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## **ANALYSIS OF THE AMERICAN RESCUE PLAN ACT OF 2021**

On March 11, 2021, President Biden signed The American Rescue Plan Act (ARP). The legislation will provide another round of stimulus checks to individuals and families, extend federal supplemental unemployment benefits, provide more funding for state and local governments, expand subsidies for healthcare insurance, and provide additional funding for COVID-19 testing, vaccination, and treatment, among other provisions that will affect many industries, businesses, and individuals. The bill is implemented through federal agency rulemaking and regulatory process.

### **STATE, LOCAL, TRIBAL, AND TERRITORIAL FUNDING: \$350 BILLION**

The bill will provide an additional \$350 billion in funding:

- States and the District of Columbia: \$195.3 billion.
  - ❖ \$25.5 billion equally divided to provide each state a minimum of \$500 million.
  - ❖ \$169 billion allocated based on the states' share of unemployed workers over a three-month period, from October – December 2020.
- Local Governments: \$130.2 billion
  - ❖ \$65.1 billion for counties.
  - ❖ \$45.6 billion for metropolitan cities.
  - ❖ \$19.5 billion for towns with few than 50,000 people that will be based on a modified Community Development Block Grant (CDBG) formula.
- U.S. Territories: \$4.5 billion and Tribal governments: \$20 billion
- Emergency Leave for Federal and Postal Workers: \$570K
- Use of funds include:
  - Providing aid to households, small businesses or nonprofits, or aid to "impacted" industries like tourism, hospitality and travel;
  - Funding government services that have been curtailed as a result of decrease in tax revenue caused by the pandemic; and
  - Making "necessary investments" in water, sewer, or broadband infrastructure.
- Funds will be distributed directly from the Treasury in two tranches, with 50% delivered no later than 60 days from date of enactment, and the remainder delivered no earlier than one year later.
- State and local governments can use the funds to cover costs incurred by Dec. 31, 2024.
- States are prohibited to use their funding to spend on pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021.

**Capital Projects:** \$10 billion from the Treasury Department will be made available for state and local governments to invest in capital projects related to enabling remote work, education and health monitoring in response to COVID-19.

- The \$10 billion capital projects fund will be distributed evenly with \$100 million to each state, territory and the District of Columbia, with another \$100 million for tribal governments and Native Hawaiians.
- The remaining funds will be distributed based on a formula, allocating 50% based on population, 25% based on proportion of individuals living in rural areas, and 25% based on the proportion of individuals living below 150% of the federal poverty level (FPL).

**FEMA Disaster Relief Fund:** The Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF) will receive \$50 billion to reimburse state and local governments for their costs of dealing with ongoing response and recovery activities from COVID-19, as well as other presidentially-declared disasters and emergencies, with the funding to remain available through FY 2025.

- FEMA to cover 100% of certain costs and clarified activities that are eligible for reimbursement, such as vaccination efforts, the continued deployment of the National Guard, providing personal protective equipment for critical public sector employees, and disinfecting public facilities.

## **RENTAL & HOUSING ASSISTANCE**

### ***Rental Assistance:***

Grant funding to states and localities, which will remain available through the end of FY 2025, must be used to provide financial assistance to eligible households, including for rental and utility payments.

- \$21.6 billion will be provided for rental assistance payments, which will be allocated through grants to states and to localities with at least 200,000 people.
- Each state and the District of Columbia will receive at least \$152 million.
- \$305 million will be set aside for several U.S. territories and
- \$2.5 billion for "high-need grantees" based on their population of low-income renter households, rental market costs, and employment changes since February 2020.
- \$25 billion for emergency rental assistance provided in the December COVID-19 relief package can now be used for an additional year through Sept. 30, 2022.

### ***Homeowner Assistance:***

Establish a \$10 billion Homeowner Assistance Fund, which will be allocated to states, territories, and tribes through grants to prevent homeowner mortgage defaults, foreclosures, and displacements.

- Funds can be used to reduce mortgage principal amounts, assist homeowners with mortgage and other housing payments, including flood insurance premiums, homeowners' association fees, utility bills, and other aid needed to prevent eviction, mortgage default, foreclosure, or the loss of essential utility services.

- Each state, along with the District of Columbia and Puerto Rico, will receive at least \$50 million. States, territories, and tribes receiving funding will have to set aside at least 60% of their allocation to assist homeowners who make less than 100% of the local or national median income, whichever is greater.
- Funds can also be used to reimburse state and local governments that have already used their own funds to provide similar assistance since January 2020.

***Emergency Housing:***

- The Section 8 Housing Choice Voucher Program will receive \$5 billion for emergency rental assistance vouchers. The Department of Housing and Urban Development (HUD) will have to provide the vouchers through public housing agencies to individuals and families who are currently or recently homeless, and to those who are fleeing domestic violence, sexual assault, or human trafficking.
- \$5 billion will be allocated to state and local governments to provide supportive services for homeless and other at-risk individuals. Permitted expenditures include: tenant-based rental assistance, housing counseling and homeless prevention services, and acquiring non-congregate shelter units, such as hotel rooms, that could be converted to permanent housing.

***Low Income Home Energy Assistance Program:***

- The Low Income Home Energy Assistance Program (LIHEAP) will receive \$4.5 billion to help families cover the cost of home heating and cooling.
- \$500 million will be provided for grants to states to assist low-income households with drinking water and wastewater services.

***Stimulus Checks:***

The American Rescue Plan Act of 2021 will provide another round of stimulus checks for individuals.

- Those earning up to \$75,000 in the amount of \$1,400 for an individual and \$2,800 for joint filers (earning up to \$150,000).
- The payments will phase out completely for individuals who make more than \$80,000 and joint filers who make more than \$160,000.
- Children and adult dependents in qualifying households are also eligible for \$1,400 payments per dependent.

***Unemployment Benefits:***

Enhanced federal supplemental unemployment benefits of \$300 per week will run through September 6 – with the first \$10,200 in unemployment benefits exempt from taxes for households making less than \$150,000 a year.

***Tax Credit:*** The credit will be expanded to \$3,000 from \$2,000 and to \$3,600 for children under six years old. The increased credit amount will be phased out beginning at an adjusted gross income level of \$75,000 for individuals and \$150,000 for joint filers.

***Earned Income Tax Credit:***

- The EITC will be expanded for taxpayers without children for 2021 by increasing the credit percentage and phase out thresholds.
- Individuals 19 years and older will be eligible for the credit – eliminating the upper age limit.
- Individuals who have children with no Social Security numbers can also claim the childless EITC.

***Child & Dependent Care Tax Credit:***

- Increases the CTC amount to \$3000 per child from 2021, up from \$2000 under current law. For children under the age of six, the credit is increased to \$3,600. The provision also broadens the definition of “qualifying child” to include children under 18 years old instead of 17.
- Phases out the additional credit amount of \$1,000 per child six and over, \$1600 per child under six for joint filers with a modified adjusted gross income above \$150,000 (\$112,500 for head of household filers and \$75,000 for other filers).

**SMALL BUSINESSES**

***Paycheck Protection Program:***

The Paycheck Protection Program (PPP) will receive an additional \$7.25 billion in funding. Eligibility rules are broadened to cover more tax-exempt groups.

***State Small Business Credit Initiative:***

The State Small Business Credit Initiative, which provides funding for state-run small business financing programs, will receive \$10 billion to provide support to small businesses responding to the economic effects of the pandemic and ensure business enterprises owned and controlled by socially and economically disadvantaged individuals have access to credit and investments.

- \$10 billion, \$1.5 billion will be for states to support businesses owned by socially and economically disadvantaged people.
- \$1 billion will be for an incentive program to boost funding for states that show robust support for such businesses.
- \$500 million will be to support very small businesses with fewer than 10 employees.

***Economic Injury Disaster Loan:***

The Economic Injury Disaster Loan (EIDL) program will receive \$15 billion to provide additional payments to eligible entities.

- \$10 billion for covered entities – recipients with 300 or fewer employees and with economic losses of at least 30% over eight weeks.
- \$5 billion to make new supplemental payments of \$5,000 to covered entities with 10 or fewer employees that had economic losses of more than 50% during the covered period.

***Restaurant Revitalization Fund:***

The SBA will administer a \$28.6 billion Restaurant Revitalization Fund for eligible recipients that include restaurants, bars, food trucks, and caterers. Grant funds can be used on eligible expenses such as payroll, paid sick leave, mortgage, rent, utilities and supplies.

**HEALTHCARE**

***Affordable Care Act (ACA) Marketplace Subsidies:***

- Subsidies to purchase health insurance through the ACA marketplaces will be expanded to include individuals who currently don't qualify because their income is too high, while also increasing subsidies for many individuals who already qualify.
- Individuals who lose their jobs or are eligible for unemployment insurance in 2021, subsidies will be provided to cover the entire cost of their ACA marketplace insurance premiums.

***Medicaid Expansion:***

- As an incentive for the 12 states that have not expanded Medicaid coverage through the ACA, those states will receive an increase of 5% to its Federal Medical Assistance Percentage (FMAP) for two years if it expands coverage to eligible adults under the healthcare law.
- In addition, states will have five years to extend Medicaid and CHIP eligibility to pregnant women for a year postpartum.

***Medicaid & CHIP COVID-19 Coverage:***

- Medicaid and Children's Health Insurance Program (CHIP) beneficiaries will receive COVID-19 vaccines and treatment at no cost through a 100% FMAP for those programs to cover the costs of those services for one year after the COVID-19 public health emergency ends.
- States also have the option to provide coverage at no cost for uninsured individuals – which will also be covered through a 100% FMAP for those services.

***Defense Production Act (DPA):***

Purchases through the DPA will be allocated with \$10 billion to procure medical supplies and equipment related to COVID-19.

***Data and Health IT Infrastructure:***

Money for testing and contact tracing will be used for investments in data and technology modernization while the CDC will receive funds to continue work to distribute vaccines including enhanced data sharing and improvements to information technology.

***Department of Health and Human Services (HHS)***

Will also receive funding to respond to the pandemic:

- \$47.8 billion to detect, diagnose, trace, and monitor COVID-19 infections, while requiring HHS to implement a national strategy for testing, contact tracing, surveillance and mitigation of COVID-19.
- \$8.5 billion for vaccine activities at the Centers for Disease Control and Prevention (CDC), including \$7.5 billion to prepare, promote, administer, monitor and track vaccines and \$1 billion to improve vaccination rates.

- \$7.66 billion to expand the public health workforce, including grants to state, local, and territorial health departments that increase the number of contact tracers, social support specialists, community health workers, public health nurses, epidemiologists, lab personnel, disease intervention specialists and communications personnel.
- \$7.6 billion for testing and vaccinations at community health centers (CHCs).
- \$6.09 billion for tribal health programs.
- \$6.05 billion to support manufacturing and purchasing vaccines and therapeutics.
- \$3 billion for block grant programs under the Substance Abuse and Mental Health Services Administration (SAMHSA) to provide community mental health services and prevention and treatment of substance abuse.
- \$1.75 billion for genomic sequencing, analytics and disease surveillance.
- \$800 million for the National Health Service Corps, as well as \$100 million reserved for state student loan repayment programs, \$200 million for the Nurse Corps Loan Repayment program, and \$330 million for teaching health centers that operate graduate medical education.
- \$750 million for CDC global health activities efforts, including global health security, global disease detection and response, global health protection, global immunization, and global coordination on public health.
- \$500 million for the Food and Drug Administration (FDA) to continue evaluating COVID-19 vaccines and therapeutics.
- \$500 million for CDC data modernization and forecasting.
- \$250 million for states to establish “strike teams” that could be deployed at skilled nursing facilities (SNFs) with high rates of COVID-19; and
- \$200 million for HHS to develop protocols to prevent the spread of COVID-19 infections at SNFs.
- \$24 billion will be allocated to HHS for grants for child care providers to use towards payroll, rent, personal protective equipment, mental health support, and other needs.
- The Child Care and Development Block Grant, which subsidizes child care for low-income families, will receive about \$15 billion.
- Head Start, which supports preschool for low-income children, will receive an additional \$1 billion.

## **EDUCATION**

### ***K-12 Funding:***

Grants of \$125.8 billion will be provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions.

- Funding can be used for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment.
- At least 20% of the funding will have to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs.

- Will require elementary and secondary schools that receive federal COVID-19 funding to release plans for a “safe return to in-person instruction” within 30 days of receiving the funds.

***Higher Education:***

Institutions of higher education will receive \$39.6 billion through emergency financial aid grants, which can be used to implement public health measures and support financial aid applicants regarding potential adjustments related to the pandemic.

***Emergency Connectivity Fund:***

- Through a \$7.17 billion Emergency Connectivity Fund managed by the Federal Communications Commission (FCC), schools and libraries can buy and distribute Wi-Fi hotspots, modems, routers and other internet devices for students to use off-premise for schoolwork.
- Funds will remain available through June 30 the year after the current COVID-19 pandemic ends.

***Programs within Education Department will also receive:***

- \$2.75 billion for private schools that serve a significant percentage of low-income students.
- \$100 million for the Institute of Education Sciences to conduct research related to addressing learning loss caused by the pandemic.

***Outside of the Education Department:***

- The Institute of Museum and Library Services will receive \$200 million for library improvements.
- The National Endowment for the Arts will receive \$135 million for grant funding.
- The National Endowment for the Humanities will receive \$135 million for grant funding.

## **TRANSPORTATION**

***Federal Transit Administration (FTA):***

The FTA will receive \$30.5 billion to provide grants to transit agencies for operating expenses, including reimbursement for payroll, operating costs to maintain service due to lost revenue caused by the pandemic, and paying administrative leave of operations or contractor personnel because of a reduction in service. Of the \$30.5 billion:

- \$26.1 billion will be allocated for the Urbanized Area Formula Grants, which shall be apportioned to urbanized areas based on data contained in the National Transit Database.
- \$2.21 billion will be for urban area and rural area grantees that need additional assistance because of the pandemic.

- \$1.7 billion will be for Capital Investment Grants.
- \$317.2 million will be for rural areas formula grants.
- \$100 million will be for bus operators.
- \$50 million will be for the Enhanced Mobility of Seniors and Individuals with Disabilities formula grant.

***Rail Funding:***

Amtrak will receive \$1.7 billion for FY 2021, including funds for the Northeast Corridor and to restore the frequency of long-distance routes.

***Relief for Airports:***

Airport sponsors, or public agencies and private owners of public-use airports, will receive \$8 billion, which will be available through the end of FY 2024.

***Aviation Manufacturer Jobs Protection:***

The Secretary of Transportation will establish a \$3 billion payroll support program for aviation manufacturers, including manufacturers of aircraft, aircraft engine, propeller, or a component, part, or systems of an aircraft or aircraft engine under a Federal Aviation Administration (FAA) production approval.

***Airline Payroll Support Program:***

The program will receive \$15 billion, of which \$14 billion will be for eligible air carriers and \$1 billion for eligible contractors for the continuation of payment of employee wages, salaries, and benefits.