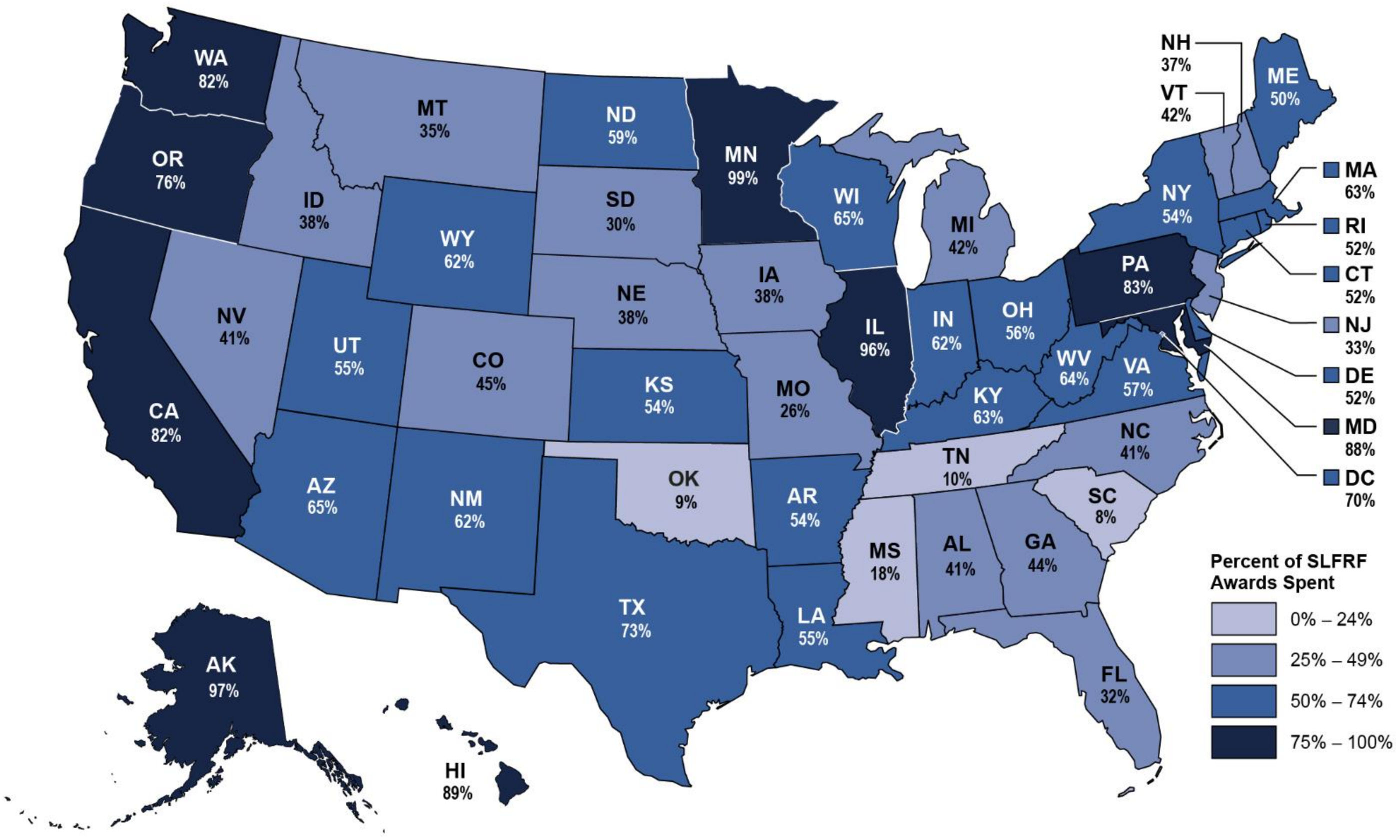
Source: GAO analysis of Department of the Treasury data; GAO (Map). | GAO-24-107301

Note: Percentages have been rounded to the nearest whole percent.

Spent

Figure 4 shows the share of SLFRF award amounts that states reported spending as of March 31, 2024. Nine states reported spending 75 percent or more of their SLFRF awards, while 20 states reported spending less than 50 percent. Minnesota (99 percent), Alaska (97 percent), Illinois (96 percent), and Hawaii (89 percent) reported spending the largest shares while South Carolina, Oklahoma, Mississippi, and Tennessee reported spending the smallest shares (less than 25 percent each).

Figure 4: Reported Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by States and the District of Columbia, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data; GAO (Map). I GAO-24-107301

Accessible Data for Figure 4: Reported Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by States and the District of Columbia, as of March 31, 2024

State	[Percent to be reflected within outline of each state]	Percent of SLFRF Awards Spent
Minnesota	99%	75-100%
Alaska	97%	75-100%
Illinois	96%	75-100%
Hawaii	89%	75-100%
Maryland	88%	75-100%
Pennsylvania	83%	75-100%
California	82%	75-100%
Washington	82%	75-100%
Oregon	76%	75-100%

State	[Percent to be reflected within outline of each state]	Percent of SLFRF Awards Spent
Texas	73%	50-74%
District of Columbia	70%	50-74%
Wisconsin	65%	50-74%
Arizona	65%	50-74%
West Virginia	64%	50-74%
Kentucky	63%	50-74%
Massachusetts	63%	50-74%
Wyoming	62%	50-74%
Indiana	62%	50-74%
New Mexico	62%	50-74%
North Dakota	59%	50-74%
Virginia	57%	50-74%
Ohio	56%	50-74%
Utah	55%	50-74%
Louisiana	55%	50-74%
New York	54%	50-74%
Kansas	54%	50-74%
Arkansas	54%	50-74%
Delaware	52%	50-74%
Connecticut	52%	50-74%
Rhode Island	52%	50-74%
Maine	50%	50-74%
Colorado	45%	25-49%
Georgia	44%	25-49%
Vermont	42%	25-49%
Michigan	42%	25-49%
North Carolina	41%	25-49%
Nevada	41%	25-49%
Alabama	41%	25-49%
Idaho	38%	25-49%
Iowa	38%	25-49%
Nebraska	38%	25-49%
New Hampshire	37%	25-49%
Montana	35%	25-49%
New Jersey	33%	25-49%
Florida	32%	25-49%
South Dakota	30%	25-49%
Missouri	26%	25-49%
Mississippi	18%	0-24%
Tennessee	10%	0-24%
Oklahoma	9%	0-24%
South Carolina	8%	0-24%

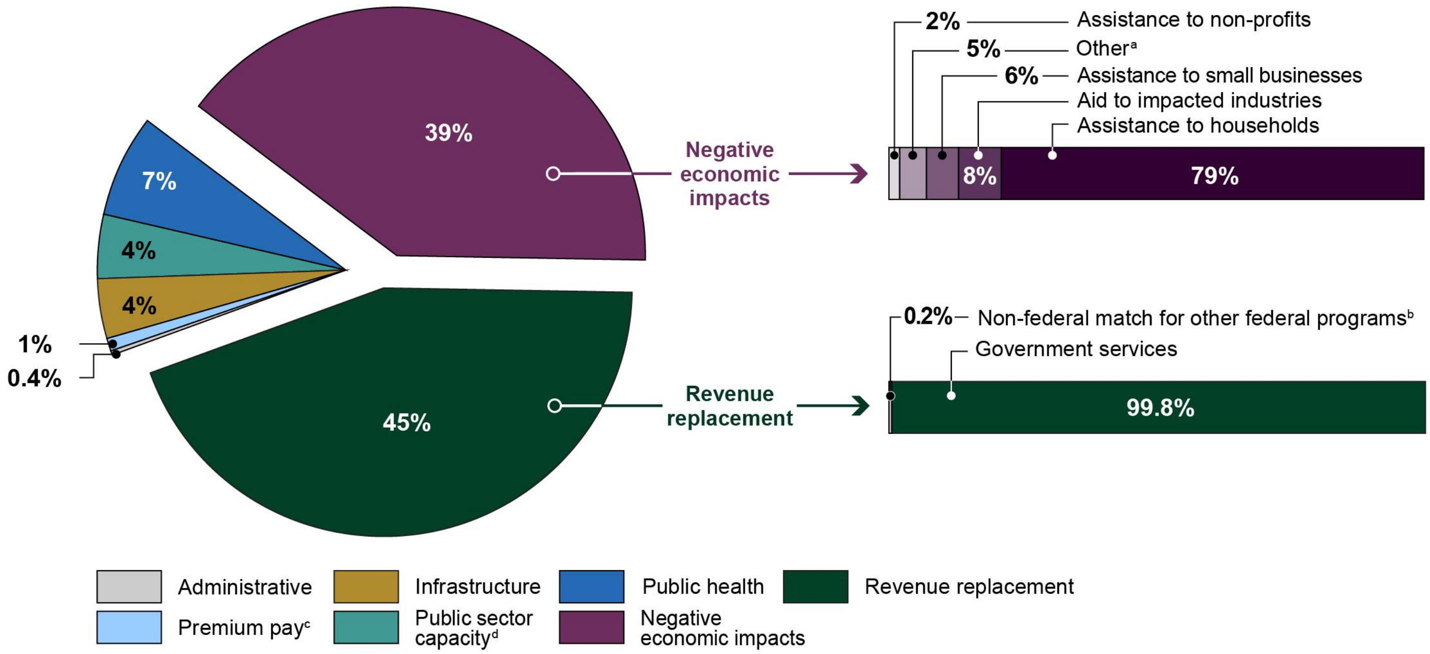
Source: GAO analysis of Department of the Treasury data; GAO (Map). | GAO-24-107301

Note: Percentages have been rounded to the nearest whole percent.

How have states used their SLFRF awards?

In the aggregate, the majority of the $117.3 billion in SLFRF awards the states reported spending was used for two purposes: (1) replacing revenue and (2) addressing the negative economic impacts of COVID-19. Figure 5 shows that states reported spending 45 percent ($53.2 billion) of their SLFRF awards to replace revenue and 39 percent ($45.5 billion) of their awards to address the negative economic impacts of COVID-19.

Figure 5: How States Reported Spending Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by Treasury Spending Category, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 5: How States Reported Spending Coronavirus State and Local Fiscal Recovery Funds (SLFRF) by Treasury Spending Category, as of March 31, 2024

Spending category	Percentage
Administrative	0.4%
Premium pay[c]	1%
Infrastructure	4%
Public sector capacity[d]	4%
Public health	7%
Negative economic impacts	39%
Revenue replacement	45%

Negative economic impacts (slice)	Percentage
Assistance to non-profits	2%
Other[a]	5%
Assistance to small businesses	6%
Aid to impacted industries	8%
Assistance to households	79%

Revenue replacement (slice)	Percentage
Non-federal match for other federal programs[b]	0.2%
Government services	99.8%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Note: Percentages may not add to 100 due to rounding.

[a]Other includes funding for such purposes as assistance for education, healthy childhood environments, and social determinants of health.

[b]Recipients generally may use funds under the revenue replacement category to meet the non-federal cost-share or matching requirements for other federal programs.

[c]Based on Treasury guidance, recipients may not provide premium pay for work performed after April 10, 2023, when the National Emergency concerning COVID-19 ended, but may award premium pay for work performed prior to that date.

[d]Treasury guidance refers to this category as Public health-Negative economic impact: Public sector capacity.

Replacing Revenue

The degree to which states used SLFRF awards to replace revenue varied:

- In 15 states, revenue replacement accounted for 50 percent or more of reported spending. North Dakota (100 percent), West Virginia (96 percent), and Wyoming (82 percent) reported the largest shares of spending on replacing revenue.
- Five states—Idaho, Nebraska, Oklahoma, South Dakota, and Tennessee—did not report spending any funds to replace revenue.

Of the funds spent on replacing revenue, nearly all of it (over 99 percent) was spent on government services. As noted earlier, states may use their funds to cover a broad range of government services under this spending category up to the amount of revenue loss experienced during the pandemic. Examples of individual projects reported by states to replace revenue include:

- Nevada reported spending $747,323 to help maintain staffing levels and continue required services in the state’s court system, due to a budget shortfall from declines in revenue during the pandemic.
- Hawaii reported spending $41.2 million to pay salaries and benefits for medical staff working for a state-run health organization.
- Louisiana reported spending $295.9 million to fund the state’s Transportation Trust Fund to support the construction of roads and bridges.

Addressing the Negative Economic Impacts of COVID-19

Overall, 20 states reported spending 50 percent or more of the SLFRF awards they received on addressing the negative economic impacts of the pandemic. Minnesota (83 percent), Maine (80 percent), and Ohio (78 percent) reported the largest shares of spending for this purpose.

Of the $45.5 billion that states reported spending to address the negative economic impacts of the pandemic, states spent 79 percent on providing assistance to households. Contributions to state unemployment insurance trust funds represented the largest share ($23.2 billion or 51 percent) of this spending category.[16] The states that reported spending the largest amount of awards on these trust funds included Texas ($7 billion), Illinois ($4.1 billion), and Minnesota ($2.3 billion).

Examples of states’ reported spending on individual projects to address the negative economic impacts of the pandemic include:

- The District of Columbia reported spending $37.9 million to help hotels mitigate the effects of the pandemic on hotel stays.
- Nebraska reported spending $5 million on providing student financial assistance at six community colleges.
- Vermont reported spending $57.8 million on affordable housing projects.

How much of their SLFRF awards have localities received, obligated, and spent?

In the aggregate, 26,398 localities submitted project and expenditure reports with information as of March 31, 2024. Figure 6 shows that these localities received $125.9 billion in SLFRF funds. An additional 4,272 localities, which received $2 billion in SLFRF awards, had not submitted a project and expenditure report with information as of March 31, 2024. We plan to evaluate Treasury's oversight of these recipients in a future report.

Figure 6: Amount of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Received by Locality Type, as of March 31, 2024

	Number of localities reporting	Amount of SLFRF received (in billions)
Cities[a]	1,100	$47.6
Counties	2,949	$59.3
Non-entitlement units of local government[b]	22,349	$19.0
Total	**26,398**	**$125.9**

Source: GAO Analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 6: Amount of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Received by Locality Type, as of March 31, 2024

	Number of localities reporting	Amount of SLFRF received (in billions)
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Counties	2,949	$59.3
Non-entitlement units of local government[b]	22,349	$19.0
Total	26,398	$125.9

Source: GAO Analysis of Department of the Treasury data. | GAO-24-107301

Note: Amounts may not total due to rounding.

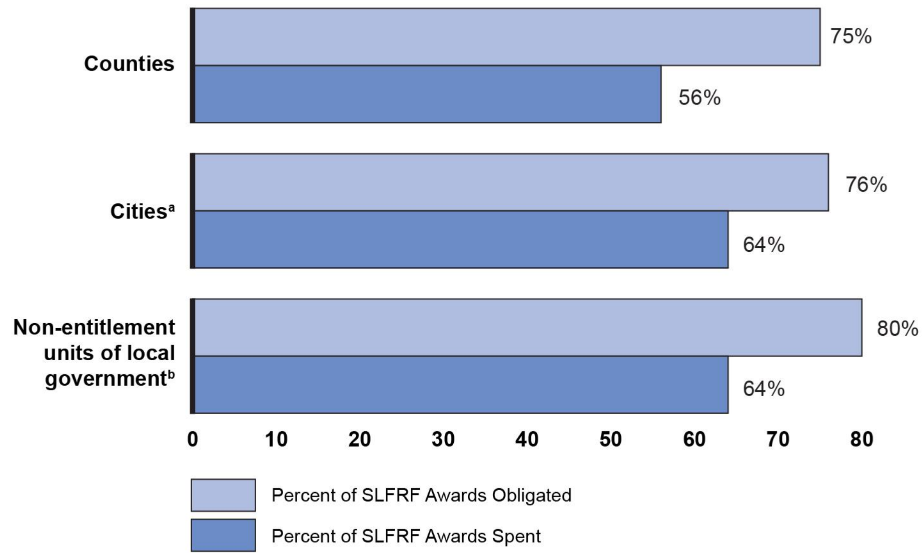
[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

In the aggregate, localities reported obligating $95.8 billion (76 percent) and spending $75.8 billion (60 percent) of the $125.9 billion in SLFRF awards they received, as of March 31, 2024. In comparison, the 26,410 localities that submitted a report 1 year prior, with information as of March 31, 2023, reported obligating 54 percent and spending 38 percent of their awards in the aggregate.[17]

The share of total SLFRF awards localities reported obligating and spending varied slightly by locality type. As shown in figure 7, cities, counties, and NEUs each reported obligating between 75 and 80 percent of their awards as of March 31, 2024.

Figure 7: Obligations and Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 7: Obligations and Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024

	Percent of SLFRF Awards Obligated	Percent of SLFRF Awards Spent
Counties	75%	56%
Cities[a]	76%	64%
Non-entitlement units of local government[b]	80%	64%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

Obligated

The shares of SLFRF awards localities reported as obligated varied by locality type. For example, as shown in figure 8, over half of cities (61 percent), counties (70 percent), and NEUs (72 percent) each reported obligating at least 75 percent of their awards. However, some cities and counties (2 percent each) and NEUs (11 percent) reported obligating none of their awards.

Figure 8: Obligations of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024

	Shares of SLFRF awards obligated				
Locality Type	**0%**	**Greater than 0%, less than 25%**	**25% to less than 50%**	**50% to less than 75%**	**75% or more**
Cities[a]	2%	4%	11%	21%	61%
Counties	2%	4%	8%	16%	70%
Non-entitlement units of local government[b]	11%	4%	6%	8%	72%

Source: GAO Analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 8: Obligations of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024

Locality Type	0%	Greater than 0%, less than 25%	25% to less than 50%	50% to less than 75%	75% or more
Cities[a]	2%	4%	11%	21%	61%
Counties	2%	4%	8%	16%	70%
Non-entitlement units of local government [b]	11%	4%	6%	8%	72%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Note: Percentages may not add to 100 due to rounding.

[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

Spent

The shares of SLFRF awards localities reported spending varied by locality type. For example, figure 9 shows that over half of cities (63 percent), counties (68 percent), and NEUs (69 percent) each reported spending at least 50 percent of their SLFRF awards. Some cities (2 percent), counties (3 percent), and NEUs (13 percent) reported spending none of their SLFRF awards.

Figure 9: Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024

	Shares of SLFRF awards spent				
Locality Type	0%	Greater than 0%, less than 25%	25% to less than 50%	50% to less than 75%	75% or more
Cities[a]	2%	10%	25%	24%	39%
Counties	3%	10%	20%	25%	43%
Non-entitlement units of local government[b]	13%	8%	11%	13%	56%

Source: GAO Analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 9: Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Reported by Localities, as of March 31, 2024

Locality Type	0%	Greater than 0% to less than 25%	25% to less than 50%	50% to less than 75%	75% or more
Cities[a]	2%	10%	25%	24%	39%
Counties	3%	10%	20%	25%	43%
Non-entitlement units of local government[b]	13%	8%	11%	13%	56%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Note: Percentages may not add to 100 due to rounding.

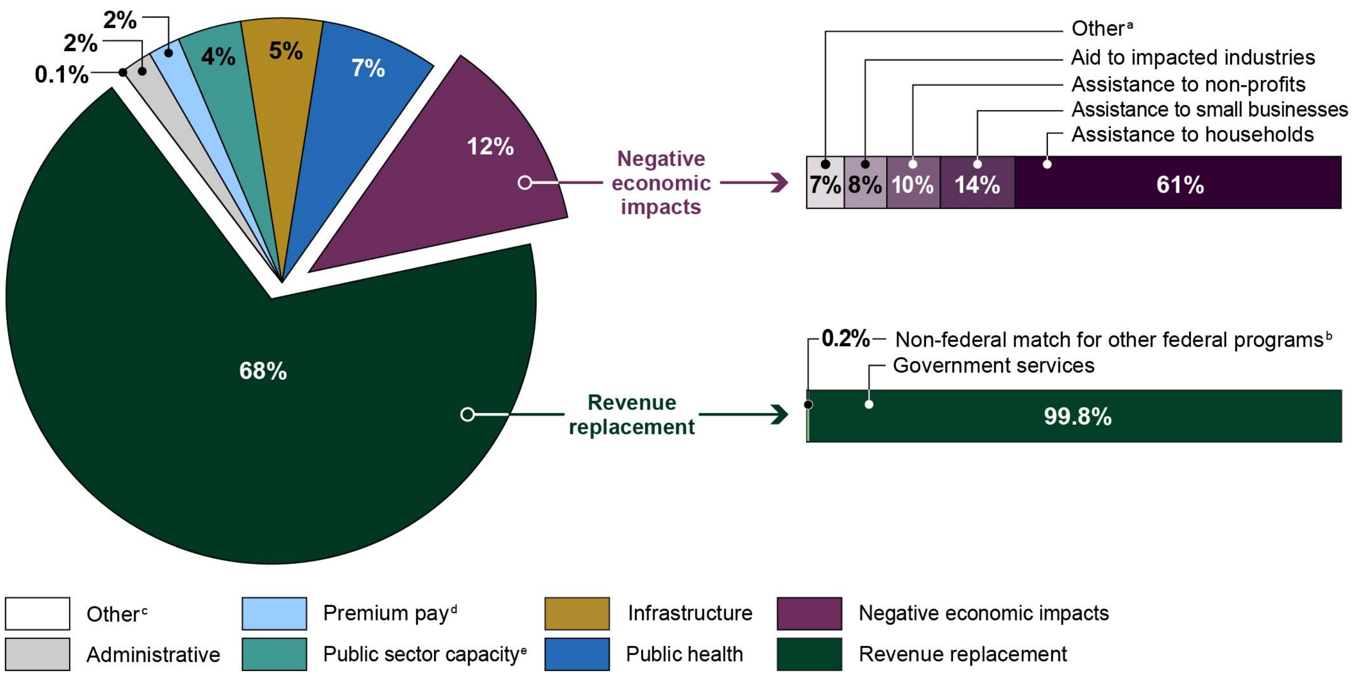
[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

How have localities used their SLFRF awards?

Similar to states, replacing revenue and addressing the negative economic impacts of COVID-19 accounted for the majority of localities’ $75.8 billion in SLFRF spending. Figure 10 shows that localities reported using 68 percent ($51.5 billion) of their total spending to replace revenue and 12 percent ($9.2 billion) to address the negative economic impacts of COVID-19.

Figure 10: Localities' Coronavirus State and Local Fiscal Recovery Funds Reported Spending by Treasury Spending Category, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 10: Localities' Coronavirus State and Local Fiscal Recovery Funds Reported Spending by Treasury Spending Category, as of March 31, 2024

Category	Spending (%)
Other[c]	0.1%
Administrative	2%
Premium pay[d]	2%
Public sector capacity[e]	4%
Infrastructure	5%
Public health	7%
Negative economic impacts	12%
Revenue replacement	68%

Negative economic impacts

Category	Percentage
Other[a]	7%
Aid to impacted industries	8%
Assistance to non-profits	10%
Assistance to small businesses	14%
Assistance to households	61%

Revenue replacement

Category	Percentage
Non-federal match for other federal programs[b]	0.2%
Government services	99.8%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Note: Percentages may not add to 100 due to rounding.

[a]Other includes funding for such purposes as assistance for education, healthy childhood environments, and social determinants of health.

[b]Recipients generally may use funds under the revenue replacement category to meet the non-federal cost-share or matching requirements for other federal programs.

[c]Other includes the following spending categories: Natural Disasters, Surface Transportation, and Title I projects.

[d]Based on Treasury guidance, recipients may not provide premium pay for work performed after April 10, 2023, when the National Emergency concerning COVID-19 ended, but may award premium pay for work performed prior to that date.

[e]Treasury guidance refers to this category as Public health-Negative economic impact: Public sector capacity.

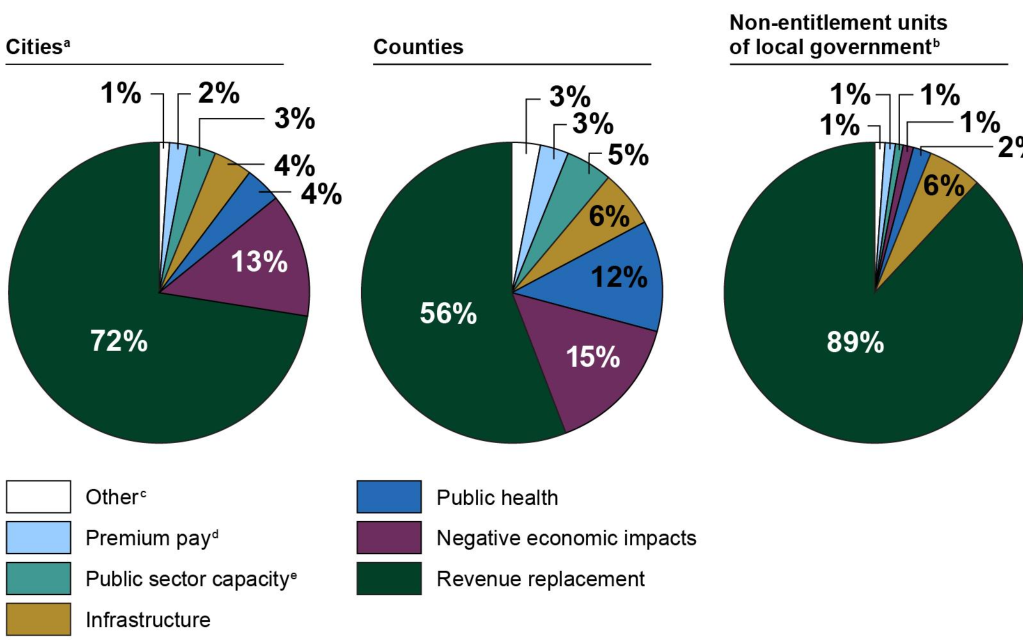
Replacing Revenue and Addressing the Negative Economic Impacts of COVID-19

Of the amount localities reported spending to replace revenue, nearly all (over 99 percent) was spent on government services. As of March 31, 2024, 17,930 localities had reported that replacing revenue accounted for all of their spending (totaling $27.8 billion).

Of the $9.2 billion that localities reported spending to address the negative economic impacts of the pandemic, localities spent the majority on assistance to households (61 percent). The largest share of assistance to households spending ($1.9 billion or 20 percent of spending to address the negative economic impacts of the pandemic) was for addressing long-term housing efforts, such as affordable housing and services for homeless individuals. Another $1.3 billion (14 percent) of negative economic impacts spending was for projects that included providing food assistance, cash transfers, and emergency housing to individuals and communities in need.

As shown in figure 11, cities (72 percent) and NEUs (89 percent) spent a larger share of their SLFRF awards on revenue replacement than counties (56 percent). Cities (13 percent) and counties (15 percent) spent a larger share of their SLFRF awards on addressing the negative economic impacts of COVID-19 than NEUs (1 percent).

Figure 11: Breakdown of Coronavirus State and Local Fiscal Recovery Funds Reported Spending by Locality Type, as of March 31, 2024



Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 11: Breakdown of Coronavirus State and Local Fiscal Recovery Funds Reported Spending by Locality Type, as of March 31, 2024

Jurisdiction Type: City

Expenditure Category Group	Percentage of Total
Public health	4%
Negative economic impacts	13%
Public sector capacity	3%
Premium pay	2%
Infrastructure	4%
Revenue replacement	72%
Other	1%

Jurisdiction Type: County

Expenditure Category Group	Percentage of Total
Public health	12%
Negative economic impacts	15%
Public sector capacity	5%
Premium pay	3%
Infrastructure	6%
Revenue replacement	56%
Other	3%

Jurisdiction Type: NEU

Expenditure Category Group	Percentage of Total
Public health	2%
Negative economic impacts	1%
Public sector capacity	1%
Premium pay	1%
Infrastructure	6%
Revenue replacement	89%
Other	1%

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

Note: Percentages may not add to 100 due to rounding.

[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

[c]Other includes the following spending categories: Administrative, Natural Disasters, Surface Transportation, and Title I projects.

[d]Based on Treasury guidance, recipients may not provide premium pay for work performed after April 10, 2023, when the National Emergency concerning COVID-19 ended, but may award premium pay for work performed prior to that date.

[e]Treasury guidance refers to this category as Public health-Negative economic impact: Public sector capacity.

The projects that individual localities reported spending on replacing revenue and addressing the negative economic impacts of COVID-19 varied in their size, scope, and purpose. Figure 12 provides examples of such projects.

Figure 12: Examples of Projects that Selected Localities Reported Spending Coronavirus State and Local Fiscal Recovery Funds on, as of March 31, 2024

	Reported spending	Spending category	Project description
Cities[a]			
West Covina, CA	$1,820,471	Revenue Replacement	Funds used to purchase two new pumper fire trucks.
Tulsa, OK	$213,738	Negative Economic Impacts	Funds used for a nonprofit day center to increase housing opportunities for individuals experiencing homelessness and at-risk individuals and families.
Jamestown, NY	$199,483	Revenue Replacement	Funds used for removing invasive species along the banks of the Chadakoin River.
Counties			
Hennepin County, MN	$207,189,710	Revenue Replacement	Funds used for staffing costs for certain public safety and library services.
Dane County, WI	$9,682,207	Negative Economic Impacts	Funds used for rental subsidies and moving persons experiencing homelessness into permanent housing.
Erie County, PA	$2,700,000	Revenue Replacement	Funds used to support ongoing operations of a county-owned skilled nursing facility.
Non-entitlement units of local government[b]			
Ocoee, FL	$10,000,000	Revenue Replacement	Funds allocated for salaries of employees in police and fire departments.
Grafton, MA	$2,366,531	Revenue Replacement	Funds used to make HVAC upgrades at a middle school to improve ventilation and air filtering.
Nightmute, AK	$11,601	Negative Economic Impacts	Funds used for a household assistance package for residents that included stove oil.

Source: GAO Analysis of Department of the Treasury data. | GAO-24-107301

Accessible Data for Figure 12: Examples of Projects that Selected Localities Reported Spending Coronavirus State and Local Fiscal Recovery Funds on, as of March 31, 2024

Category	Category member	Reported spending	Spending category	Project description
Cities[a]	West Covina, CA	$1,820,471	Revenue Replacement	Funds used to purchase two new pumper fire trucks.
Cities[a]	Tulsa, OK	$213,738	Negative Economic Impacts	Funds used for a nonprofit day center to increase housing opportunities for individuals experiencing homelessness and at-risk individuals and families.
Cities[a]	Jamestown, NY	$199,483	Revenue Replacement	Funds used for removing invasive species along the banks of the Chadakoin River.
Counties	Hennepin County, MN	$207,189,710	Revenue Replacement	Funds used for staffing costs for certain public safety and library services.
Counties	Dane County, WI	$9,682,207	Negative Economic Impacts	Funds used for rental subsidies and moving persons experiencing homelessness into permanent housing.

Category	Category member	Reported spending	Spending category	Project description
Counties	Erie County, Pennsylvania	$2,700,000	Revenue Replacement	Funds used to support ongoing operations of a county-owned skilled nursing facility.
Non-entitlement units of local government[b]	Ocoee, FL	$10,000,000	Revenue Replacement	Funds allocated for salaries of employees in police and fire departments.
Non-entitlement units of local government[b]	Grafton, MA	$2,366,531	Revenue Replacement	Funds used to make HVAC upgrades at a middle school to improve ventilation and air filtering.
Non-entitlement units of local government[b]	Nightmute, AK	$11,601	Negative Economic Impacts	Funds used for a household assistance package for residents that included stove oil.

Source: GAO analysis of Department of the Treasury data. | GAO-24-107301

[a]Cities refer to metropolitan cities as defined in 42 U.S.C. § 803(g)(4).

[b]Non-entitlement units of local government as defined in 42 U.S.C. § 803(g)(5).

Agency Comments

We provided a draft of this report to Treasury for review and comment. Treasury provided technical comments, which we incorporated as appropriate.

How GAO Did This Study

To inform our work, we reviewed laws and regulations governing the SLFRF program and Treasury SLFRF program guidance, policies, and procedures. We also interviewed Treasury officials.

To determine how much SLFRF funding states and localities reported obligating and spending, we analyzed data from project and expenditure reports that states and localities submitted to Treasury that reflected SLFRF obligations and spending as of March 31, 2024. Treasury made these data publicly available in July 2024; these data were the most recently available at the time of our review.

To identify each locality as a city, county, or NEU, we analyzed Treasury data and consulted with Treasury officials. We identified which recipients requested their SLFRF awards directly from Treasury because cities and counties were to receive funds directly from Treasury and NEUs were to receive their funds from the states. For localities that received their funds from Treasury, we categorized localities with "county," "parish," or "borough" in their name as a "county" and the remaining localities as a "city." For localities that did not receive funds directly from Treasury, we categorized them as an "NEU." In addition, Treasury officials identified which localities were consolidated jurisdictions (i.e., local governments that received funds from a combination of city, county, or NEU allocations). To categorize the consolidated jurisdictions, we determined the composition of their funding and categorized them as the locality type that comprised the majority of their SLFRF award total.

To assess the reliability of Treasury data, we reviewed Treasury's technical documentation for project and expenditure reports and discussed the data with Treasury officials. We determined the data were sufficiently reliable for reporting the amount of SLFRF awards states and localities received, obligated, and spent.

We conducted this performance audit from January 2024 to September 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Patty Murray
Chair
The Honorable Susan Collins
Vice Chair
Committee on Appropriations
United States Senate

The Honorable Ron Wyden
Chairman
The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate

The Honorable Bernard Sanders
Chair
The Honorable Bill Cassidy
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Gary C. Peters
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Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tom Cole
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The Honorable Mark E. Green, M.D.
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The Honorable James Comer
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The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Treasury, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

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Endnotes

[1]Pub. L. No. 117-2, tit. IX, subtit. M, § 9901, 135 Stat. 4, 223 (2021), *codified* at 42 U.S.C. §§ 802-803 (ARPA). Sections 602 and 603 of the Social Security Act as added by section 9901 of ARPA appropriated $350 billion in total funding for two funds—the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund. For purposes of this report, we discuss these two funds as one—the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). See 42 U.S.C. §§ 802-803. For purposes of the SLFRF, ARPA establishes that the District of Columbia is considered to be a state. 42 U.S.C. §§ 802(g)(5), 803(g)(9).

[2]SLFRF recipients have until December 31, 2024, to obligate their SLFRF awards and generally until December 31, 2026, to liquidate those obligations, in accordance with allowable uses established in ARPA. The Consolidated Appropriations Act, 2023, authorized SLFRF funding for emergency relief from natural disasters or the negative economic impacts of natural disasters, and certain infrastructure and community development projects that meet existing eligibility criteria. Pub. L. No. 117-328, div. LL, § 102, 136 Stat. 4459, 6097 (2022). Funds for certain infrastructure and community development projects must be obligated by December 31, 2024, and liquidated by September 30, 2026. For example, this includes funds for the Bridge Investment Program, National Highway Performance Program, and Surface Transportation Block Grant Program, among other programs, and activities under Title I of the Housing and Community Development Act of 1974. 42 U.S.C. § 802(c)(5)(A)-(E).

[3]Pub. L. No. 116-136, § 19010(b), 134 Stat. 281, 580 (2020). All of our reports related to the COVID-19 pandemic are available at https://www.gao.gov/coronavirus.

[4]See GAO, *COVID-19 Relief: States' and Localities' Fiscal Recovery Funds Spending as of March 31, 2023,* GAO-24-106753 (Washington, D.C.: Oct. 11, 2023) and *COVID-19 Relief: State and Local Recovery Funds Spending as of September 30, 2023,* GAO-24-107472 (Washington, D.C.: Apr. 10, 2024). We excluded tribal governments, U.S. territories, and local governments in the territories from our analysis. We reported on federal agencies' distribution of COVID-19 relief funds, including the SLFRF, to tribal recipients in December 2022. See GAO, *COVID-19 Relief Funds: Lessons Learned Could Improve Future Distribution of Federal Emergency Relief to Tribal Recipients*, GAO-23-105473 (Washington, D.C.: Dec. 15, 2022). We reported on the U.S. territories' use of COVID-19 relief funds, including the SLFRF, in September 2023. See GAO, *COVID-19: U.S. Territory Experiences Could Inform Future Federal Relief*, GAO-23-106050 (Washington, D.C.: Sept. 19, 2023).

[5]Treasury officials told us they make data from project and expenditure reports publicly available after revisions and quality control processes are complete. Treasury will generally allow revisions or edits to submitted reports or submissions of reports within a designated revision period, such as 60 days following the official submission due date, according to Treasury policy. Within this period, the submitted report is considered final unless Treasury identifies a material mistake or problem in the report and requests that the recipient make a revision. The next project and expenditure report that all SLFRF recipients are required to submit is due to Treasury on April 30, 2025.

[6]42 U.S.C. §§ 803(g)(5), 5302(a)(5). NEUs include cities, villages, towns, townships, or other types of local governments.

[7]As of March 31, 2024, SLFRF awards had not yet been disbursed to some counties and Tribes because those recipients had not requested their funds, according to Treasury. Specifically, this included $9.7 million for counties and $4.6 million for Tribes. According to Treasury, as of August 5, 2024, the remaining funds across recipients included $9.7 million for counties and $3.7 million for Tribes.

[8]See 87 Fed. Reg. 4338, 4437 (Jan. 27, 2022). The following recipients are required to submit quarterly project and expenditure reports: (1) tribal governments that are allocated more than $30 million in funding; (2) states, the District of Columbia, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents; (3) metropolitan cities and counties with a population below 250,000 residents that are allocated more than $10 million in funding; and (4) NEUs that are allocated more than $10 million in funding. The following recipients are required to submit annual reports: (1) tribal governments that are allocated less than $30 million in funding, (2) metropolitan cities and counties with a population below 250,000 residents that are allocated less than $10 million in funding, and (3) NEUs that are allocated less than $10 million in funding. Treasury officials told us they accept new data submissions and revisions to submissions from recipients for 60 days following the submission deadline. For the data Treasury made publicly available with information as of March 31, 2024, Treasury included the submissions received as of June 28, 2024.

[9]On November 20, 2023, Treasury published an interim final rule to clarify the definition of "obligation" ((88 Fed. Reg. 80584 (Nov. 20, 2023)) (Obligation IFR). The term "obligation" continues to mean an order placed for property and services and entry into contracts, subawards, and similar transactions that require payment. As discussed in the Obligation IFR, a recipient is also considered to have incurred an obligation by December 31, 2024, with respect to satisfying a

requirement under federal law or regulation or a provision of the SLFRF award terms and conditions to which the recipient becomes subject as a result of receiving or expending SLFRF funds. Separate from this report, we are considering whether Treasury's definition of "obligation" is consistent with conditions in the law that established SLFRF.

[10]ARPA established that recipients can use their SLFRF awards to cover costs incurred by December 31, 2024, to (1) respond to the coronavirus public health emergency or its negative economic impacts; (2) provide premium pay to essential workers, or grants to employers with essential workers; (3) provide government services up to the amount of the reduction in revenue due to the COVID-19 pandemic; and (4) make necessary investments in water, sewer, or broadband infrastructure. 42 U.S.C. §§ 802(c), 803(c). Subsequently, the Consolidated Appropriations Act, 2023, established that recipients may also use their awards to provide emergency relief from natural disasters or the negative impacts of natural disasters and to invest in certain infrastructure projects. Pub. L. No. 117-328, div. LL, § 102, 136 Stat. 4459, 6098 (2022), which is codified at 42 U.S.C. §§ 802(c)(1)(E), 803(c)(1)(E), 802(c)(5), 803(c)(6). Based on Treasury guidance, recipients may not provide premium pay for work performed after April 10, 2023, when the National Emergency concerning COVID-19 ended, but may award premium pay for work performed prior to that date. There are several restrictions on recipients' uses of SLFRF awards. Recipients other than tribal governments may not deposit SLFRF awards into a pension fund. 42 U.S.C. §§ 802(c)(2)(B), 803(c)(2). Also, recipients that are states or territories may not use SLFRF awards to offset a reduction in net tax revenue resulting from the recipient's change in law, regulation, or administrative interpretation. 42 U.S.C. § 802(c)(2)(A). However, this offset provision has been found to be unconstitutional by some courts. See West Virginia v. Dept. of Treasury, 59 F.4th 1124 (11th Cir. 2023); Texas v. Yellen, 105 F.4th 755 (5th Cir. 2024). In addition, recipients may not use SLFRF awards to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund. 87 Fed. Reg. 4338, 4394 (Jan. 27, 2022).

[11]Treasury published an interim final rule implementing the eligible uses that resulted from the Consolidated Appropriations Act, 2023. 88 Fed. Reg. 64986 (Sept. 20, 2023); Pub. L. No. 117-328, 136 Stat. 4459 (2022).

[12]Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds: Frequently Asked Questions* (as of March 29, 2024), accessed September 19, 2024, https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf.

[13]The Consolidated Appropriations Act, 2023, codified the availability of the standard allowance provided in Treasury's final rule. Pub. L. No. 117-328, div. LL, § 102(a), 136 Stat. 4459 (2022).

[14]In addition, unlike the other spending categories, Treasury is not collecting subaward data for projects categorized as revenue replacement.

15ARPA allocated $195.3 billion to the 50 states and the District of Columbia. The District of Columbia received $1.8 billion from the allocations for states. It also received approximately $510 million from the funds ARPA allocated to metropolitan cities and counties. As a result, the District of Columbia received approximately $2.3 billion in total SLFRF allocations.

[16]According to the Department of Labor, each state maintains its own Unemployment Insurance (UI) trust fund reserve built from state taxes, primarily on employers, and used only to pay for state UI benefits. According to Treasury's guidance, under the public health and negative economic impacts spending category, recipients may use SLFRF funds for contributions to unemployment insurance trust funds and repayment of the principal amount due on advances received under Title XII of the Social Security Act up to an amount equal to (1) the difference between the balance in the recipient's unemployment insurance trust fund as of January 27, 2020, and the balance of such account as of May 17, 2021; plus (2) the principal amount outstanding as of May 17, 2021, on any advances received under Title XII of the Social Security Act between January 27, 2020, and May 17, 2021.

[17]See GAO-24-106753. We reported that 26,410 localities submitted project and expenditure reports with spending to Treasury as of March 31, 2023. These reporting localities received $124.9 billion in SLFRF funds.