



**THE AMERICAN
RESCUE PLAN**

A Summary of Funding Impacting
State and Local Governments

2021

CONTENTS

- 2** Key Insights of the American Rescue Plan's State and Local Funding
- 3** K-12 Education Funding
- 4** Higher Education Funding
- 5** Housing
- 6** Infrastructure, Technology, Broadband and Cyber Funding
- 7** Business Assistance
- 8** Medicaid
- 9** Expanded Unemployment Benefits
- 10** Health and Human Services Funding
- 11** About Stateside

KEY FUNDING INSIGHTS

The American Rescue Plan provides \$350 billion to help states, counties, cities, and tribal governments cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic.

State and Local Fiscal Relief

- **State and local recipients can use funds to cover costs incurred by December 31, 2024.**
- **Provides \$195.3 billion to states and the District of Columbia.**
 - \$25.5 billion would be equally divided to provide each state a minimum of \$500 million.
 - \$169 billion would be allocated based on the state's share of unemployed workers over a three-month period from October-December 2020.
- **Provides \$130.2 billion to local governments.**
 - \$65.1 billion for counties.
 - \$45.6 billion for metropolitan cities.
 - \$19.5 billion for towns with fewer than 50,000 people.
- **Provides \$4.5 billion to U.S. territories.**
- **Provides \$20 billion to tribal governments.**

Use of Funds

State and local government recipients can use funds for the following purposes:

- **Respond to COVID-19 emergency and address its economic effects, including 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 cannot exceed \$13 per hour or \$25,000 per workers.**
- **Provide government services affected by a revenue reduction resulting from COVID-19.**
- **Make investments in water, sewer, and broadband infrastructure.**



K-12 EDUCATION FUNDING



- **\$122.7 billion for the existing Elementary and Secondary School Emergency Relief Fund (ESSR) to remain available through Sept. 30, 2023.**
 - States receive funds based on the same proportion that each state receives under the Elementary and Secondary Education Act (ESEA) Title-IA. State Education Agencies (SEAs) must distribute at least 90% of funds to Local Education Agencies (LEAs) based on their proportional share of ESEA Title I-A funds.
 - The LEAs must reserve at least 20% of the funding they receive to address learning loss. Remaining funds are flexible and can address a variety of needs, including repairing ventilation systems, reducing class sizes and implementing social distancing guidelines, purchasing personal protective equipment, and hiring support staff to care for students' health and well-being. School districts will be required to create and share plans publicly for returning to in-person instruction within 30 days.
 - The SEAs are also required to reserve their allocations to carry out activities: 5% to address learning loss, 1% for afterschool activities, and 1% for summer learning programs. Funds to the SEAs must be spent within one year of receipt.
- **Provides \$3.03 billion in additional FY21 funding for the Individuals with Disabilities Education Act (IDEA).**
 - IDEA is a grants statute that provides federal funding for the education of children with disabilities and requires, as a condition for the receipt of such funds, that states agree to provide a free appropriate public education.
- **Provides \$2.75 billion to governors through the existing Emergency Assistance to Non-Public Schools Program (EANS) to provide services or assistance to non-public schools that enroll a significant percentage of low-income students that are most impacted by the qualifying emergency.**

🎓 HIGHER EDUCATION FUNDING



- Provides \$40 billion through the existing Higher Education Emergency Relief (HEER) Fund.
- Institutions must spend at least 50% of their allocation on emergency financial aid grants provided directly to students.
- Institutions can use remaining funds to replace lost revenue, reimburse for emergency expenses, and more. Funds are allocated as follows:
 - 37.5% based on Full-Time Equivalent (FTE) enrollment of Federal Pell Grant recipients.
 - 37.5% based on headcount enrollment of Pell recipients.
 - 1.5% based on FTE enrollment of non-Pell recipients.
 - 1% based on the relative share of FTE enrollment of students who were Federal Pell Grant recipients and who were exclusively enrolled in distance education courses prior to the qualifying emergency.
 - 1% based on the relative share of the total number of students who were Federal Pell grant recipients and who were exclusively enrolled in distance education courses prior to the qualifying emergency.
- Provides \$400 million to for-profit colleges to provide financial aid grants to students.



HOUSING FUNDING



- **Appropriates \$27.4 billion in emergency rental assistance.**
 - \$21.55 billion for emergency rental assistance via Corona Relief Fund (remains available through Sept. 30, 2027 if obligated by Oct. 1, 2022).
 - \$5 billion for emergency housing vouchers (funds available through September 30, 2030).
 - \$750 million for tribal housing needs.
 - \$100 million for rural housing.
- **Mortgage and Utility Assistance:**
 - Provides \$9.961 billion in funding through the Department of Treasury to states, territories, tribes, and tribally designated housing entities to provide direct assistance to homeowners.
- **Appropriates \$305 million to Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands and American Samoa for emergency rental assistance.**
- **Appropriates \$5 billion to assist people who are homeless with immediate and long-term assistance (emergency housing vouchers). Funds will remain available until September 20, 2030.**
- **Appropriates \$9.96 billion for a Homeowner Assistance Fund.**
 - Includes \$100 million for housing counseling via NeighborWorks America (funding remains available through September 30, 2022).



INFRASTRUCTURE, TECHNOLOGY, BROADBAND & CYBER FUNDING



- **\$10 billion for a Coronavirus Capital Projects Fund.**
 - For states, territories and tribal governments to carry out projects to support work, education and health monitoring during COVID-19. Each state, territory or tribal government will receive at least \$100 million, with additional amounts allocated based on population, percentage of population with a household income less than 150% of the applicable poverty line.
- **\$30.4 billion for Public Transportation.**
 - Additional relief funding to transit agencies to prevent layoffs of transit workers and prevent severe cuts to transit services that essential workers and the general public rely on, and ensure ongoing transit construction projects continue.
- **\$7.2 billion for Emergency Connectivity Fund.**
 - Created to reimburse schools and libraries for internet access and connected devices.



BUSINESS ASSISTANCE FUNDING



- **\$28.6 billion Restaurant Revitalization Fund (RRF) to be administered by the Small Business Administration (SBA).**
 - Maximum of \$10 million per eligible business for eligible expenses from Feb 14, 2020 to Dec 31, 2021.
 - Allowed uses include: 1) payroll costs; (2) mortgage payments; (3) rent; (4) utilities; (5) maintenance expenses; (6) supplies; (7) food and beverage expenses; (8) covered supplier costs; (9) operational expenses; (10) paid sick leave; and (11) any other expense determined to be essential to maintaining the business.
- **Small Business Capital: \$10 billion for the State Small Business Credit Initiative (SSBCI) to provide investment for state governments to set up programs that can leverage billions of dollars in private capital for low-interest loans and other investment to help entrepreneurs and the small business economy rebound from this crisis.**
- **Targeted Economic Insurance Disaster Loan (EIDL) Grants: \$15 billion in new funding for targeted EIDL grants to provide hard-hit, underserved small businesses with increased flexible grant relief.**
- **Expanded Payroll Protect Program (PPP): \$7 billion to expand PPP eligibility to include additional nonprofits such as 501(C)(5) labor and agricultural organizations and community locations of larger nonprofits.**



MEDICAID



- Provides a temporary (two-year) 5% increase in the Federal Medical Assistance Percentages for Medicaid (FMAP) to states that enact the Affordable Care Act's (ACA) Medicaid expansion and covers the newly eligible adult population per requirements of the ACA.
- Provides 85% FMAP for the first three years that a state covers mobile crisis intervention services for mental health or substance use disorders, expiring after five years.
- Modifies allotments for Disproportionate Share Hospitals (DSH) to account for the 6.2% increase to state's FMAP.
- Increases the federal FMAP by 10% for state expenditures on Home and Community-Based Services (HCBS) for four fiscal quarters.
- Provides a five-year state plan option of health coverage for women enrolled in Medicaid for 12 months after the birth of a child, instead of the previous 60 days.



EXPANDED UNEMPLOYMENT BENEFITS



- The measure extends the Pandemic Unemployment Assistance Program (PUA) through Sep. 6, 2021, while increasing the total number of weeks of benefits available to individuals who are not able to return to work from 50 to 79 weeks and provides guidance to states on coordinating with other unemployment benefits when needed.
- Extends the Federal Pandemic Unemployment Compensation (FPUC) through Sep. 6, 2021, while maintaining the FPUC benefit amount of \$300.
- Restores full reimbursement for state costs related to waiving the waiting week beginning Dec. 31, 2020 and continues it through Sep. 6, 2021.
- Extends full federal financing of benefits provided in the Short-Time Compensation program for states that have laws establishing such programs through Sep. 6, 2021.
- Extends the Families First Coronavirus Response Act (FFCRA) provisions that provided temporary full federal financing of Extended Benefits (EB) through Sep. 6, 2021. States are traditionally required to pay 50% of the cost of the EB.



HEALTH AND HUMAN SERVICES FUNDING



- **Vaccines:**
 - Provides \$8.5 billion for vaccine activities at the CDC, including a supplemental funding opportunity for state, locality and territory vaccine distribution grants from the December COVID relief package based on entities receiving the higher of the two distribution formulas as well as clarifies use of standards for data and data sharing.
 - Appropriates \$50 billion to the Disaster Relief Fund for COVID-19 and other disaster assistance under FEMA. The assistance is meant to bolster vaccine rollout efforts under FEMA and provide assistance to state and local governments at 100% federal cost share.
- **State workforce: \$7.66 billion for state, local and territorial public health departments to establish, expand and sustain their public health workforce.**
- **SNAP Administration: Provides \$1.15 billion to states for SNAP Administration, including \$1 billion for grants for nutrition assistance programs in U.S. territories.**
- **Veterans Homes: Provides \$750 million for the VA to provide construction funds to states, provided they have required matching funds to projects that will upgrade and enhance safety and operations of state veterans' homes.**
- **Telehealth:**
 - Appropriates \$5.48 billion for Indian Health Service: including \$140 million for information technology, telehealth infrastructure,, and the Indian Health Service electronic health records system.
 - Appropriates \$500 million for emergency rural development grants for rural healthcare.
 - Allowable use of funds include increasing telehealth capabilities, including underlying healthcare information systems.
- **Drugs:**
 - Appropriates \$10 billion to remain available until September 30, 2025 to support the enhanced use of the Defense Production Act.
 - For the purchase of drugs, devices, and biological products for use in treating or preventing COVID-19 and symptoms related to COVID-19, and any materials, technology, or equipment (including durable medical equipment) necessary to produce or use such drugs, biological products, or devices (including syringes, vials, or other supplies or equipment related to delivery, distribution, or administration).

ABOUT STATESIDE

We are the industry leading government relations firm. Based in DC, but our expertise encompasses all 50 states and the District of Columbia. Client partners include corporations, trade associations, advocacy coalitions, federal government and non-profits.

Our team of professionals includes experienced government relations consultants, issue managers, former state legislative staff members, and regulatory attorneys. We're committed to developing strategies that help your team succeed across every area of state and local government affairs.

Through strategic planning, direct advocacy, innovative issue monitoring, identifying the right contract lobbying support, public sector sales and engagement with public officials Groups and grassroots, our government relations firm champions our clients from the first phone call to final results.

Want to know more about state and local use of these federal funds?

Contact us today here at stateside.com/contact-us. We're here to help!