



Budget Brief 21-14, March 5, 2021

# Senate Amends House-Passed Reconciliation Bill

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## Summary

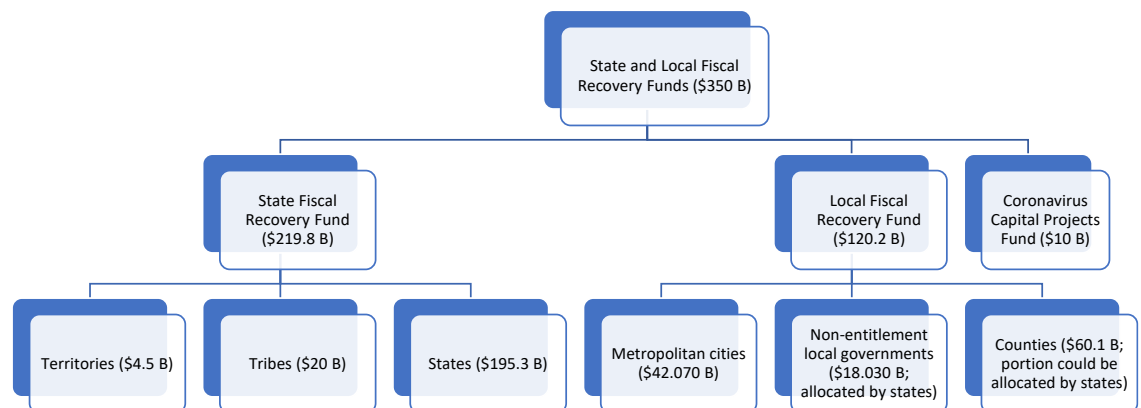
The Senate has released an [amended](#) version of the House-passed budget reconciliation proposal for fiscal year (FY) 2021, the American Rescue Plan Act of 2021. This brief provides state funding included in the Senate bill (Table 1) and a description of the Senate’s changes to the State and Local Fiscal Recovery Funds. Table 2 compares FFIS estimates of state and local allocations for these funds under the Senate bill to the figures released for the House bill. (The Senate bill could change during floor consideration.)

## Fiscal Recovery Funds

The Senate makes several changes to the House provisions regarding state and local fiscal assistance, which are described in the following sections. Specifically:

- It implements a hold-harmless provision so that no state receives less in total (state plus local) than it received under the CARES Act Coronavirus Relief Fund (CRF).
- It reduces local relief funding by \$10 billion and uses that funding for a Coronavirus Capital Projects Fund, targeted to states, territories, and tribal governments.
- It adds a host of prohibitions and new requirements (including reporting).
- It releases local funding in two tranches.
- It provides an additional \$50 million for federal administration.

The chart below summarizes the Senate’s allocation of funding.



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## ***State Fiscal Recovery Fund***

The Senate makes funding available for costs incurred through December 31, 2024. The \$219.8 billion appropriation is distributed as follows:

- Territories: \$4.5 billion, with 50% divided equally and 50% based on relative population
- Tribal governments: \$20 billion, with \$1 billion allocated equally and \$19 billion allocated by the secretary of the Treasury
- States and the District of Columbia: \$25.5 billion allocated equally (\$500 million each), after which:
  - The District of Columbia receives an additional \$755 million to bring it up to the state minimum payment under the CARES Act CRF.
  - The remainder (\$169.045 billion) is allocated based on the state share of seasonally adjusted unemployed persons for the three-month period ending December 2020.

**Hold-harmless provision.** The Senate bill specifies that the sum of payments to states from state and local allocations may not be less than a state received under the CRF. The treasury secretary would make pro rata adjustments to the amounts allocated by unemployment to meet this requirement. FFIS projects that **Alaska, Delaware, Montana, North Dakota, South Dakota, Vermont, and Wyoming** would benefit from this provision. Table 2 compares expected payments to states under the House bill with FFIS estimates under the Senate bill.

**Pro rata adjustment authority.** The treasury secretary may make pro rata adjustments to ensure that all funds are allocated to states, territories, and tribal governments in accordance with the legislation's requirements.

**Use of funds.** The Senate changes the permissible uses of funds, allowing the following uses:

- Respond to the COVID-19 public health emergency and cover costs related to it, including assistance to households, small businesses, non-profits, and affected industries such as tourism, travel, and hospitality
- Provide government services to the extent of lost revenue from the public health emergency
- Make investments in water, sewer, or broadband infrastructure

**Restrictions.** The Senate adds restrictions on how states may use funds. They may not be used to:

- Reduce taxes directly or indirectly between March 3, 2021, and the last day of the fiscal year in which all funds received have been spent or returned
- Make payments to pension funds

**Transfer authority.** Recipient governments could transfer funds to private non-profits (based on the McKinney-Vento Homeless Assistance Act definition,) a public benefit corporation that transfers passengers or cargo, or a special-purpose unit of state or local government.

**Certification, timing, and reporting.** Recipients would be required to certify that they need the funds and intend to use them as directed (see below). Payments

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would be made to states within 60 days of certification. (The District of Columbia is eligible for its CARES Act “plus-up” funding within 15 days of enactment and without certification.)

The Senate adds a requirement for states to submit periodic reports on the use of funds, including any modifications to the state’s taxes. The treasury secretary may specify additional information to be included in such reports.

**Recoupment for tax cuts.** States are required to repay any funds whose use does not comply with the uses specified above. For tax reductions, states will be required to repay the lesser of 1) the net tax reduction and 2) the amount received under this program or through a transfer from local governments (mentioned below).

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### ***Local Fiscal Recovery Fund***

The following provisions govern the local share of funds, which the Senate reduces to \$120.2 billion. As with the state portion, funding is available for costs incurred through December 31, 2024. Table 2 compares FFIS’s estimated local payments under the Senate proposals to the figures released for the House bill.

**Metropolitan cities.** The \$42.07 billion earmarked for metro cities follows the Community Development Block Grant (CDBG) entitlement formula, substituting “all metropolitan cities” for “all metropolitan areas” in the formula’s application.

**Non-entitlement funds.** The \$18.03 billion for non-entitlement local governments would be paid to states based on each state’s relative share of the non-entitlement population of all states.

- Within 30 days of receiving funds, a state would need to distribute funds based on relative shares of the state’s non-entitlement population. A 30-day extension could be requested for administrative relief. A second 30-day extension would be possible if the state were to submit a plan.
- Assistance to local governments could not exceed 75% of the most recent budget for that government as of January 27, 2020. Under the Senate bill, any undistributed funds stemming from this provision would be returned to the federal government.
- If state payments are not made within 120 days, any unpaid amounts would become state debt owed to the federal government, paid from the state allocation.

**Direct county payments.** The final \$60.1 billion would be paid directly to counties, allocated by relative population, with a hold-harmless provision for urban counties to ensure they receive at least as much as they would under the CDBG formula. For counties that are not units of general local government, funds would go to the state, which would distribute them to the local governments in the county based on relative population. The District of Columbia would receive an allocation from this portion of funding.

Consolidated governments would be eligible for all three funding streams.

**Adjustment authority.** The treasury secretary could make pro rata adjustments to make sure all three categories of funding are distributed in accordance with the relevant requirements.

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**Population data.** Population data used to allocate funds would be either the most recent Census data or, if not available, the state’s choice.

**Tranches.** Under the Senate bill, initial payments of 50% of the appropriation for each of the three categories of local funding are to be made within 60 days of the legislation’s enactment. The remaining 50% could be paid at least 12 months after the first payment.

**Certification, uses, and prohibitions.** The certification and use requirements are the same as those for states. Under the Senate bill, local governments are prohibited from using funds for pension contributions.

**Transfers.** The provisions regarding transfers to non-profits and others are the same as those for states. In addition, local recipients could opt to transfer funds to states.

**Reporting and recoupment.** These requirements are the same as those for states. Funds used in violation of the uses summarized above must be repaid.

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***Coronavirus  
Capital Projects  
Fund***

The legislation appropriates \$10 billion for states, territories, and tribes to carry out “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”

- Each state, the District of Columbia, and Puerto Rico would receive \$100 million.
- The Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau would receive equal shares of \$100 million.
- Tribal governments plus Hawaii would receive \$100 million, with at least \$50,000 going to each tribal government and at least \$50,000 to Hawaii for the exclusive use of the Department of Hawaiian Home Lands and the Native Hawaiian Education Programs.
- The remaining amount would be allocated to states based on population (50%), the share of the population living in rural areas (25%), and the share of the population with a household income less than 150% of the federal poverty level (25%). This portion of funding is provided to only the 50 states.

The legislation directs the treasury secretary to establish an application process for these funds not later than 60 days after the legislation’s enactment.

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**Next Steps**

The Senate is currently debating this legislation and considering amendments to it. FFIS will continue to report on the bill’s progress as it moves through the process.

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# Table 1

## Enacted and Proposed COVID-19 Funding for States (\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	FY 2021 Budget Reconciliation	
				House	Senate
USDA	Rural Broadband ReConnect	\$100	\$0	\$0	\$0
USDA	Distance learning and telemedicine	25	0	0	0
USDA	Support for Farm Stress Programs	0	28	0	0
USDA	Farming Opportunities Training and Outreach	0	75	0	0
USDA	Dairy Donation Program	0	400	0	0
USDA	Local Agriculture Market Program	0	100	0	0
USDA	Specialty Crop	0	100	0	0
USDA	Emergency Grants for Rural Health Care	0	0	500	500
USDA (FNS)	SNAP Contingency Reserve	15,510	0	0	0
USDA (FNS)	SNAP 1/	0	See note	0	0
USDA (FNS)	SNAP state administration	0	100	1,135	1,135
USDA (FNS)	SNAP online purchasing and technology improvements	0	0	25	25
USDA (FNS)	Child nutrition 1/	8,800	See note	0	0
USDA (FNS)	Emergency Food Program (TEFAP)	850	400	0	0
USDA (FNS)	Supplemental Nutrition Assistance for Women, Infants, Children (WIC)	500	0	880	880
USDA (FNS)	Nutrition assistance for Puerto Rico, territories	300	614	1,000	1,000
USDA (FNS)	Commodity Supplemental Food Program	0	13	37	37
USDA (FNS)	Food Insecurity Nutrition Incentive (FINI) Grants	0	75	0	0
Commerce	Economic Development Assistance programs	1,500	0	3,000	3,000
Commerce	Assistance to Fishery Participants	300	300	0	0
Commerce	Hollings Manufacturing Extension Program	50	0	0	0
Commerce	Connectivity Grants to Minority-serving Institutions	0	285	0	0
Commerce	Broadband Infrastructure Program	0	300	0	0
DOJ	Byrne Justice Assistance Grants	850	0	0	0
DHS	Disaster Relief Fund 2/	45,000	2,000	50,000	50,000
DHS	Emergency Food and Shelter Program	200	0	0	400
DHS	Emergency Food and Shelter Program - Humanitarian Relief	0	0	0	110
DHS	Assistance to Firefighter Grants	100	0	0	100
DHS	Staffing for Adequate Fire and Emergency Response (SAFER) Grants	0	0	0	200
DHS	Emergency Management Performance Grants	100	0	0	100
FCC	Emergency Connectivity Fund (schools/libraries)	0	0	7,599	7,171
FCC	Emergency Broadband Connectivity Fund (households)	0	3,200	0	0
FCC	COVID-19 Telehealth Program	200	250	0	0
Independent Agencies	Election Security Grants	400	0	0	0
Independent Agencies	National Endowment for the Arts	75	0	135	135
Independent Agencies	National Endowment for the Humanities	75	0	135	135
Independent Agencies	Institute of Museum and Library Services	50	0	200	200
Independent Agencies	Community Navigator Pilot Program	0	0	100	100
Independent Agencies	State Commissions on National and Community Service	0	19	20	20
Independent Agencies	Volunteer Generation Fund	0	6	20	20
Interior	Assistance to Territories	55	0	0	0
Interior	Water and Related Resources	13	0	0	0
DOL	UI Fraud Prevention, Equitable Access, and Timely Payment Fund	0	0	2,000	2,000
DOL	UI administration	1,000	0	0	0
DOL	Grants to establish or improve short-time compensation programs	100	0	0	0
DOL	WIOA - Dislocated Workers Assistance National Reserve	345	0	0	0
ED	Education Stabilization Fund	30,750	81,880	169,839	168,989
ED	Project SERV	100	0	0	0
HHS (CDC)	Grants to states, localities, and tribes	2,450	0	0	0
HHS (CDC)	Grants to states, localities, tribes for testing 3/	11,000	22,400	47,800	47,800
HHS (CDC)	Grants to states, localities, and tribes for vaccines 4/	0	4,500	7,500	7,500
HHS (CDC)	Infectious Diseases Rapid Response Reserve Fund	600	0	0	0
HHS (CDC)	Surveillance, epidemiology, analytics infrastructure, contact tracing	1,500	0	0	0
HHS (CDC)	Genomic Sequencing and Surveillance	0	0	1,750	1,750
HHS (CMS)	Health Insurance Exchange Modernization (State-based Marketplaces)	0	0	20	20
HHS (CMS)	Medicaid Community-Basis Mobile Crisis Intervention (Planning Grants)	0	0	15	15
HHS (CMS)	Survey and Certification	100	0	0	0
HHS (CMS)	State Nursing Home Strike Teams	0	0	250	250

# Table 1, continued

## Enacted and Proposed COVID-19 Funding for States (\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	FY 2021 Budget Reconciliation	
				House	Senate
HHS	Provider Relief Fund	175,000	3,000	0	8,500
HHS	Hospital Preparedness Program	250	0	0	0
HHS (ACF)	Child Care and Development Block Grant	3,500	10,000	14,990	14,990
HHS (ACF)	Child Care Entitlements to States 5/	0	0	633	130
HHS (ACF)	Child Care Stabilization Fund	0	0	23,975	23,975
HHS (ACF)	Chafee Foster Care Program for Successful Transition to Adulthood	0	350	0	0
HHS (ACF)	Chafee Education and Training Vouchers	0	50	0	0
HHS (ACF)	Promoting Safe and Stable Families	0	85	0	0
HHS (ACF)	Community Services Block Grant	1,000	0	0	0
HHS (ACF)	Low Income Home Energy Assistance Program	900	0	4,500	4,500
HHS (ACF)	Low-Income Household Drinking Water and Wastewater Energy Assistance	0	638	500	500
HHS (ACF)	Head Start	750	250	1,000	1,000
HHS (ACF)	Family Violence Prevention and Services	45	0	446	446
HHS (ACF)	Child Welfare Services	45	0	0	0
HHS (ACF)	Runaway and Homeless Youth	25	0	0	0
HHS (ACF)	Community-Based Child Abuse Prevention	0	0	250	250
HHS (ACF)	Child Abuse Prevention and Treatment State Grants	0	0	100	100
HHS (ACF)	Pandemic Emergency Assistance	0	0	1,000	1,000
HHS (ACL)	Congregate Meals and Home Delivered Meals	720	168	750	750
HHS (ACL)	Elder Justice Programs	0	100	276	276
HHS (ACL)	Home and Community-Based Supportive Services	200	0	470	460
HHS (ACL)	Family Caregivers	100	0	145	145
HHS (ACL)	Centers for Independent Living	85	0	0	0
HHS (ACL)	Aging and Disability Resource Centers	50	0	0	0
HHS (ACL)	Protection of Vulnerable Older Americans	20	0	10	10
HHS (ACL)	Preventive Services	0	0	44	44
HHS (SAMHSA)	Certified Community Behavioral Health Clinical Expansion Grant Program	250	600	0	420
HHS (SAMHSA)	Emergency Response Activities	100	240	0	0
HHS (SAMHSA)	Suicide Prevention Programs	50	50	20	20
HHS (SAMHSA)	Mental Health Block Grant	0	1,650	1,750	1,500
HHS (SAMHSA)	Substance Abuse Prevention and Treatment Block Grant	0	1,650	1,750	1,500
HHS (SAMHSA)	National Child Traumatic Stress Network	0	10	10	10
HHS (SAMHSA)	Community-based Funding for Local Substance Use Disorder Services	0	0	30	30
HHS (SAMHSA)	Community-based Funding for Local Behavioral Health Needs	0	0	50	50
HHS (SAMHSA)	Project Aware	0	50	30	30
HHS (HRSA)	Community Health Centers	2,020	0	7,600	7,600
HHS (HRSA)	Rural Health Clinics	225	0	0	0
HHS (HRSA)	Public Health Workforce	0	0	7,660	7,660
HHS (HRSA)	National Health Service Corps	0	0	800	800
HHS (HRSA)	Nurse Corps	0	0	200	200
HHS (HRSA)	Teaching Health Centers - Graduate Medical Education	0	0	330	330
HHS (HRSA)	Mental and Behavioral Health Training (Health Care Professionals)	0	0	80	80
HHS (HRSA)	Grants for Health Care Providers to Promote Mental and Behavioral Health	0	0	40	40
HHS (HRSA)	Behavioral Health Workforce Education and Training	0	0	100	100
HHS (HRSA)	Pediatric Mental Health Care Access	0	0	0	80
HHS (HRSA)	Telehealth and Rural Health	180	0	0	0
HHS (HRSA)	Ryan White HIV/AIDS	90	0	0	0
HHS (HRSA)	Poison Control Centers	5	0	0	0
HHS (HRSA)	Maternal, Infant, and Early Childhood Home Visiting	0	0	150	150
HHS (HRSA)	Family Planning	0	0	50	50
DOT	Transit Infrastructure Grants	25,000	14,000	30,461	30,461
DOT	Grants-in-Aid to Airports	10,000	2,000	8,000	8,000
DOT	Highways	0	10,000	0	0

## Table 1, continued

### Enacted and Proposed COVID-19 Funding for States

(\$ in millions)

Department	Program	Previously Enacted	P.L. 116-260	FY 2021 Budget Reconciliation	
				House	Senate
HUD	Community Development Block Grant	5,000	0	0	0
HUD	Emergency Solutions Grants	4,000	0	0	0
HUD	Tenant-Based Rental Assistance	1,250	0	5,000	5,000
HUD	Project-Based Rental Assistance	1,000	0	0	0
HUD	Public Housing Operating Fund	685	0	0	0
HUD	Housing Opportunities for Persons with AIDS	65	0	0	0
HUD	Housing for the Elderly	50	0	0	0
HUD	Housing for Persons with Disabilities	15	0	0	0
HUD	Fair Housing Activities	3	0	20	20
HUD	Housing Counseling	0	0	100	100
HUD	HOME Investment Partnerships Program	0	0	5,000	5,000
Treasury	Coronavirus Relief Fund/State and Local Fiscal Recovery Fund	150,000	0	350,000	340,000
Treasury	Coronavirus Capital Projects Fund	0	0	0	10,000
Treasury	Emergency Rental Assistance	0	25,000	20,250	21,550
Treasury	Homeowner Assistance Fund	0	0	9,961	9,961
Treasury	State Small Business Credit Initiative	0	0	10,000	10,000
EPA	Environmental justice grants	0	0	50	50
EPA	Categorical grants - air pollution	0	0	50	50
VA	State Homes	150	100	750	750
<b>TOTAL</b>		<b>\$505,825</b>	<b>\$187,036</b>	<b>\$803,341</b>	<b>\$791,449</b>

1/ Funding in P.L. 116-260 is provided as necessary to cover increases specified in legislation.  
2/ Funding for the Disaster Relief Fund in P.L. 116-260 is for funeral expenses. The House and Senate would permit new funding to cover these costs.  
3/ The House and Senate figures for testing include national activities and grants to state and local governments, territories.  
4/ The House and Senate figures for vaccines include national activities and grants to state and local governments, tribes, and territories.  
5/ The figures reflect the increase from the existing \$2.917 billion appropriation for Child Care Entitlement to States, beginning in FY 2021.  
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## Table 2

### Estimated Coronavirus State and Local Fiscal Recovery Funds (\$ in millions)

State	State		Local		Total		Senate v. House
	House	Senate	House	Senate	House	Senate	
Alabama	\$2,136	\$2,121	\$1,731	\$1,598	\$3,867	\$3,719	-\$148
Alaska	827	1,037	231	213	1,058	1,250	192
Arizona	4,836	4,796	2,645	2,442	7,481	7,237	-244
Arkansas	1,663	1,652	998	921	2,661	2,573	-88
California	26,264	26,022	16,019	14,789	42,283	40,811	-1,472
Colorado	3,984	3,951	1,944	1,794	5,927	5,746	-182
Connecticut	2,668	2,647	1,562	1,442	4,230	4,089	-140
Delaware	899	939	337	311	1,236	1,250	14
District of Columbia*	1,752	1,747	523	483	2,275	2,230	-45
Florida	10,310	10,218	7,027	6,488	17,337	16,705	-632
Georgia	4,690	4,651	3,480	3,212	8,170	7,863	-307
Hawaii	1,645	1,634	524	484	2,169	2,118	-51
Idaho	1,197	1,191	575	531	1,773	1,722	-51
Illinois	7,549	7,482	5,959	5,502	13,508	12,984	-524
Indiana	3,084	3,059	2,593	2,394	5,677	5,453	-223
Iowa	1,390	1,381	1,162	1,073	2,552	2,454	-98
Kansas	1,598	1,588	989	913	2,587	2,501	-86
Kentucky	2,459	2,441	1,618	1,494	4,077	3,934	-143
Louisiana	3,233	3,208	1,796	1,658	5,029	4,866	-164
Maine	1,037	1,032	494	456	1,531	1,488	-43
Maryland	3,899	3,867	2,316	2,138	6,216	6,006	-210
Massachusetts	4,547	4,509	3,415	3,152	7,962	7,661	-300
Michigan	5,698	5,649	4,405	4,067	10,103	9,715	-387
Minnesota	2,597	2,577	2,125	1,962	4,722	4,539	-183
Mississippi	1,818	1,806	933	861	2,751	2,667	-84
Missouri	2,838	2,816	2,463	2,274	5,301	5,089	-211
Montana	891	936	340	314	1,231	1,250	19
Nebraska	983	978	667	616	1,650	1,594	-56
Nevada	2,969	2,946	1,034	954	4,003	3,900	-103
New Hampshire	966	962	458	422	1,424	1,384	-40
New Jersey	6,483	6,427	3,563	3,290	10,046	9,717	-330
New Mexico	1,631	1,620	703	649	2,334	2,269	-65
New York	12,665	12,551	10,873	10,038	23,538	22,589	-949
North Carolina	5,316	5,271	3,388	3,128	8,705	8,399	-305
North Dakota	778	1,029	239	221	1,017	1,250	233
Ohio	5,681	5,633	5,325	4,916	11,006	10,548	-458
Oklahoma	2,191	2,175	1,308	1,208	3,499	3,383	-116
Oregon	2,628	2,608	1,499	1,384	4,127	3,992	-135
Pennsylvania	7,349	7,285	6,149	5,677	13,498	12,962	-537
Rhode Island	1,133	1,127	542	501	1,675	1,628	-48
South Carolina	2,111	2,096	1,586	1,464	3,697	3,560	-137
South Dakota	744	999	272	251	1,016	1,250	234
Tennessee	3,850	3,818	2,269	2,095	6,119	5,913	-206
Texas	16,824	16,671	10,439	9,637	27,263	26,308	-955
Utah	1,528	1,519	1,091	1,007	2,619	2,526	-93
Vermont	655	1,068	198	182	852	1,250	398
Virginia	3,795	3,764	2,888	2,666	6,682	6,430	-253
Washington	4,285	4,250	2,661	2,456	6,946	6,706	-240
West Virginia	1,259	1,252	677	625	1,936	1,876	-59
Wisconsin	3,231	3,205	2,316	2,138	5,547	5,344	-204
Wyoming	736	1,089	175	161	911	1,250	339
<b>State Totals</b>	<b>\$195,300</b>	<b>\$195,300</b>	<b>\$128,521</b>	<b>\$118,650</b>	<b>\$323,821</b>	<b>\$313,950</b>	<b>-\$9,871</b>
Puerto Rico	2,463	2,463	1,569	1,449	4,033	3,912	-121
Virgin Islands	517	517	31	29	548	546	-2
American Samoa	481	481	14	13	495	494	-1
Guam	556	556	49	45	605	601	-4
Northern Mariana Islands	483	483	15	14	498	497	-1
Tribal Governments	20,000	20,000	0	0	20,000	20,000	0
<b>Total</b>	<b>\$219,800</b>	<b>\$219,800</b>	<b>\$130,200</b>	<b>\$120,200</b>	<b>\$350,000</b>	<b>\$340,000</b>	<b>-\$10,000</b>

\* District of Columbia state allocation includes funds to bring it up to the small-state minimum under the CARES Act.

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