

# The American Rescue Plan Act of 2021: New York's Share of the Coronavirus Fiscal Recovery Fund

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**THE AMERICAN RESCUE PLAN ACT OF 2021 INCLUDES \$350 BILLION** in aid for states, territories, and tribal governments for the purpose of alleviating the fiscal stress caused by the COVID-19 pandemic. Of the \$350 billion, \$195.3 billion is allocated for payments to states, \$130.2 billion for city and county governments, \$20 billion for tribal governments, and \$4.5 billion for territories. These coronavirus fiscal recovery funds can be used to offset the pandemic's impact on revenue, pay public sector employees, fund capital projects, and to make broadband, water, and sewer infrastructure investments.<sup>1</sup> Each state received a minimum allocation of \$1.25 billion and local governments with a population of at least 500,000 were eligible for direct payments.

Of the \$350 billion, New York will receive a total of \$24 billion, or seven percent. Specifically, \$13 billion has been allocated for the New York State government, six billion dollars for metropolitan cities, four billion dollars for counties, \$825 million for local governments, and \$350 million for state capital projects. According to the distribution formula, the funding amount for each state relies on its unemployed residents' share of the total unemployed population in the US at the end of 2020. In contrast, the first major federal relief package, the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, provided \$150 billion to states, territories, and tribal governments and relied on the total population to allocate funding.<sup>2</sup> This difference in funding takes into consideration the impact

Coronavirus Relief Funds for New York City and Counties, (in millions)

NYC Counties Subtotal	\$	1,617
Bronx	\$	275
Kings	\$	496
New York	\$	316
Queens	\$	437
Richmond	\$	92
New York City Level Subtotal	\$	4,330
NYC Counties and City Total	\$	5,947

FIG. 1 Source: Fiscal Policy Institute analysis of House Committee on Oversight and Reform data as of 3/8/21Community Survey Microdata

that pandemic mitigation efforts have had on the unemployment rates in states. New York was one of the first states to impose a strict lockdown this time last year and has continued to impose restrictions based on the ebbs and flows of the virus throughout the state. In January 2020, before the start of the coronavirus pandemic, New Yorkers enjoyed a historically low unemployment rate of 3.8 percent, but by the year's end, unemployment rose to 8.7 percent.<sup>3</sup>

New York City has been heavily impacted by the pandemic. Its public health infrastructure came under stress early on and revealed troubling weaknesses as the city became the global COVID-19 epicenter. Under the new aid package, the combined aid to the city is almost six billion dollars (see Figure 1). The funds allocations are stipulated at the county and citywide level. In his \$92.3 billion budget proposal, NYC mayor noted a \$1.5 billion revenue decline due to the pandemic. The decline, driven by \$2.5 billion decline in property tax revenue, and \$5.9 billion in unexpected expenses, could potentially be worse, in the absence of the CARES Act support measures pertaining to personal income support via enhanced unemployment benefits and emergency allocations for pandemic-related expenses at the state level. A similar situation can be observed in other metropolitan areas around the state. Figure 2 details fund allocations to metro areas.

Figure 3 details all county-level fund allocations. Unemployment is a key component of the allocation formula in the American Rescue Plan Act. This explains why the top ten list of county-level allocations is vastly dominated by downstate counties (see Figure 4).

#### Coronavirus relief funds allocation by metro city (in millions)

Metro City	Allocation
Albany	\$ 85
Amherst	\$ 16
Auburn	\$ 22
Babylon	\$ 27
Binghamton	\$ 48
Brookhaven Town	\$ 55
Buffalo	\$ 350
Cheektowaga	\$ 26
Colonie	\$ 9
Dunkirk	\$ 12
Elmira	\$ 31
Glens Falls	\$ 12
Greece	\$ 11
Hamburg	\$ 10
Huntington	\$ 22
Irondequoit	\$ 23
Islip	\$ 51
Ithaca	\$ 17
Jamestown	\$ 30
Kingston	\$ 19
Middletown	\$ 12
Mount Vernon	\$ 43
New Rochelle	\$ 36
New York	\$ 4,330
Newburgh	\$ 22
Niagara Falls	\$ 59
Poughkeepsie	\$ 21
Rochester	\$ 207
Rome	\$ 26
Saratoga Springs	\$ 8
Schenectady	\$ 58
Syracuse	\$ 126
Tonawanda	\$ 42
Troy	\$ 46
Union	\$ 32
Utica	\$ 64
Watertown	\$ 23
White Plains	\$ 22
Yonkers	\$ 89

FIG. 2 Source: Fiscal Policy Institute analysis of House Committee on Oversight and Reform data as of 3/8/21. All numbers are in millions of dollars.

The pandemic has levied extraordinary costs on state and local governments who continued providing vital services, supporting both individuals and businesses, while managing the virus. In New York, the historic \$15 billion budget gap, is pushing the governor and legislators to consider alternative methods of addressing the deficit. The Fiscal Policy Institute welcomes the essential federal action. However, the state has a duty to continue providing its services and supporting vulnerable populations. Since the start of the pandemic the state, already most unequal in the nation, lost millions of jobs. The pandemic mitigation efforts had the most severe impact on the economic and social condition of the lower-income workers (largely Black, Hispanic, immigrants, and women) whose employment has not recovered unlike that of the high-income workers.

It is not clear whether long-term economic scarring will put substantial breaks on the bounce-back of consumer demand and on the pace of the economic recovery overall. In any case, a considerable investment in sustaining economic competitiveness will be required in light of permanent changes in employment, business, and travel overlaid with increased economic vulnerability. These important drivers of long-term needs are likely to remain and can be expected to far exceed the scope of current one-time federal aid measures.

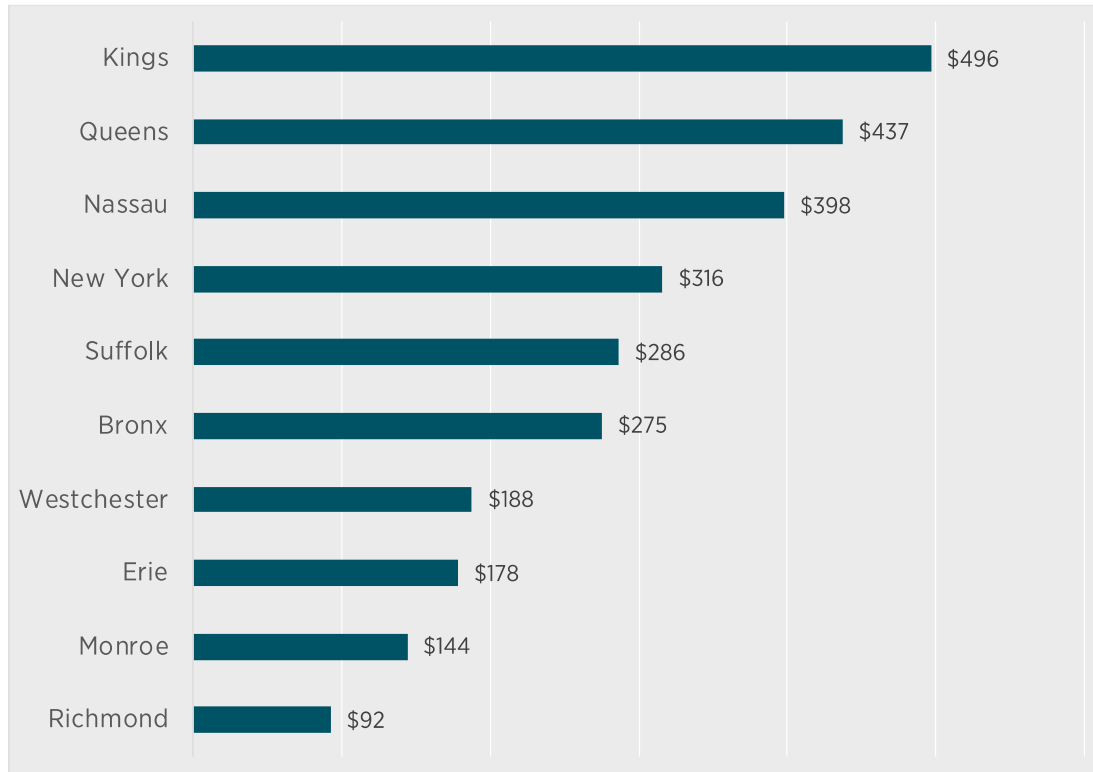
#### Coronavirus relief funds allocation by counties (in millions)

County	Allocation	County	Allocation
Albany	\$ 59	Niagara	\$ 41
Allegany	\$ 9	Oneida	\$ 44
Bronx	\$ 275	Onondaga	\$ 89
Broome	\$ 37	Ontario	\$ 21
Cattaraugus	\$ 15	Orange	\$ 75
Cayuga	\$ 15	Orleans	\$ 8
Chautauqua	\$ 25	Oswego	\$ 23
Chemung	\$ 16	Otsego	\$ 12
Chenango	\$ 9	Putnam	\$ 19
Clinton	\$ 16	Queens	\$ 437
Columbia	\$ 12	Rensselaer	\$ 31
Cortland	\$ 9	Richmond	\$ 92
Delaware	\$ 9	Rockland	\$ 63
Dutchess	\$ 57	St.Lawrence	\$ 21
Erie	\$ 178	Saratoga	\$ 45
Essex	\$ 7	Schenectady	\$ 30
Franklin	\$ 10	Schoharie	\$ 6
Fulton	\$ 10	Schuyler	\$ 3
Genesee	\$ 11	Seneca	\$ 7
Greene	\$ 9	Steuben	\$ 18
Hamilton	\$ 1	Suffolk	\$ 286
Herkimer	\$ 12	Sullivan	\$ 15
Jefferson	\$ 21	Tioga	\$ 9
Kings	\$ 496	Tompkins	\$ 20
Lewis	\$ 5	Ulster	\$ 34
Livingston	\$ 12	Warren	\$ 12
Madison	\$ 14	Washington	\$ 12
Monroe	\$ 144	Wayne	\$ 17
Montgomery	\$ 10	Westchester	\$ 188
Nassau	\$ 398	Wyoming	\$ 8
New York	\$ 316	Yates	\$ 5

FIG. 3 Source: Fiscal Policy Institute analysis of House Committee on Oversight and Reform data as of 3/8/21

The resetting of the policy mix will invariably require a strong and sustained commitment to enhanced revenue measures at the state level, along with a meaningful strategic investment in the state's social and business infrastructure.

#### Downstate Counties Received the Largest Share of Fiscal Relief Funds from the American Rescue Plan Act



**FIG. 4** Source: Fiscal Policy Institute analysis of House Committee on Oversight and Reform data as of 3/8/21. All numbers are in millions of dollars.

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<sup>1</sup> American Rescue Plan Act of 2021, H.R. 1319, 117<sup>TH</sup> Congress, <https://www.congress.gov/bill/117th-congress/house-bill/1319/text#H7D64DAF8D1F74749AF7C10146C7D4D53>

<sup>2</sup> Covid-19 Stimulus Bill: What it Means for States, (4/2020), National Council for States and Legislators, <https://www.ncsl.org/ncsl-in-dc/publications-and-resources/coronavirus-stimulus-bill-states.aspx>

<sup>3</sup> NYS Economy Added 29,400 Private Sector Jobs in January 2021, (3/2021) New York State Department of Labor, <https://labor.ny.gov/stats/pressreleases/pruistat.shtm#:~:text=In%20December%202020%2C%20the%20statewide,from%205.7%25%20to%205.9%25.>

The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.