

## Why GAO Did This Study

In March 2021, the American Rescue Plan Act of 2021 appropriated \$350 billion through the SLFRF to help tribal governments, states, localities, the District of Columbia, and U.S. territories cover costs stemming from the health and economic effects of the COVID-19 pandemic.

The CARES Act includes a provision for GAO to report on its ongoing monitoring and oversight efforts related to the pandemic. GAO was also asked to review Treasury's administration of SLFRF. This report, part of a series on COVID-19 assistance to recipients, examines selected states' and localities' (1) actions to administer their awards, and (2) benefits and challenges they experienced, as well as (3) Treasury's plan to monitor the use of awards and the extent to which it has been implemented.

GAO reviewed documents and interviewed officials in 18 states and 18 localities (one per state) selected based on SLFRF funding amount, population size, and geographic region. Combined, these states represent nearly 60 percent of the U.S. population and were allocated 60 percent of SLFRF funds. GAO also reviewed Treasury's policies and procedures for monitoring recipients' award uses and reviewing spending reports and single audit findings.

## What GAO Recommends

GAO is making four recommendations to Treasury, including assessing future Contact Center staffing needs and improving the documentation and timeliness of award monitoring processes. Treasury generally agreed with the four recommendations.

View [GAO-24-106027](#). For more information, contact Jeff Arkin at (202) 512-6806 or [ArkinJ@gao.gov](mailto:ArkinJ@gao.gov) or M. Hannah Padilla at (202) 512-5683 or [PadillaH@gao.gov](mailto:PadillaH@gao.gov).

## COVID-19 RELIEF

### Treasury Could Improve Its Administration and Oversight of State and Local Fiscal Recovery Funds

## What GAO Found

Nearly all—\$325.5 billion—of the \$350 billion in State and Local Fiscal Recovery Funds (SLFRF) was allocated to state and local governments. As of March 31, 2023, states reported obligating 60 percent and spending 45 percent of SLFRF awards they received. Localities reported obligating 54 percent and spending 38 percent, of SLFRF awards they received. Recipients have until December 31, 2024, to obligate, and until December 31, 2026, to spend their awards.

Officials in all 18 selected states and most larger selected localities GAO reviewed said they expanded their capacity to manage their awards, such as by reassigning existing or hiring new staff. Officials in most smaller localities said they administered their SLFRF awards with their existing staff and processes.

Officials in most selected states and localities told GAO they benefitted from using their SLFRF awards to replace revenue lost during the pandemic—an allowable use under the SLFRF program. Specifically, they said that using funds to replace lost revenue (1) enhanced spending flexibilities by allowing funding of a broad range of government services; and (2) made it easier to meet the Department of the Treasury's reporting requirements.

State and local officials identified a range of challenges in using their SLFRF awards, such as those related to

- **Performance indicators.** Officials in some selected states and one selected locality told GAO that the performance indicators they are required to report do not always align with their uses of SLFRF awards. Treasury established these indicators to understand and aggregate program outcomes across SLFRF recipients. However, some selected state and local officials said they needed clarity from Treasury on how to report on required performance indicators when they do not align with their uses of SLFRF awards and spending categories. Based on GAO's analysis, Treasury updated its guidance on November 30, 2023, to clarify reporting on these indicators.
- **Treasury assistance.** Officials in most selected states and some selected localities told GAO that the assistance Treasury provided by telephone or email through its Contact Center was not timely and did not meet their needs. Treasury established the center to field and respond to recipients' inquiries about programs administered by Treasury, but these officials said limited resources affected Treasury's assistance. Treasury has assessed some, but not all, of its staffing needs, limiting its ability to provide timely and useful assistance going forward.

Treasury has established monitoring procedures for reviewing states' and localities' spending reports and annual single audit findings. Treasury modified its procedures for reviewing spending reports, adapting to lessons it learned. However, it did not document those changes in key internal program guidance, creating a risk that the new procedures will not be implemented consistently. Additionally, Treasury did not issue timely management decisions pertaining to SLFRF findings in recipients' single audit reports. As a result, Treasury does not have reasonable assurance that unallowable uses of funds are identified or remediated.