

The American Rescue Plan Act

National League of Cities

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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.

- 1. What do cities need to prepare and send to receive funds?**
- 2. When will cities need to report use of funds? What details will they need to include?**
- 3. When can we expect more guidance?**
- 4. What should cities do while we wait for more guidance?**

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...

Next Steps

- NLC is continuing to work with the Treasury Department and White House on the implementation of this section of the American Rescue Plan Act
- 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:



ARP Questions Form: <https://bit.ly/3eVvWt>

ARP: Broadband Infrastructure and Digital Inclusion Benefits



- **Elementary and Secondary School Emergency Relief Fund** - \$122B to states and local education agencies, permissible uses include technology for online learning (through Department of Education)
- **Homeowner Assistance Fund** - \$9.96B to states, permissible uses include payment of broadband bills for homeowners (through Department of Treasury)
- **Coronavirus State and Local Fiscal Recovery Funds** - \$350B to states, localities, tribes and territories, permissible uses include broadband (through Department of Treasury)
- **Coronavirus Capital Improvements Project Fund** - \$10B for states and territories for projects enabling work/education/health monitoring, including remotely (through Department of Treasury)
- **Emergency Connectivity Fund** - \$7.171B for E-Rate support to schools and libraries for broadband service and connected devices to be used by students/staff/patrons on- or off-site (through FCC)
 - **FCC REQUEST FOR COMMENT OUT NOW:** Initial comments due **April 5**, reply comments due **April 23**, WC Docket No. 21-93
 - Seeking feedback on: program rules and metrics, whether entities beyond schools and libraries should be eligible, which services and equipment should be reimbursable, whether funding can be used for facilities/network improvements, how to prioritize funding requests, and how to sunset the program post-pandemic emergency

- **Emergency and Secondary School Emergency Relief Fund (ESSER)**- \$122B to State education agencies and school districts to help safely reopen and sustain the safe operation of schools.
 - 90% must pass through to local education agencies within 60 days of receipt.
 - [Allocations](#) based on the proportion that each State received under Title I, Part A of the Elementary and Secondary Education Act (ESEA) in the most recent fiscal year
 - Includes three State-level reservations for activities and interventions that respond to students' academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups
 - Centers for Disease Control and Prevention (CDC) will provide \$10 billion to states to support COVID-19 screening testing for K-12 teachers, staff, and students in schools
- **Emergency Assistance to Non-Public Schools Program (EANS)** – \$2.75B
 - Targeted at private schools that “enroll a significant percentage of low-income students” and that have been most impacted by the COVID-19 emergency
 - Award grants by formula to each Governor with an approved Certification and Agreement based on the State’s relative share of children ages 5-17 who are from families at or below 185 percent of the poverty level and enrolled in non-public schools
- **Funding for the Individuals with Disabilities Education Act** - \$3B
 - IDEA Part B - \$2.7 B in formula grants to states to support children with disabilities ages 3 through 21
 - IDEA Part C - \$250 M in formula grants to states to support early intervention services for infants and toddlers birth through age two and their families
- **Higher education emergency relief fund** - \$39.6B
 - At least 50% of an institutions total allotment must go to student grants; for-profit schools but use 100% of their allocation on student grants
 - \$36 billion for public and private nonprofits; \$3 billion for minority –serving institutions federally recognized Title IV colleges and universities); \$198 million unmet need; \$396 million for for-profit institutions (funds must only be used on student grants)

- **Child Tax Credits improvements for 2021**
 - Under pre-ARPA rules, the Child Tax Credit (CTC) provided an annual lump sum payment of \$2,000 per child.
 - Under APRP, the CTC will be worth up to \$3,600 for children under 6 and \$3,000 for children up to 17. The credit will be phased out for individual parents earning more than \$75,000 and couples making above \$150,000.
 - Money from the credit will be split: Half will be paid through the tax refund and the other half will be paid monthly from July to December.
 - Only for 2021

- **Increase in exclusion for employer-provided dependent care assistance**
 - Under ARPA, employers can choose to raise the limits that they allow employees to put into dependent care FSAs
 - For 2021 dependent care Flexible Spending Account (FSA) limit has been increased from \$5,000 (\$2,500 for married individuals that file separately) to \$10,500 (\$5,250 for married individuals that file separately).
 - Note: This change is only for 2021.

- **Strengthening the earned income tax credit (EITC), including for individuals with no qualifying children**
 - This year, NLC add a resolution to the National Municipal Policy to strengthen the Childless EITC
 - This is an important tool targeted at lower-income and moderate-income taxpayers.
 - One of the key features is a taxpayer can take advantage of it even if they have no earned income.

- **EITC Temporary Changes**

- For 2021, the age restriction for taxpayers with no qualified children is liberalized. For 2021, you generally must be at least age 19 as of 12/31/21 (versus age 25 under the traditional rules), and there's no upper age limit (versus an upper age limit of 64 under the traditional rules).
- Under the traditional rules, the maximum EITC for 2021 for a taxpayer with no qualifying children was scheduled to be a \$543. Thanks to the ARPA, the maximum 2021 EITC is upped to \$1,502.
- For 2021, the maximum EITC can range from \$1,502 for someone with no qualifying children to \$6,728 for someone with three or more qualifying children.

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)

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