



HOUSE COMMITTEE ON
OVERSIGHT AND REFORM
CHAIRWOMAN **CAROLYN B. MALONEY**

American Rescue Plan Act of 2021 Provisions

State, Local, Tribal, and Territorial Support: \$362 billion

The American Rescue Plan Act of 2021 creates new **Coronavirus State and Local Fiscal Recovery Funds** to keep first responders, frontline health workers, teachers, and other providers of vital services safely on the job as states, local governments, Tribes, and territories roll out vaccines and fight to rebuild Main Street economies. Funds are available until December 31, 2024 to respond to the pandemic or its negative economic impacts, including assistance to households and small businesses; hazard pay for essential workers; water, sewer, or broadband infrastructure investments; or the replacement of revenue lost compared to the most recent full fiscal year prior to the pandemic.

- States and the District of Columbia: \$195.3 billion
 - \$25.5 billion will be equally divided.
 - \$755 million will be allocated to make the District of Columbia whole after it did not receive a fair allocation under the CARES Act.
 - The remaining funds will be distributed based on the share of total unemployed workers.
 - If a state's combined state and local funding total is less what they received under the CARES Act, the difference will be allocated to the state, guaranteeing a minimum of \$1.25 billion for each state.
 - To the extent practicable, states and the District of Columbia will receive allocations from the Department of Treasury (Treasury) within 60 days of submitting a Certification of Need.
 - If Treasury decides that a payment to a state requires additional justification, the Secretary could choose to withhold up to 50% of the allocation to each state for up to 12 months from the date the certification of need is received. Such a withholding would not be required, and if the state submits a second certification of need, the Secretary would be required to release the withheld amount by the 12-month deadline.

- Local governments: \$130.2 billion divided evenly between cities and counties
 - \$65.1 billion will be allocated to metropolitan cities.
 - \$45.57 billion will be allocated to municipalities with populations of generally at least 50,000 using a modified Community Development Block Grant formula and sent directly from Treasury to the cities.
 - \$19.53 billion will be allocated to municipalities with populations of generally fewer than 50,000 in states and territories, with allocations capped at 75% of the locality's most recent budget as of January 27, 2020. Funds will be sent to the state

to distribute to the localities based on population within 30 days of receipt unless an extension is granted. Even if granted an extension, States must distribute the funds to localities not later than 120 days after they receive this funding for distribution or face monetary penalty, and cannot change the allocations or impose additional requirements.

- \$65.1 billion will be allocated to counties based on population and sent directly from Treasury to the counties.
- Funding will be distributed by Treasury in two tranches—one within 60 days of enactment to the extent practicable, and the second one year after the disbursement of the first tranche.
- Territories: \$4.5 billion
 - \$2.25 billion will be divided equally, and \$2.25 billion will be allocated based on population.
 - To the extent practicable, territories will receive allocations from Treasury within 60 days of submitting a Certification of Need.
 - If Treasury decides that a payment to a territory requires additional justification, the Secretary could choose to withhold up to 50% of the allocation for up to 12 months from the date the certification of need is received. Such a withholding would not be required, and if the territory submits a second certification of need, the Secretary would be required to release the withheld amount.
- Tribes: \$20 billion to federally recognized Tribal governments.
 - \$1 billion will be divided equally, and \$19 billion will be divided as determined by Treasury, which is expected to engage in Tribal consultation and to make use of data previously collected from Tribes to improve the distribution formula used in the CARES Act.
 - To the extent practicable, funding will be distributed by Treasury within 60 days of enactment.

In addition to these Funds, the law creates a new \$10 billion **Coronavirus Capital Projects Fund** for “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease.” To implement this Fund, Treasury is required to establish a process of applying for grants within 60 days of enactment. The Fund will provide:

- \$100 million for each state, the District of Columbia, and Puerto Rico;
- \$100 million split equally between the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Marshall Islands, Micronesia, and Palau;
- \$100 million split equally between Tribal governments and Hawaii, with each receiving a minimum of \$50,000; and
- The remaining \$4.7 billion will be distributed to states, the District of Columbia, and Puerto Rico as follows:
 - 50% based on population,
 - 25% based on rural population, and
 - 25% based on household income that is below 150% of the poverty line.

The law also creates an additional \$2 billion **Local Assistance and Tribal Consistency Fund** that will allocate \$750 million to eligible revenue sharing counties, defined as a county, parish, or borough that is independent of any other unit of local government and that serves as the principal provider of government services for an area and whose revenue is decreased due to federal programs (to include the District of Columbia, Puerto Rico, Guam, and the Virgin Islands). \$250 million also will be allocated to eligible Tribes for any government purpose other than lobbying. These funds will be distributed based on economic conditions of the recipient entities in fiscal years 2022 (beginning October 1, 2021) and 2023 (beginning October 1, 2022). Among other things, this fund is intended to assist counties currently reliant on the Payment in Lieu of Taxes (PILT) and Secure Rural Schools (SRS) programs, among other revenue sharing programs, but based on their real economic conditions rather than historic payments.

Emergency Leave for Federal and Postal Workers: \$570 million

The law provides emergency paid leave for civilian federal employees and postal workers. Employees would be eligible for up to 600 hours of leave when forced to quarantine or ill with COVID, when caring for a child whose school or place of care has been closed or is conducting virtual learning, or when caring for a family member incapable of self-care whose care provider is unavailable due to COVID. Leave would be available until September 30, 2021. Leave taken under this provision would not be included in employee pension calculations.

Oversight of Funds: \$117 million

The law provides \$77 million to the Government Accountability Office and \$40 million to the Pandemic Response Accountability Committee to promote oversight, transparency, and accountability of all federal coronavirus relief funds.