



The Council
of State
Governments

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Analysis of the American Rescue Plan (ARP) Impact on Great Lakes States

Presentation Overview

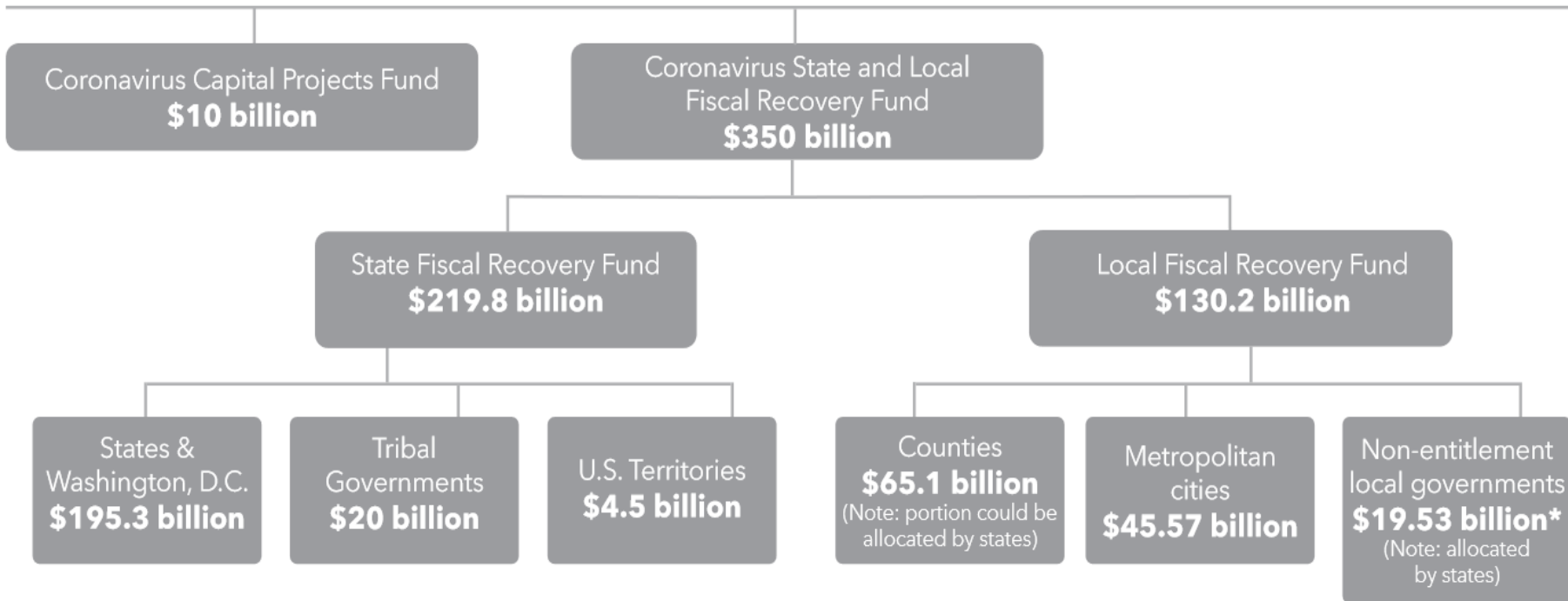
- Background on the American Rescue Plan
- Breakdown of funding for States
 - Allowable Uses
 - Restrictions
- Funds for K-12 Education
- Funds for Employers
- State and Local Cooperation
- Q&A

The American Rescue Plan (ARP)

- Signed into law by President Biden on March 11th, 2021.
- Contains \$1.9 trillion in funding for various purposes:
 - \$195 billion for state recovery
 - \$137 billion for education
 - \$62 billion for employers
 - \$34 billion for industries
 - Increased funding for workers



The \$1.9 Trillion American Rescue Plan Act of 2021



*Non-entitlement areas include those units of general local government which do not receive Community Development Block Grant funds directly from the U.S. Department of Housing and Urban Development (HUD). Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated "principal cities" of Metropolitan Statistical Areas) and counties with populations of less than 200,000.

The ARP and States

State Fiscal Recovery Fund

\$195.3 billion in new federal fiscal assistance for states

- Each state assured a **minimum of \$500 million**
- **\$169 billion allocated based on state's share of unemployed workers** over the three-month period of October to December 2020

Coronavirus Capital Projects Fund

\$10 billion available to states for critical capital projects for response to COVID-19

- Each state will receive **\$100 million**
- Remaining funds allocated based on population (50%), share of rural population (25%), and share of population in poverty (25%)

Funding in the ARP for States and Localities (in Millions)

State	State Governments	State Capital Projects	Other Non-Counties	Counties	Metro Cities	Total
Illinois	\$7,492	\$254	\$738	\$2,539	\$2,683	\$13,705
Indiana	\$3,060	\$202	\$435	\$1,306	\$853	\$5,856
Michigan	\$5,655	\$250	\$686	\$1,937	\$1,782	\$10,309
Minnesota	\$2,577	\$179	\$420	\$1,109	\$595	\$4,881
Ohio	\$5,638	\$274	\$815	\$2,267	\$2,243	\$11,237
Wisconsin	\$3,206	\$189	\$399	\$1,129	\$788	\$5,711
Total	\$33,558	\$2,000	\$4,100	\$12,158	\$9,795	\$61,611

Allowable Uses



Respond to the public health and economic impact of COVID-19

- Provide premium pay to essential workers
- Provide government services that would be cut due to reductions in revenue because of COVID-19
- Make necessary investments in water, sewer, or broadband infrastructure

Restrictions

- Cannot be used to offset tax cuts
- Cannot be deposited into any pension fund
- Caps premium pay for essential workers at \$25,000
- Any state that fails to comply with federal law and guidelines will be required to repay the U.S. Department of the Treasury
- For more information, see our full resource here - https://web.csg.org/covid19/wp-content/uploads/sites/10/2021/04/FiscalAnalysisForStates_032621.pdf



ARP K-12 Education Funds

The ARP provides \$137 billion to K-12 schools for reopening, learning loss, and addressing inequity

Elementary and Secondary School Emergency Relief Fund (ESSER) funds:

- \$800 million is set aside for students experiencing homelessness
- \$122 billion total to state education agencies (SEAs)
- \$110 billion total to local education agencies (LEAs)

Non-ESSER funds:

- Emergency Connectivity Fund
- Non-public schools
- Students with disabilities
- Preschool

Spending in the ARP that Affects Education

State	Total (in Millions)	Learning Loss (5%)	SEA Funding				LEA Funding
			Summer Enrichment (1%)	After-school (1%)	Other Activities (2.5%)	Administration (0.5%)	Maximum (90%)
Illinois	\$5,055	\$253	\$51	\$51	\$126	\$25	\$4,550
Indiana	\$1,995	\$998	\$20	\$20	\$50	\$10	\$1,795
Michigan	\$3,720	\$186	\$37	\$37	\$93	\$19	\$3,348
Minnesota	\$1,321	\$66	\$13	\$13	\$33	\$7	\$1,189
Ohio	\$4,472	\$224	\$45	\$45	\$112	\$22	\$4,025
Wisconsin	\$1,541	\$77	\$15	\$15	\$39	\$8	\$1,387
Total	\$18,104	\$1,804	\$181	\$181	\$453	\$91	\$16,294

ARP Employer Funds

Payroll Protection Program (PPP)

- Expands eligibility to more nonprofits
- Provides **\$7.25 billion in funding** but **did not extend program** past deadline of March 31st, 2021

Payroll Tax Credits

Employee Retention Tax Credit **extended through December 31, 2021** and expanded to allow severely distressed businesses to claim a greater share of employee wages – for Medicare taxes only

Funding in the ARP that Affects Employers

Program	Amount (in Millions)
Paycheck Protection Program (PPP)	\$7,250
Targeted Economic Injury Disaster Loans (EIDL)	\$15,000
Shuttered Venue Operators Grants	\$1,250
Restaurant Revitalization Fund	\$28,600
State Small Business Capital Initiative (SSBCI)	\$10,000
Total	\$62,350

State and Local Cooperation!

- **Coordination** and **collaboration** between states and local governments achieve greatest impact!
- The National Association of Counties (NACo) and the National League of Cities (NLC) are doing excellent work:
 - <https://www.nlc.org/resource/estimated-local-allocations-in-the-american-rescue-plan/>
 - <https://www.naco.org/covid-19-recovery-clearinghouse>

Questions? Need more support?

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**CSG COVID-19 Economic
Recovery resources webpage:**
<https://web.csg.org/covid19/staterecovery/>



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Appendix Slides

- Industries
- Workers
- Housing
- Nutrition
- Infrastructure

ARP Industry Funds

Restaurants

- \$28.6 billion dollars for the Restaurant Revitalization Fund
- Eligibility
 - Restaurants, bars, lounges, caterers, and other food service companies
 - No more than 20 locations
 - Not publicly traded

Air Travel

- \$3 billion for payroll protection
- Eligibility
 - Airline Workers
 - Airport Workers
 - Manufacturing Workers

ARP Worker Funds

Childcare

- \$24 billion for the Child Care Stabilization grants
- \$15 billion for Child Care and Development Block Grant

Unemployment Insurance

- Pandemic Unemployment Assistance (PUA)
 - Extended through Sept. 6th, eligibility from 50 to 79 weeks
- Pandemic Emergency Unemployment Compensation (PEUC)
 - Extended through Sept. 6th, eligibility from 24 to 53 weeks
- Federal Pandemic Unemployment Compensation (FPUC)
 - UI toff of \$300 per week extended through Sept. 6th

ARP Housing Funds

- \$37.5 billion total for housing assistance
 - \$21.6 billion for emergency rental assistance to low-income renters
 - \$2.5 billion for high-need communities
 - \$152 million for states
 - \$10 billion for the Homeowner Assistance Fund (HAF)
 - States may apply for funding within 45 days
 - For mortgage payments, principal/interest reduction, reinstating mortgages after forbearance

Funding for Housing in the ARP (in Millions)

Illinois	\$660
Indiana	\$354
Michigan	\$523
Minnesota	\$297
Ohio	\$614
Wisconsin	\$306
Total	\$2,754



ARP Nutrition Funds

- \$12 billion total in nutrition funding
- \$4 billion to support the food supply chain
 - Food for distribution
 - PPE for farmers and food workers
 - Grants/loans to small food companies, farmers markets
- Supplemental Nutrition Assistance Program (SNAP)
 - Receives \$1.175 billion for extension of 15% benefit increase
 - Extends the 15% increase in SNAP benefits through September 30, 2021

Funding to Support U.S. Food Assistance Programs and Farmers (in Millions)

Program/Funding Area	Amount
Food Supply Chain and Agriculture	\$4,000
Area Agencies on Aging	\$1,400
Supplemental Nutrition Assistance Program (SNAP)	\$1,175
Nutrition Assistance to Northern Mariana Islands, Puerto Rico and American Samoa	\$1,000
Supplement Nutrition Program for Women, Infants and Children (WIC)	\$900
USAID Food for Peace	\$800
Commodity Supplemental Food Program	\$37
Other	\$2,688
Total	\$12,000

ARP Infrastructure Funds

- \$365.9 billion in direct funding for state infrastructure systems, including over \$30 billion for transportation
- Federal Transit Authority (FTA)
 - \$30.45 billion
- Amtrak
 - \$1.7 billion
- Airports
 - \$8 billion
- Transit Employees
 - \$15 billion

Funding in the ARP for General State Infrastructure (in Millions)

Source	Amount	Recipient**	Eligible Uses	Available Until:
<u>State Fiscal Recovery Fund</u>	\$195,300	State, territory, and tribal governments	Water, sewer, or broadband infrastructure	12/31/24
<u>Local Fiscal Recovery Fund</u>	\$130,200	Local governments	Water, sewer, or broadband infrastructure	12/31/24
<u>Capital Projects Fund</u>	\$10,000	State, territory, and tribal governments	Critical capital projects directly enabling work, education, and health monitoring, including remote options	Until funds are exhausted

Infrastructure Estimates for State Governments (in Millions)

State	Infrastructure	Transportation	Total
Illinois	\$13,705	\$1,584	\$15,289
Indiana	\$5,856	\$84	\$5,940
Michigan	\$10,309	\$289	\$10,598
Minnesota	\$4,881	\$351	\$5,232
Ohio	\$11,237	\$430	\$11,667
Wisconsin	\$5,711	\$155	\$5,866
Total	\$51,699	\$2,893	\$54,592

