



**The Council
of State
Governments**

The American Rescue Plan Act

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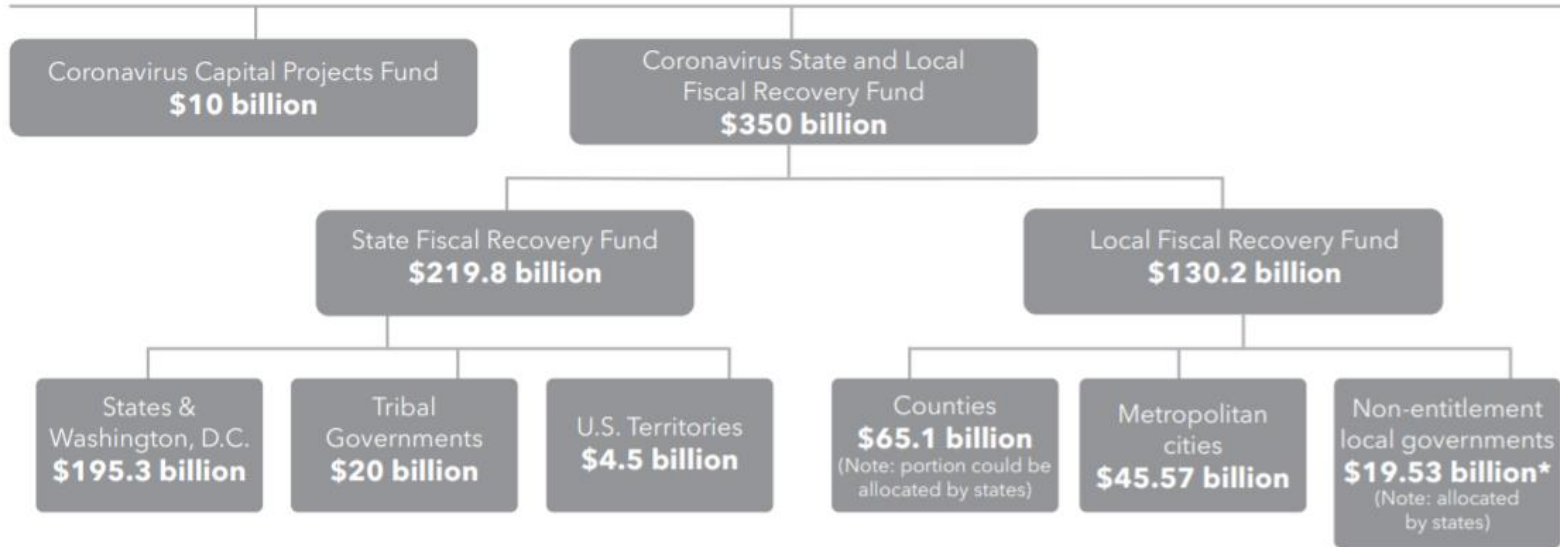
The American Rescue Plan (ARP) Act

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



Coronavirus State and Local Fiscal Recovery Fund

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.



State and Local Fiscal Recovery Funds

Usage

State and local governments may utilize funding from the Coronavirus State and Local Fiscal Recovery Fund as part of the American Rescue Plan Act of 2021 to:



Respond to the public health emergency with respect to COVID-19 or its negative economic impacts including assistance to households, small businesses and nonprofits or aid to impacted industries such as tourism, travel and hospitality

**These examples are intended to clarify congressional intent. State and local spending is not limited to these activities.*



Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the county who are performing such essential work or by providing grants to eligible employers that have eligible workers who perform essential work



Provide government services to the extent of the reduction in revenue – such as online, property or income tax – due to the public health emergency relative to revenues collected in the most recent full fiscal year of the county prior to the emergency



Make necessary investments in water, sewer or broadband infrastructure

State and Local Fiscal Recovery Funds

Restrictions

The American Rescue Plan Act of 2021 outlines the following restrictions on usage of allocated funds:



States are not allowed to use funds to either directly or indirectly offset a reduction in the net tax revenue that results from a change in law, regulation or administrative interpretation during the covered period that reduces any tax

**The covered period begins March 3, 2021 and ends on the last day of the year that a state receives funds from the U.S. Department of the Treasury. If a state violates this provision, it would be required to repay the amount of the applicable reduction to net tax revenue.*



No funds are to be deposited into any pension fund



transfer to a private non-profit organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of the state or local government



Any local government, including counties, that fails to comply with the federal law and related guidelines will be required to repay the federal Treasury

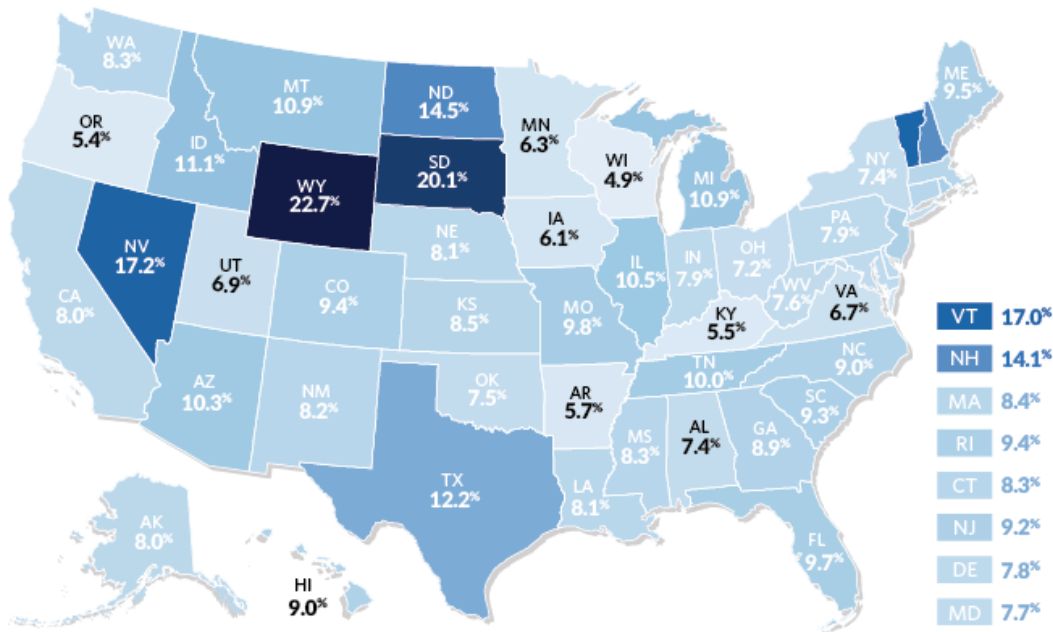


“Premium pay” is an additional amount of up to \$13 per hour paid to an eligible worker during the COVID-19 pandemic; this legislation imposes a cap of \$25,000 for any single eligible worker receiving premium pay

Overview of the American Rescue Plan

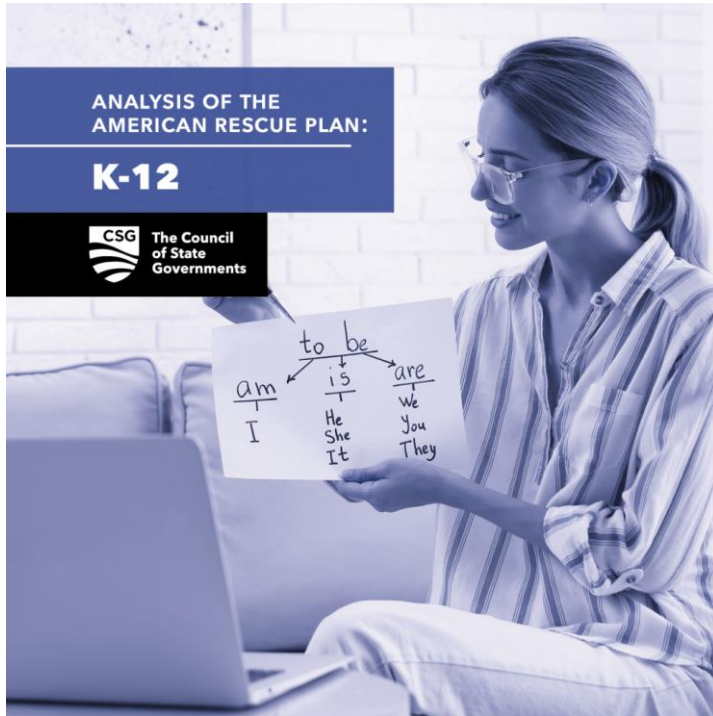
How ARPA Aid Compares With the Size of States' Budgets

Allocations range from 4.9% of total FY 2020 spending in Wisconsin to 22.7% in Wyoming



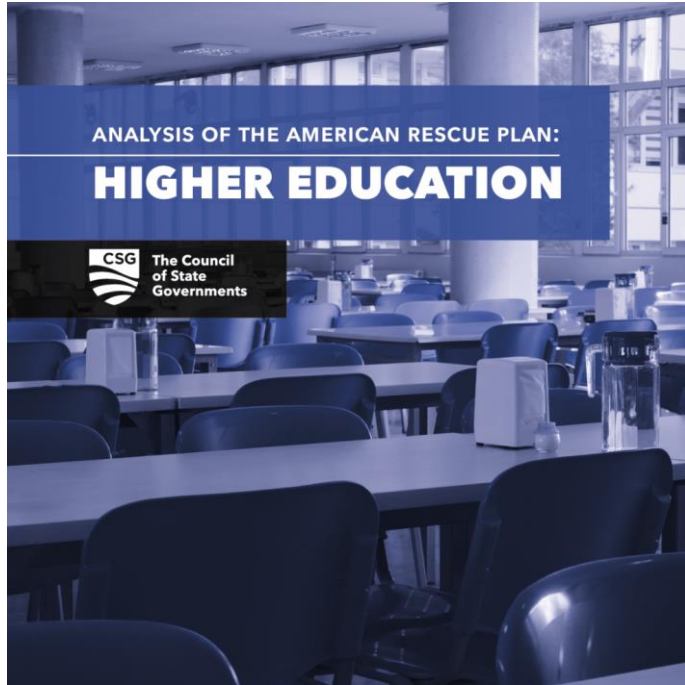
Credit:
The Pew Charitable Trusts

K-12 Education



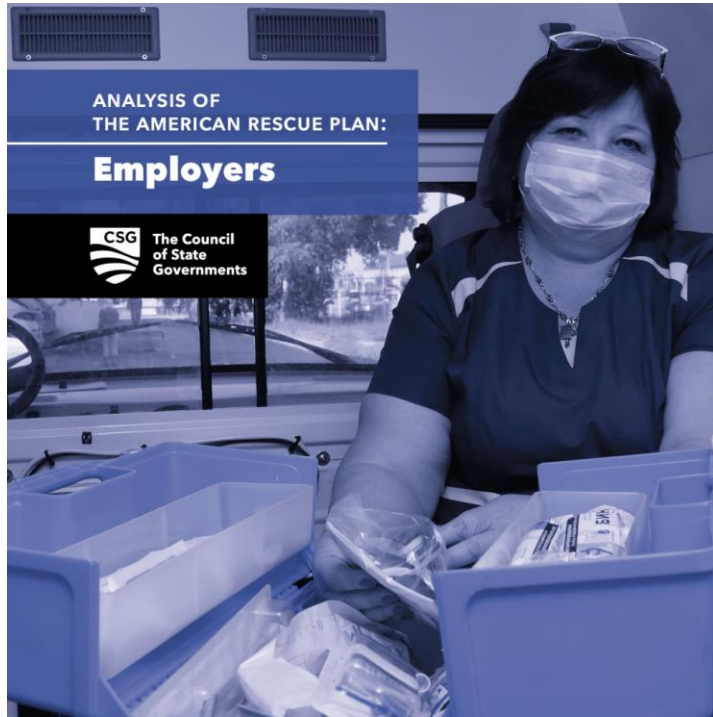
- **\$137 Billion** to early childhood and K-12 schools
- to reopen safely,
- make up for lost learning opportunities,
- address inequities made worse by the pandemic.

Higher Education



\$36 billion allocated to the third version of the Higher Education Emergency Relief Fund (HEERF III 1) fund.

Economic & Workforce Development



EMPLOYERS

At least **\$62.4 billion** in funding is included to help private-sector employers

- stay in business
- retain employees
- provide sick leave and family medical care leave
- respond more generally to the impact of the COVID-19 pandemic

Economic & Workforce Development

ANALYSIS OF THE AMERICAN RESCUE PLAN:

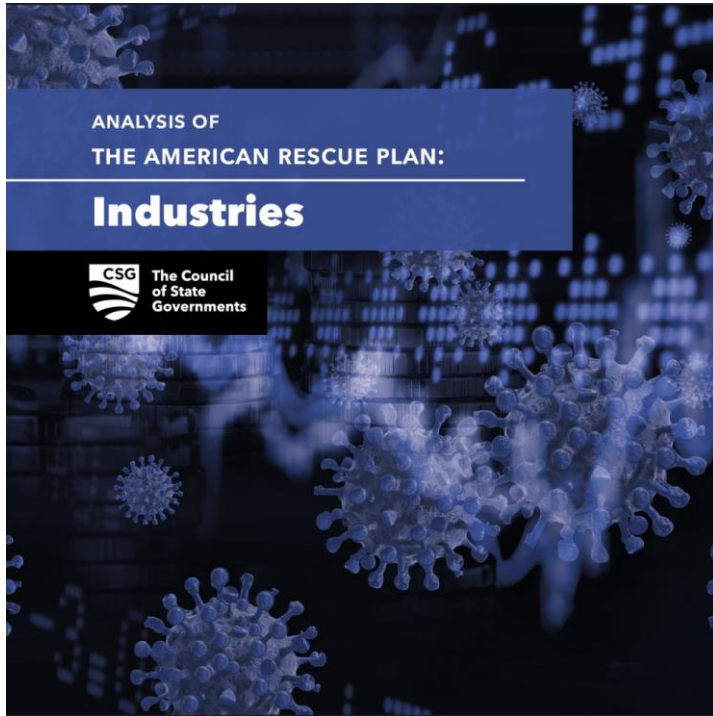
Workers



Workers

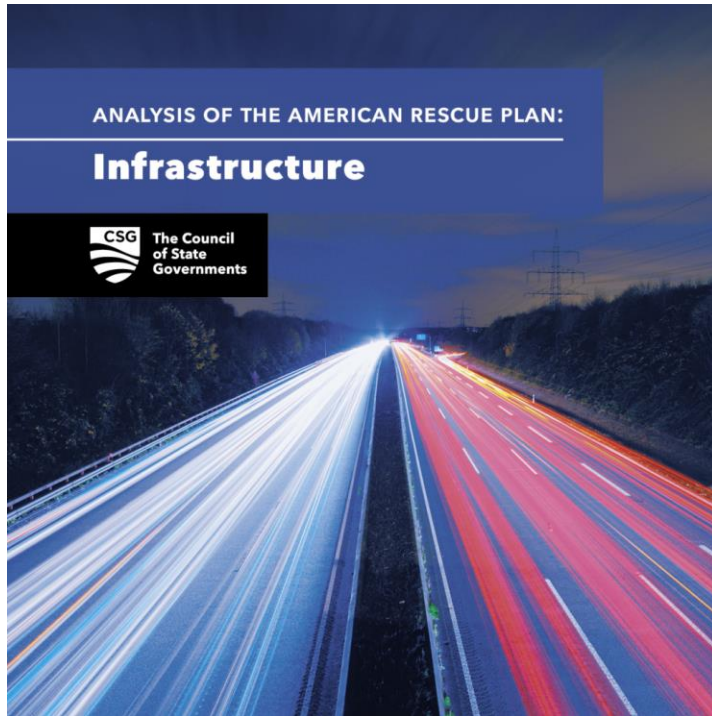
- Direct Stimulus Payments
- Unemployment Insurance Support
- Childcare and K-12 Support
- Housing Assistance

Economic & Workforce Development



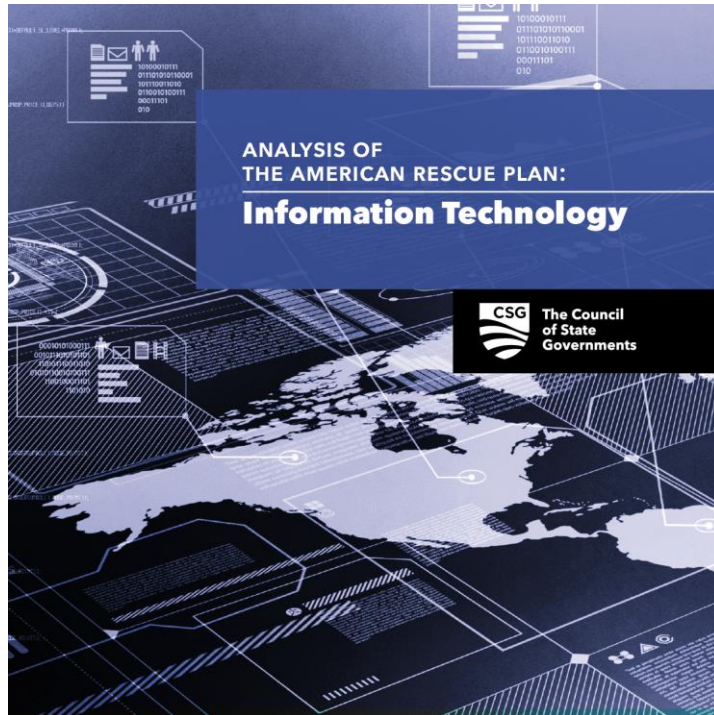
Over **\$34 billion** industry specific funding is included to help **specific industries** that have been hit hardest by the pandemic, like restaurants and airlines, in order to help those employers stay in business and respond to the COVID-19 pandemic

Infrastructure



\$365.9 billion in direct funding for state, local, tribal, and territory infrastructure systems, including over \$30 billion for transportation.

Information Technology

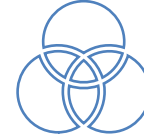


\$97.9 billion in funding for federal, state, local, tribal, and territorial governments, non-profits, and other health organizations for information technology purchases and system upgrades.

Planning for ARP Fund Utilization



Planning Task Forces



Equity Considerations



Community Input



Interbranch Collaboration



Investment Priority Examples

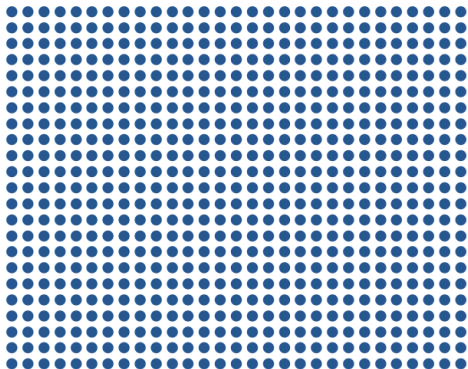
Nevada



- Increasing access to health care and community-based services
- Strengthening public education
- Supporting disadvantaged communities
- Strengthening Nevada's workforce, supporting small businesses and revitalizing the State's economy
- Investing in infrastructure
- Modernizing and enhancing state government services.

Investment Priority Examples

Wyoming

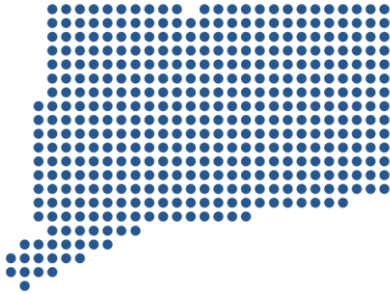


- Have a long-term impact or a return on investment
- Not replenish budget cuts unless the replenishment can be sustained
- Be sustainable and not add to the State's ongoing financial responsibilities
- Support stimulus over relief
- Where possible, leverage the dollars through matching or buy-in programs
- Create capacity for the future
- Benefit a wide group of citizens



Investment Priority Examples

Connecticut



- Defeating COVID-19
- Investing in the future
- Creating a more affordable Connecticut
- Economic growth that works for all
- Modernizing state government

Immediate Needs & Long-Term Investments Utilization Strategies

Immediate Needs

- Unemployment Insurance Trust Fund
- Revenue Replacement
- Premium Pay for Essential Workers
- Meeting increased demand for existing benefit programs

Long-Term Investments

- Infrastructure Investments
- Information Technology Upgrades
- New or enhanced programs and services

Utilization Examples

Unemployment Insurance Trust Funds



Connecticut HB 6689
\$335 million



Nevada SB 461
\$335 million



Utilization Examples

**Replacing
Lost
Revenue**

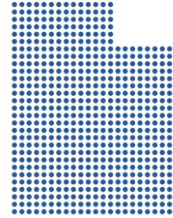


Nevada SB 461

Washington SB 5165
\$600 million

Utilization Examples

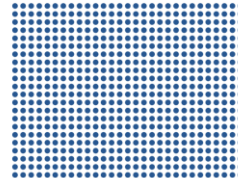
Economic & Workforce



Utah SB 1001



Montana HB 632
\$150 million



Colorado SB 21-291
\$400 million



Utilization Examples

Infrastructure & Information Technology



Vermont H 439

\$250 million for Broadband



Montana HB 632

Broadband, Water, Sewer



Washington SB 5092

Unemployment Insurance
System Upgrades



Opportunities for Innovation



New or enhanced State, local, and Tribal government services

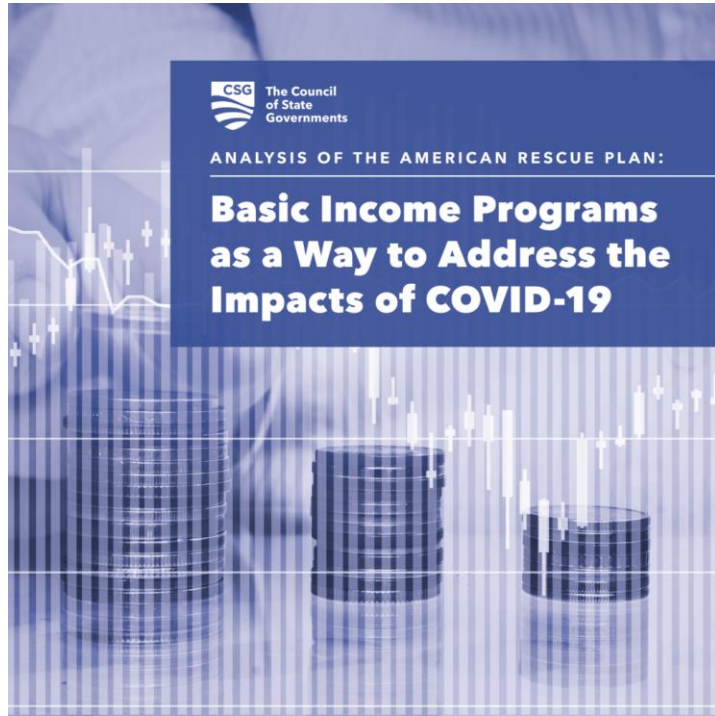


Improvements to data or technology infrastructure, impact evaluations, and data analysis



Cash Transfers

Opportunities for Innovation



- California
- Los Angeles
- San Diego
- Chicago

Ongoing Challenges

- Fiscal Cliff
- Determining Eligible Projects
- Overlap of Federal Funding Opportunities
- Tax Offset Challenge

For More Information and Additional Support

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CSG State Recovery Resource Center webpage
<https://web.csg.org/recovery>