

## JEC Dems Methodology for State and Local Fiscal Recovery Fund Analysis

In March 2021, the American Rescue Plan Act created the State and Local Fiscal Recovery Funds (SLFRF or “Recovery Funds”), to be administered by the Treasury Department. The JEC Democratic Staff reviewed the Treasury Department’s April 2024 release of [quarterly data](#), which states and localities report to Treasury. All Recovery Fund recipients must report their use of funds at least on an annual basis, every April, and most recipients are required to report on a quarterly basis. More details on which entities are required to report, what they are required to report, and when they are required to report, can be found [here](#).

The Treasury Department’s release provides a list of all projects making use of the Recovery Funds for each state and municipality receiving the funds, and includes information regarding the type of project that the funds are being directed towards—identified by category and subcategory groups—as well as the recipient’s adopted budget, obligated funds, and expended funds. An “adopted budget” is a recorded budget submitted to Treasury by the state or local government. “Obligated” funds are those that have been contractually obligated to a subrecipient through a contract or through legislation. All funding that the Treasury Department has allocated in Recovery Funds to a state or local recipient must be obligated by December 31, 2024. “Expended” funds are payments made. All funds must be expended by December 31, 2026.

Given that not all funds were expended by April 2024—and may not be fully expended until December 2026—we tracked what we termed the “direction” or “allocation” of funds by looking at states’ and localities’ funds that were “obligated” towards a project, as well as funds that fell within the project’s “adopted budget”.

Focusing on the amounts obligated or in an adopted budget, our analysis sought to answer the following questions:

- Which states (including state and municipal governments) are directing the largest fraction of their Fiscal Recovery Fund allocations towards infrastructure projects (Category Group 5), when compared to other states, so far? How does this break down between water infrastructure (Subcategory 5.1 – 5.18) and broadband infrastructure (Subcategory 5.19 – 5.21).
- Which states (including state and municipal governments) are directing the largest fraction of their Fiscal Recovery Fund allocations towards workforce support and training for unemployed and underemployed individuals (Subcategory 2.10), Child Care and Early Childhood Education (Subcategory 2.11, and 2.14), and addressing educational disparities (Subcategory 2.24-2.26)?
- Which states (including state and municipal governments) are directing the largest fraction of their allocations towards their long-term affordable housing supply (Subcategory 2.15), compared to other states? Which states are directing the greatest amount of total funding towards long-term affordable housing?

We looked at both adopted budgets and obligations to answer these questions, as looking at only one of these categories would have left critical information gaps, due to timeliness of reporting. For example, some states or municipalities have provided adopted budgets in which they report

directing a specific amount of Fiscal Recovery Funds towards an infrastructure project. However, the reported amounts of obligated funding for those projects are at times less than the adopted budget amount, likely because of legislative schedules that alter obligation timelines.

Recipients' reported adopted budgets often include amounts for which a recipient intends to direct SLFRF funds, but may not yet have incurred an obligation or reported that obligation to Treasury. However, some municipalities are only required to report obligated amounts of funding, and do not report anything for their adopted budgets. This is because not all recipients are required to report adopted budgets for projects to Treasury; only States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents are required to do so.

Taking into consideration that either (1) obligated funding may be lower than the adopted budget, (2) an adopted budget may not be required or may not exist for the municipality given it is not required, or (3) obligations may exceed the adopted budget due to a lag in an update to that budget, for each project we analyzed the amount of funding recorded in the adopted budget and obligated funding categories. We then took the number from the category that provided the maximum amount of funding directed to that project. This ensured that no funding was overlooked for each state and municipality reporting their intended direction of funds.