

The American Rescue Plan:

*A Historic Policymaking Moment
for States and Communities*



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What I'm going to cover

- ✓ Overview of American Rescue Plan (ARP)
- ✓ Extra detail on ARP Fiscal Recovery Funds
- ✓ Some thoughts on possible policy choices
- ✓ Q&A



Early Response Provided Sizable Relief

✓ **Families First, CARES Act (March 2020)**

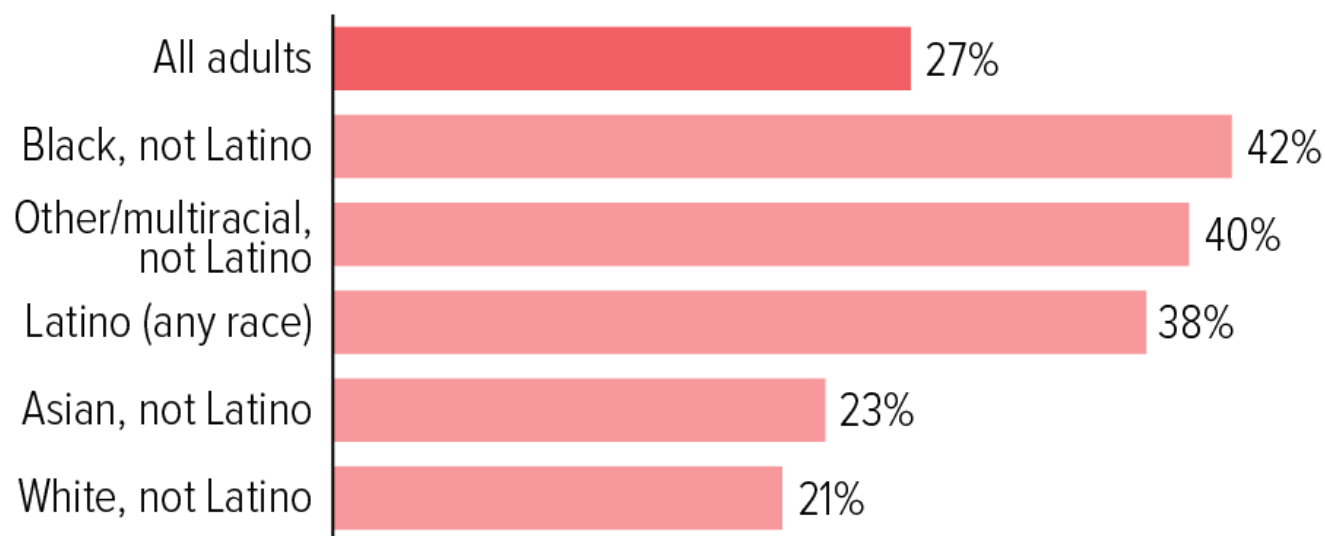
- ✓ Big UI benefits boost
- ✓ Direct stimulus payments
- ✓ Some state fiscal aid
- ✓ Health, housing assistance
- ✓ Expanded family and medical leave
- ✓ Expanded food benefits

✓ **Additional COVID-19 policy response**

- ✓ Student loan forbearance
- ✓ Eviction moratoriums
- ✓ State, local relief efforts

1 in 4 Adults Had Trouble Paying for Usual Household Expenses in Last 7 Days

Share of adults reporting that it was somewhat or very difficult for their household to pay for usual expenses

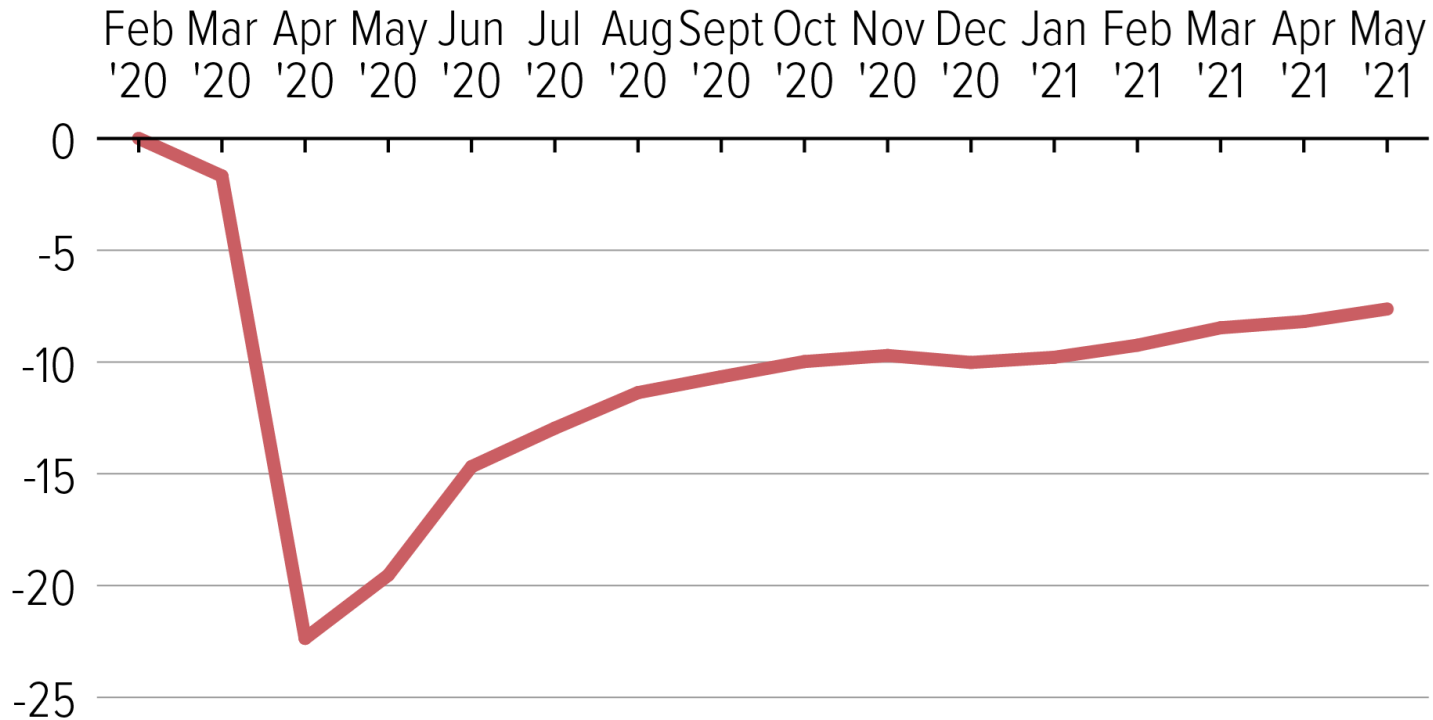


Note: Other/multiracial, not Latino = people identifying as American Indian, Alaska Native, Native Hawaiian or Pacific Islander, or more than one race. Percentages exclude individuals who did not respond to the question.

Source: CBPP analysis of Census Bureau Household Pulse Survey tables for May 26 – June 7, 2021

Job Deficit Still 7.6 Million After May Gains

Change in nonfarm payroll employment since February 2020, in millions



Source: Bureau of Labor Statistics

What the American Rescue Plan Accomplishes

- ✓ \$1.9 trillion of far-reaching fiscal and economic **relief**
- ✓ Provides unprecedented **cash and near-cash resources to families**
- ✓ Provides significant investments in key areas such as **housing and homelessness, childcare, education, and health coverage**
- ✓ Provides significant flexible resources to **help states, localities, tribes, and territories** meet COVID-related challenges and build a better future

Key Economic Benefits Under ARP

- ✓ **Economic Impact Payments (EIPs):** \$1,400 per person one-time payments.
- ✓ **Tax credit expansions:** Sizable one-year expansions to the Child Tax Credit, Earned Income Tax Credit (EITC), and Child and Dependent Care Tax Credit (for childcare expenses).
- ✓ \$5.6 billion to extend **Pandemic EBT** (to replace school lunches).
- ✓ \$3.5 billion to extend **SNAP**, or food assistance, 15 percent benefit increase through September 2021.
- ✓ **New health insurance subsidies** for people receiving unemployment insurance payments in 2021 and **expansions of the Affordable Care Act premium tax credits.**

Key Housing Provisions in ARP

- ✓ **\$21.6 billion of Emergency Rental Assistance** for low-income renters who have lost income or are experiencing other hardship.
- ✓ **\$10 billion to the Homeowner Assistance Fund** to help homeowners behind on their mortgage and utility payments and avoid foreclosure and eviction.
- ✓ **\$5 billion of Emergency Housing Vouchers** for people experiencing or at risk of homelessness, administered by state and local housing agencies.
- ✓ **\$5 billion of flexible funding for the HOME program** allowing states and localities to invest in supportive housing development, rental assistance, shelters, and services for people experiencing or at risk of homelessness.

Historic Amount of Flexible Fiscal Aid

- ✓ \$350b in fiscal aid to states, localities, tribes, and territories
- ✓ Intended to address health and economic effects of pandemic, provide a pay boost for essential workers, and invest in broadband and water projects
- ✓ **Bottom line:** Treasury guidance gives state and local policymakers lots of flexibility with money.
 - ✓ More details available here: <https://federalscoop.org/wp-content/uploads/2021/05/Treasury-guidance-summary-FNL.pdf>

How much and when?

- ✓ **Indiana's share = Nearly \$5.9 billion**
 - ✓ \$3.3 billion for state policymakers
 - ✓ \$1.3 billion for counties
 - ✓ \$1.3 billion for cities

- ✓ **States** submit a certification letter, then Treasury sends money within 60 days. Treasury does, though, have authority to withhold half the money for up to a year.
 - ✓ Indiana among states getting half now, half later.

- ✓ **Localities** get half 60 days from enactment – so should've arrived by mid-May. Second half distributed in a year.

How much will my municipality or county receive?

- ✓ **Counties:** Based on your share of total U.S. population.
 - ✓ [County allocations](#)
- ✓ **Municipalities over 50,000 people:** Based on the Community Development Block Grant (CDBG) formula, which uses population, poverty, and housing measures.
 - ✓ [Metro allocations](#)
- ✓ **Municipalities under 50,000 people:** States must distribute to these smaller places based on their share of the state population. Cannot exceed 75% of most recent budget as of January 27, 2020.



Some CBPP Suggestions for Spending

- ✓ **Restoring funding cuts** for schools and other services;
- ✓ Building a **robust outreach operation** to help people access available federal, state, and local aid;
- ✓ **Boosting incomes** for essential workers and people with limited incomes, to help afford the basics;
- ✓ Investing in people to **improve public safety**;
- ✓ Helping children catch up on **unfinished learning**; and
- ✓ Investing in broadband, clean water, and other well-targeted **infrastructure** projects.

Some Resources and Reading

- ✓ CBPP's American Rescue Plan resources page
 - ✓ <https://federalscoop.org/>

- ✓ “Priorities for Spending the American Rescue Plan’s State and Local Fiscal Recovery Funds,” CBPP, May 2021
 - ✓ <https://www.cbpp.org/research/state-budget-and-tax/priorities-for-spending-the-american-rescue-plans-state-and-local>

- ✓ “American Rescue Plan Act Will Help Millions and Bolster the Economy,” CBPP, March 2021
 - ✓ <https://www.cbpp.org/research/state-budget-and-tax/priorities-for-spending-the-american-rescue-plans-state-and-local>

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