

Coronavirus State and Local Fiscal Recovery Funds

Allocations to Metropolitan Cities

May 10, 2021

The American Rescue Plan Act (the Act) established the Coronavirus State Fiscal Recovery Fund (CSFRF) and Coronavirus Local Fiscal Recovery Fund (CLFRF), which provide a combined \$350 billion in assistance to eligible state, local, territorial, and Tribal governments to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. This document describes Treasury’s methodology for allocating the funds to metropolitan cities.

Metropolitan Cities

The CLFRF provides \$45.57 billion to metropolitan cities. The term “metropolitan city” is defined “in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) and includes cities that relinquish or defer their status as a metropolitan city for purposes of receiving allocations under section 106 of such Act (42 U.S.C. 5306) for fiscal year 2021.”

To identify cities that have relinquished or deferred their status as a metropolitan city in the CDBG program, Treasury consulted with HUD staff. Based on these consultations, Treasury determined that there are 142 such cities, which are treated as metropolitan cities for the purpose of CLFRF in accordance with the Act.

The Act also specifies that each metropolitan city shall receive “an amount determined for the metropolitan city consistent with the formula under section 106(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(b)), except that, in applying such formula, the Secretary shall substitute ‘all metropolitan cities’ for ‘all metropolitan areas’ each place it appears.”

CDBG formula

The CDBG (Community Development Block Grant) Program provides annual grants on a formula basis to states, cities, and counties to address community development needs. Under the Housing and Community Development Act of 1974, CDBG allocations for metropolitan cities and urban counties are determined by a formula, which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, and age of housing. Each of these measures examines a community’s needs in relation to all “metropolitan areas,” which is defined to include both metropolitan cities and urban counties.¹ But for

¹ 42 U.S.C. § 5306(b).

metropolitan cities, one measure – the “population growth lag”² – is compared against other metropolitan cities rather than metropolitan areas.

To apply the CDBG formula, Treasury also consulted HUD staff and gathered data from the U.S. Census Bureau. The Act requires Treasury to use the most recent available population data from the U.S. Census Bureau, which, at the time of publication of the Interim Final rule, is data for 2019.³ The Act does not specify the sources for the other components of the CDBG formula. In consultation with HUD, Treasury used the following datasets to apply the CDBG formula:

- U.S. Census Bureau, Population Estimates Program, data for 2019 (for population)
- U.S. Census Bureau, American Community Survey, data for 2015-2019 (for number of people in poverty and housing-related variables)
- U.S. Census Bureau, 1960 and 1980 decennial census counts (for determining the extent of the population growth lag)

Allocation determination

The Act provides that the Secretary shall substitute “all metropolitan cities” for “all metropolitan areas” in each place it appears. This substitution removes urban counties, which are provided for separately under the Act,⁴ from the ratios used in the calculation of allocations for metropolitan cities.

The Act also provides that the Secretary shall allocate and pay to each metropolitan city an amount determined for the city “consistent with” the CDBG formula. As noted, the CDBG formula uses six weighted variables.⁵ This formula reflects an approach taken since the 1970s on how to assess communities’ needs for funds to provide suitable living environments and expanded economic opportunities, particularly for low-income communities. But applying the formula solely by substituting “all metropolitan cities” for “all metropolitan areas” has the effect of changing the relative importance of the variables: in particular, it alters the weight normally assigned to “population growth lag.” While substituting “all metropolitan cities” for “all metropolitan areas” ensures that all of the metropolitan cities’ allocation will be distributed, a substitution that changes the relative importance of the variables that drive the underlying CDBG formula would produce results that are not “consistent with” with the formula, as the statute requires.

To achieve the statutorily mandated consistency with the CDBG formula, while still “substitut[ing] ‘all metropolitan cities’ for ‘all metropolitan areas’ each place it appears,” Treasury has adjusted the relative weights of the ratios that make up the formula to reflect the same relative importance of the ratios absent the substitution.

² Population growth lag refers to difference between the actual number of residents in a metropolitan city or urban county and the number of persons who would have been residents if that city or county’s population had grown since 1960 at the average population growth rate of all metropolitan cities. For metropolitan cities and urban counties whose boundaries have changed, the CDBG formula incorporates an adjustment using 1980 data.

³ While Census has released 2020 population data for states, 2020 population data for metropolitan cities will not be publicly available until May 27, 2021. Consequently, at time of publication, the most recent available population data for metropolitan cities was as of 2019. See: <https://www.census.gov/programs-surveys/popest/about/schedule.html>

⁴ See 42 U.S.C. § 803(b)(3).

⁵ See 42 U.S.C. § 5306(b)(3).