

The American Rescue Plan Act

League of California Cities - March 16, 2021

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National League of Cities

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OF CITIES
CITIES STRONG TOGETHER

\$65.1 Billion in Relief for Cities, Towns and Villages

- Historic. This is the first time in history the government will provide funding to all 19,000 cities, towns and villages
- The CARES Act, Coronavirus Relief Fund went to cities with a population of greater than 500,000
- Tell Your “Respond, Rebuild, Recover” Story
- Focus on Economic Recovery, Stabilizing Government, and Uplifting Our Communities

COVID-19 Impact on California

- Since the pandemic began, more than 3.5 million people have been infected with COVID-19 and more than 54,000 people have died.
- The unemployment rate is 9.3%, up from 4.3% before the pandemic. **Municipal Jobs Lost**
- Since February 2020, more than 1.6 million fewer people are employed.
- 3.2 million adults – 13% of people in the state – report not having enough food to eat. This includes 1.8 million adults living with children, or 17% of all adults living with children, who report that the children in their household do not have enough to eat.
- An estimated 1.9 million renters of 16% of renters are not caught up on rent.
- An estimated 11.4 million adults or 41% of all adults statewide report having difficulty covering normal household expenses
- **ARP State and Local Relief Funds:** **\$27 billion** in state fiscal relief; **\$18.5 billion** in local fiscal relief; More than **\$15 billion** in relief for K-12 schools
- Economic impact payments of up to \$1,400 per person (above the \$600 per person provided in December) for more than 22 million adults and 9 million children. This is 80% of all adults in the state and 81% of all children in the state.
- Additional relief of up to \$1,600 per child through the Child Tax Credit to the families of 7.8 million children, lifting 553,000 children out of poverty
- Additional relief of up to nearly \$1,000 through the Earned Income Tax to 1.8 million childless workers, including many in frontline jobs

State and Local Emergency Relief Funds

The \$350 billion in funding in the bill is broken down as follows:

- States: Providing \$195.3 billion for the state government
 - Localities: Providing \$130.2 billion for local governments both counties and municipalities
 - Tribal Governments: Providing \$20 billion to federally recognized tribal governments
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- \$10 Billion Capital Project Fund: “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.” Will go to states, tribes and territories

Use of Funds

- Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
- Provide premium pay to essential employees or grants to their employers. Premium pay couldn't exceed \$13 per hour or \$25,000 per worker.
- Provide government services affected by a revenue reduction resulting from COVID-19.
- Make investments in water, sewer or broadband infrastructure.
- State cannot use the funds towards pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021. Local governments cannot use the funds towards pensions.
- State and local governments could transfer funds to private nonprofit groups, public benefit corporations involved in passenger or cargo transportation, and special-purpose units of state or local governments.

Allowable Uses As Drafted in Legislation

- (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (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;
- (B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
 - This allows a municipality to provide up to \$13 per hour above regular wages.
- (C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
 - Key here: **prior to the emergency**. The base year against which you will measure lost revenue happens not the most recent full fiscal year but the most recent full fiscal year prior to the emergency.
- (D) to make necessary investments in water, sewer, or broadband infrastructure.

Process

- Upon Certification (Must Actively Seek): Disbursement comes in Two Tranches (12 months apart)
- Use funds through December 31, 2024
- Funds distributed by Treasury within 60 days to Metropolitan Cities – generally 50,000 in population and above (CDBG Entitlement as defined by HUD)
- All others will receive theirs through the State
 - Non-entitlement cities (As defined by CDBG – generally 50,000 population and below)
 - Distribution based upon population
 - State has 30 days to distribute, can request waiver but penalty otherwise
 - Non-entitlement cities may not receive more than 75 percent of the city's most recent budget
- Counties will receive their allocation per capita
- In the final version, ALL recipients of money will have to provide periodic reports to Treasury.
 - Recipients of “payment made under this section shall provide to the Secretary periodic reports providing a detailed accounting of the uses of such funds by such metropolitan city, nonentitlement unit of local government, or county and including such other information as the Secretary may require for the administration of this section.”

State Aid

- Treasury could withhold up to half of State's allocation based on unemployment rate, and require updated certification of need
- Base of \$500 million; Rest based on unemployment rate over 3-month period (Oct-Dec 20)

ARP Funding for Your Residents and Your Local Businesses

- Direct Payments - \$1,400 per person, reduced eligibility (\$80,000) – already being distributed
 - Local governments may want to ramp up Buy Local campaigns, send reminders about utility or tax payments
- Tax Credits - Increase to and extension of Earned Income, Dependent Care, and Child Tax Credit
- Tax Credits - Employee Retention Credit and Paid Leave Credit
- Tax Credits - Makes states and local governments eligible for FFCRA paid leave reimbursable tax credit, beginning March 31, 2021
- Extension to additional Unemployment benefits, federal component – applies at State level (unless an employer provides unemployment benefits on a reimbursement basis, with 75% subsidy for that)
- Limited PPP funding increase (March 31 closes) – includes nonprofit eligibility; EIDL increase
- Restaurant Revitalization Fund – grants equal to pandemic-related revenue loss
- Funding for shuttered venue operators
- Extends SNAP and WIC increases

Health and Human Services

- Health - Supplemental vaccination and testing grants for state and local distribution
- Health - Funding available to state and local government public health departments to support workforce
- Health - Funding available for community health centers
- Health - Block grants under the Substance Abuse and Mental Health Services Administration
- Human Services - Child Care and Development Block Grant – these go to the State then to providers
- Human Services - Child Care Stabilization grants; Child Care Entitlement to States
- Human Services - Emergency Funding to states for low-income families with children
- Human Services - Mental Health Services Block grant, Substance Abuse Block grants, grants to Community Behavioral Health Clinics, funds for Head Start, home visiting programs, child abuse prevention and treatment grants, family violence grants
- Human Services - Older American Act funding, including nutrition programs
- Human Services - HHS – LIHEAP for energy assistance, plus water/sewer assistance
- Medicaid and Medicare provisions that will apply at the state level, ACA provisions
- 100% COBRA subsidy

FEMA, Transportation and Education

- Maintain 100% FEMA reimbursement to states and local governments (Apply!)
- FEMA firefighter, SAFER, and emergency management performance grants (Suggest joint grant)
- Food supply chain – USDA purchases of food and seafood, seafood processors
- Operating assistance formula grants to states to support rural transit programs/agencies
- Airport funding – costs related to operations and COVID response; non-primary airports aid
- Education (ESSERF)– school districts ventilation systems, support staff, reduced class sizes, PPE, learning loss remediation - -
Must have plan to return to in-person operations
- Education – funds to IDEA, non-public schools through governor; School and library internet funding through FCC E-rate program
- Education - States must maintain spending on both K-12 and higher education in FY 2022 and FY 2023 at least at the proportional levels relative to a state's overall spending, averaged over FY 2018, FY 2019 and FY 2020.
 - States cannot cut per-pupil spending for high-need districts more than other districts; cannot fund highest-poverty districts below FY19 funding

Utility, Consumer, and Housing

- University funding for lost revenue; restrictions on use, including to use for financial aid
- Emergency rent relief and utility assistance; extra for rural housing
- Emergency housing vouchers to address homelessness
- Homeowner Assistance Fund – mortgage payments, property taxes, utilities, insurance
- Housing – not more than 15% of funds can be used for admin by states and local governments
- Low-Income Household Drinking Water and Wastewater Emergency Assistance Program created under the FY 2021 Omnibus to assist with payments for drinking water and wastewater expenses
- VA construction funds to upgrade homes; support for state-operated facilities
- Emergency assistance through TANF
- EDA Economic adjustment assistance competitive grants for planning and projects
 - 25% reserved for states and communities to address losses in the travel, tourism or outdoor recreation sectors
- Corporation for Public Broadcasting – stabilization grants to small and rural stations

California's Allocations

- [State and Local Fiscal Relief](#)
State Government: \$26.065 billion; Metro Cities: \$7.046 billion; Non-Entitlement: \$1.310 billion; Counties: \$7.663 Billion; State/Capital Projects: \$550 Million; Total \$42.634 Billion
- [Additional Round of Direct Payments](#): California Households: 17,030,537; Total Amount of Payments: \$45,245,424
- [Education Relief Funding](#): California State Share (SEA) \$15,068,885; Estimated Min to LEA \$13,561,996; \$2,712,399
- [Emergency Rental Assistance](#): \$2.066 billion for California
- [LIHEAP](#) \$255.821 Million for FY2020; \$199.904 Million for FY2021
- [Rural Transit](#): \$27,104,027 for Formula Grants for Rural Areas
- [FEMA Disaster Relief Fund Estimates](#)
- [Child Care and CCDBG](#)
- [Head Start](#): \$105.140 million for California (no including previous funding)
- [Transit Relief for Urbanized Areas](#) for Metropolitan Cites
- [Paratransit](#) for Populations of 200,000 or More
- [Enhanced and Expanded ACA subsidies, Additional Resources](#)
- Incentives for Non-Expansion States to Expand Medicaid

Next Steps

- Join NLC as a member! See Next Slide.
- NLC will begin working with the Treasury Department and White House on the implementation of this section of the American Rescue Plan Act, as well as work to make suggestions on guidance.
- Weekly NLC Calls on Friday @ 1:30PM EST
- If you have any input, questions or to share your ARP Story, you can email:
 - advocacy@nlc.org

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