

The American Rescue Plan Act

National League of Cities

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CITIES STRONG TOGETHER

Historic Intervention! Once in a Generation Opportunity!

- The American Rescue Plan Act became law on March 11th, 2021 (P.L. 117-2)
- For the first time, all 19,000 municipal governments are entitled to a direct, non-competitive federal formula grant from the U.S. Treasury Department.
- **Direct funding means:**
 1. All cities, towns, and villages are entitled to a federal grant from the new Coronavirus Local Fiscal Recovery Fund.
 2. Aid obligated to municipalities is not in any way mingled with aid obligated to state or county governments.
 3. Aid for municipalities is protected from state or county interference by iron-clad statutes compelling states to comply, including penalties for states that fail to carry out their responsibilities to small cities and towns.

Coronavirus State and Local Fiscal Recovery Funds

The \$360 billion in funding under this section is broken down as follows:

- **State Governments:** \$195.3 billion
- **Tribal Governments:** \$20 billion to federally recognized tribal governments
- **Local Governments:** \$130.2 billion split evenly into
 - \$65.1 billion for 19,000+ municipal governments; and
 - \$65.1 billion for 3000+ county governments
- New “**Capital Project Fund**”: \$10 billion for broadband grants to states
 - “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”

Grant Calculations for Cities, Towns, and Villages

\$65.1 billion in funding to address an estimated \$90 billion combined revenue shortfall.

- Most cities will not receive a grant amount that is completely equal to their needs

Grant Calculations Based on a Modified CDBG formula

- 70% of funds, or \$45.5 billion, is obligated to cities with 50,000 or more residents
 - Grant calculations based on population size, poverty rates, and measures of housing instability. *(Prioritizes targeting to need)*
- 30% of funds, or \$19.5 billion, is obligated to cities with less than 50,000 residents
 - Grant calculations based on population size only. *(Prioritizes simplification)*

Small Cities Cap

- Small city grants cannot be greater than an amount equal to 75 percent of the city's most recent pre-pandemic budget.
- Blunt instrument to overcome unavailability of precise data for small localities.

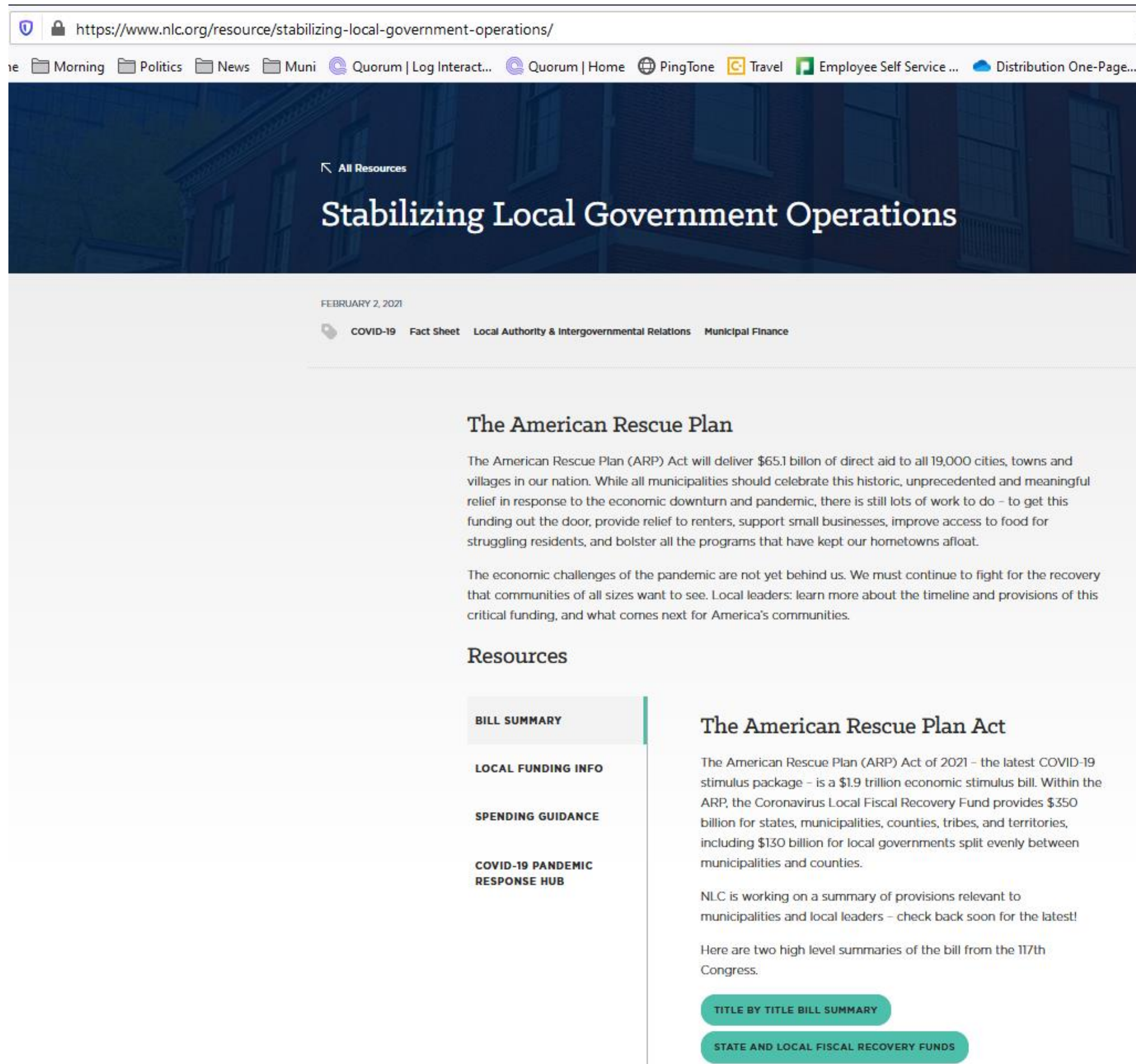
2 Year Funding Certainty

- Grants will be released in 2 tranches. ½ following enactment and ½ 12 months following receipt of first payment

Spending Deadline

- Money remains available until December 31, 2024; unexpended funds must be returned to Treasury.

Grant Estimates – We Must Be Patient!



Frequently Asked Questions

- How can recipient governments use relief allocations from the State and Local Fiscal Recovery Funds?
- How will state and local governments receive the relief allocations?
- Why have the allocations on the estimates spreadsheet changed over time?
- What will cause final allocations to differ from the estimates spreadsheet?
- What if a city, town, village, or township is not included on the estimates spreadsheet?
- What about cases where a local government appears more than once?

Eligible Expenditures

- 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;
 - *No more restrictive than the CARES Act Coronavirus Relief Fund*
- 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;
 - *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
 - *Allows revenue replacement. The base year to measure lost revenue against is 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.
 - *Treasury will provide additional guidance*

Regulatory Requirements

Permissions

- Recipient governments can transfer funds to a:
 - Private nonprofit organization
 - A public benefit corporation involved in the transportation of passengers or cargo
 - A special-purpose unit of State or local government.
- No restrictions on local governments prohibiting tax-cuts or local stimulus payments

Restrictions

- Small cities may not receive more than 75 percent of the city's most recent budget
- Grant monies may not be used for pension funds - No state, metropolitan city, nonentitlement unit of local government, or county may use funds made available under this section for deposit into any pension fund.
- State governments are prohibited from spending to replace revenue declines resulting from tax cuts enacted since March 3, 2021. (Currently subject to lawsuits)

Requirements

- All grantees shall provide the Treasury Department with periodic reports providing a detailed accounting of the uses of funds

ARP: Stabilization of Households and Small Businesses is Critical for Returning to Work

- Direct Stimulus Payments
 - \$1,400 per person, reduced eligibility (\$80,000)
 - Local governments should have an economic mobility strategy
- Tax Credits
 - Enhances Earned Income, Dependent Care, and Child Tax Credit
 - Employee Retention Credit and Paid Leave Credit
 - Makes states and local governments eligible for FFCRA paid leave reimbursable tax credit, beginning March 31, 2021
- Benefits
 - Enhanced Unemployment Insurance
 - Extends Supplemental Nutrition Assistance Program (SNAP)
 - Extends Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- 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

Health and Human Services

Health

- Supplemental vaccination and testing grants for state and local distribution
- Funding available to state and local government public health departments to support workforce
- Funding available for community health centers
- Block grants under the Substance Abuse and Mental Health Services Administration
- Medicaid and Medicare provisions that will apply at the state level, ACA provisions
- 100% COBRA subsidy

Human Services

- Child Care and Development Block Grant – these go to the State then to providers
- Child Care Stabilization grants; Child Care Entitlement to States
- Emergency Funding to states for low-income families with children
- Mental Health Services Block grant,
- Grants to Community Behavioral Health Clinics,
- Funds for Head Start, home visiting programs, child abuse prevention and treatment grants, family violence grants
- Older American Act funding, including nutrition programs
- LIHEAP for energy assistance, plus water/sewer assistance

FEMA, DOT, and ED

Federal Emergency Management Agency (FEMA)

- Maintain 100% FEMA reimbursement to states and local governments (Apply!)
- FEMA firefighter, SAFER, and emergency management performance grants (Suggest joint grant)

U.S. Department of Transportation

- 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

U.S. Department of Education

- ESSERF: school districts ventilation systems, support staff, reduced class sizes, PPE, learning loss remediation - - Must have plan to return to in-person operations
- IDEA funding, non-public schools through governor; School and library internet funding through FCC E-rate program
- 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

Household Stabilization

Renter and Homeowner Assistance

- Emergency rent relief and utility assistance; extra for rural housing
- 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
- VA construction funds to upgrade homes; support for state-operated facilities

Homeless Intervention

- Emergency housing vouchers to address homelessness

Utility Assistance

- University funding for lost revenue; restrictions on use, including to use for financial aid
- 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

Nutrition Assistance

- Emergency assistance through Temporary Assistance for Needy Families (TANF)
- Food supply chain – USDA purchases of food and seafood, seafood processors

Economic Support

- EDA Economic Adjustment Assistance Grants (competitive)
 - 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

Next Steps

- NLC is 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, please submit through this form which can be accessed by scanning here:



Principles for Coronavirus Local Fiscal Recovery Fund

- 1. Use dedicated grants and programs first whenever possible**
 - Save Local Fiscal Recovery Funds for gaps and priorities not eligible for other federal and state assistance programs
- 2. Assess government operations AND community needs**
 - Ask valuable staff and stakeholders for help creating a comprehensive needs assessment
- 3. Prioritize fiscal stability and returning to work**
 - Save pet projects for earmarks
- 4. Maintain records and document success**
 - Create long-term information infrastructure for your future leaders
- 5. Your Congressional Delegation is part of your success**
 - Invite Members of Congress to re-openings, ribbon-cuttings, etc...

Complete the 2021 State of the Cities Survey!

- The passage of the historic American Rescue Plan means over \$65 Billion will be delivered directly to cities, towns and villages. Now the real work begins.
- What are your local priorities for this funding?
- To gauge how conditions have changed this past year, and how new funding will be used to address these challenges, NLC is conducting a short survey and we invite you to participate!
- [Link to Survey](https://nlc.co1.qualtrics.com/jfe/form/SV_bynoFYkxaTqrpfo)

Membership Regions



Kirk Ross
West Region
ross@nlc.org | (202) 626-3093



Alejandra Piers-Torres
Midwest Region
piers-torres@nlc.org | (202) 626-3160



Timothy Evans
Northeast/Mid-Atlantic Region
evans@nlc.org | (202) 626-3014



Katie Colten
South Region
kcolten@nlc.org | (202) 626-3160



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