

**NACo LEGISLATIVE ANALYSIS FOR COUNTIES:
U.S. HOUSE COMMITTEE ON OVERSIGHT & REFORM
STATE & LOCAL CORONAVIRUS FISCAL RECOVERY FUNDS**



UPDATED: FEBRUARY 11, 2021

To find your county's estimated allocation through the proposed State and Local Coronavirus Recovery Funds, [click here](#)

SUMMARY

On February 9, the Democratic leadership of the U.S. House Committee on Oversight and Reform released its [Fiscal Year \(FY\) 2021 Reconciliation Act bill, which includes the Coronavirus State and Local Fiscal Recovery Funds](#). This package would provide \$350 billion to help states, counties, cities, other municipalities, and tribal governments cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic.

The measure outlines that states, along with the District of Columbia, would receive \$195.3 billion, distributed mostly upon each state's share of unemployed workers over the 3-month period of October-December 2020. Each state and the District of Columbia would be guaranteed a minimum of \$500 million, plus D.C. would receive a special allocation to compensate for its treatment under the CARES Act last year.

Local governments would receive \$130.2 billion, split evenly between municipalities and counties, resulting in a direct county allocation based on population of \$65.1 billion. Tribal governments would receive \$20 billion and U.S. territories would receive \$4.5 billion.

The U.S. Department of Treasury would oversee and administer these payments to state and local governments, and every county would be eligible to receive a direct allocation from Treasury. Once an eligible entity provides a certification on the use or needs of funds to the U.S. Treasury, the agency is required to make the payment within 60-days. These funds are available until expended by the recipient.

The U.S. House Committee on Oversight and Reform is expected to "mark up" the proposal on February 12, followed by consideration of the House Budget Committee (and the full House) of this specific package, along with other parts of the broader \$1.9 trillion American Rescue Plan, the week of February 15. The U.S. Senate is expected to start deliberations on its version of COVID relief aid following the presidential impeachment process. Once, and if, both chambers have

completed their respective work, they will meet to reconcile differences before sending a final bill to the president's desk for his signature.

DISTRIBUTION FORMULA FOR STATE AND LOCAL RECOVERY FUNDS

Of the total \$350 billion, 60 percent would be allocated to states and 40 percent to local governments. The distribution formula is as follows:

- **States and District of Columbia: \$195.3 billion**
 - \$25.5 billion is equally divided with state minimum of \$500 million.
 - \$169 billion based on the state share of unemployed workers over a three-month period from October-December 2020.
 - \$1.25 billion in additional aid for the District of Columbia.
- **Local governments: \$130.2 billion** divided evenly between non-county municipalities and counties.
 - **\$65.1 billion in direct federal aid to counties based on the county share of the U.S. population.** *Counties that are CDBG recipients will receive the larger share, based on its population or calculated share under the CDBG allocation method.*
 - \$65.1 billion to cities and other non-county municipalities.
 - \$45.57 billion in direct federal aid for municipalities with populations of at least 50,000, using a modified Community Development Block Grant formula.
 - \$19.53 billion for municipalities with populations of less than 50,000 based on each jurisdiction's percentage of the state's population. Amount per jurisdiction may not exceed 75 percent of its most recent budget as of January 27, 2020. Aid is distributed through the states.
- **U.S. Territories: \$4.5 billion.**
- **Tribal governments: \$20 billion** to federally recognized Tribal governments.

ALLOWABLE USES OF RECOVERY FUNDS

The U.S. House Committee on Oversight and Reform's Reconciliation Act provision states that funds can be used to cover the following expenses:

1. Respond to or mitigate the public health emergency with respect to the COVID-19 emergency or its negative economic impacts,
2. Cover costs incurred as a result of the COVID-19 emergency,
3. Replace revenue that was lost, delayed or decreased as determined based on projections of the government as of January 27, 2020, as a result of the COVID-19 emergency, or
4. Address negative economic impacts of the COVID-19 disease.

ADMINISTRATION OF RECOVERY FUNDS

The U.S. House Committee on Oversight and Reform’s Reconciliation Act provision outlines that state and local aid funds will be administered as follows:

- Funds will be distributed by the U.S. Department of Treasury.
- There is no deadline associated with these funds. Funds can be used until expended.
- Entities will have to provide a certification on the use or need of these funds to the U.S. Treasury. Once received, the U.S. Treasury is required to make payments within 60-days. **If a county does not think they need or do not want the entire allocation, it does not need to apply for the full amount. In order to receive these dollars, a county must complete and send a certification document to the U.S. Treasury.**
- Counties may transfer funds to certain private nonprofits, a public benefit corporation involved in the transportation or passengers or cargo, a special purpose unit of State or local government, or a multi-State entity involved in the transportation of passengers or cargo.
- The bill would provide \$117 million to the Government Accountability Office (\$77 million) and the Pandemic Response and Accountability Committee (\$40 million) for oversight and to promote transparency and accountability of all federal coronavirus relief funds.
- U.S. Treasury’s Office of Inspector General (OIG) would retain its auditing and monitoring authority, similar to its current role in its oversight of the Coronavirus Relief Fund.

RESOURCES

To access NACo’s resource hub on the State and Local Coronavirus Recovery Funds, [click here](#). This resource hub contains a searchable table that contains projected allocations for counties under the House Committee on Oversight and Reform’s reconciliation bill.

To access the **one-pager** of the U.S. House Committee on Oversight and Reform’s reconciliation bill, [click here](#).

To access the **bill text** of the U.S. Committee on Oversight and Reform’s reconciliation bill, [click here](#).

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