



THE UNITED STATES CONFERENCE OF MAYORS

President Signs *American Rescue Plan*

In a huge victory for state and local governments, President Biden signed the \$1.9 trillion *American Rescue Plan* (HR 1319) into law on March 11 following final action in the House the day before, where it was adopted by a vote of 220 to 211. The measure provides much needed fiscal relief for families, communities and small businesses fighting the COVID-19 pandemic. A total of \$360 billion is provided for direct fiscal assistance to state and local governments that have health care workers, firefighters, police officers, bus drivers and other critical workers on the front line every day responding to the health and economic challenges caused by the pandemic.

DIRECT FISCAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS (Staff Contacts: [Ed Somers](#) and [Dave Gattton](#))

This new law provides the largest amount of direct federal aid ever to local governments. A total of \$130.2 billion will be provided to cities and counties to use through December 31, 2024. The program will be administered by the U.S. Treasury Department.

Key provisions include:

- **Funding:** Local governments will receive \$130.2 billion (half cities/half counties). Cities will receive \$65.1 billion, roughly 19 times the annual Community Development Block Grant (CDBG) allocation, although this money is NOT CDBG – it is a totally new program.
- **Allocation Structure:** CDBG entitlement municipalities will receive funding based on the CDBG formula. Non-entitlement municipalities will receive funding based on their relative population as compared to other non-entitlement communities in their state, which will be administered by the state as an automatic pass through.
- **Two-Year Funding:** Half of a city's allocation will be distributed to the city in 2021, and the second half in 2022. However, cities will have until December 31, 2024 to use these funds.
- **Timing of Receipt of Funds:** Entitlement cities will receive their funds within 60 days of date of enactment. States will receive their funds to distribute to non-entitlement cities within 60 days of the date of enactment, which they then must distribute to non-entitlements cities within 30 days (although the state may apply for two additional 30 day extensions, but only under strict requirements).

- **Eligible Uses:** Eligible use of funds include the following. USCM will work with the Treasury Department to develop regulations to provide further guidance on these “use of funds”.

“USE OF FUNDS—Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, non-entitlement unit of local government, or county shall only use the funds provided under a payment made under this section to cover costs incurred by the metropolitan city, non-entitlement unit of local government, or county, by December 31, 2024.

“(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;

“(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, non-entitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have 23 eligible workers who perform essential work;

“(C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, non-entitlement 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, non-entitlement unit of local government, or county prior to the emergency;

“(D) to make necessary investments in water, sewer, or broadband infrastructure.”

RELIEF FOR INDIVIDUALS AND FAMILIES

Recovery Rebates to Individuals: Under the *American Rescue Plan*, individuals with annual earnings of up to \$75,000 AGI, joint filers earning \$150,000 AGI, and heads of household earning \$112,500 AGI will receive an additional \$1,400 economic impact payment per individual. The \$1,400 payment, when added to the \$600 payment approved in last December’s stimulus package, equals the \$2,000 that President Biden had promised he would deliver. These payments phase out completely for individuals earning \$80,000 AGI, joint filers earning \$160,000 AGI, and heads of households earning \$120,000 AGI.

Earned Income Tax Credit: The bill raises the maximum Earned Income Tax Credit for childless adults to roughly \$1,500. The bill lowers the minimum age to claim the EITC to 19, and eliminates the age cap for older workers.

Child Tax Credit: The new law increases the amount of the Child Tax Credit from \$2,000 to \$3,000 for families with children ages 6 to 17, and \$3,600 for children under age 6. And the Child Tax Credit would be fully refundable.

Child and Dependent Care Tax Credit: The legislation also expands the Child and Dependent Care Tax Credit so households can receive up to \$4,000 for one child and \$8,000 for two or more children.

Immigration Provisions: Immigration status penalties are eliminated for several programs, including the Earned Income Tax Credit (parents with Individual Taxpayer Identification Numbers now will be able to receive EITC for their children), state and local funds, and rental and mortgage assistance.

Below is a more detailed report on other key programs of interest to mayors in the *American Rescue Plan*.

DEPARTMENT OF AGRICULTURE (Staff Contact: [Dalen Harris](#))

Food Banks and Community Partners: \$4 billion is provided to USDA, of which \$3.6 billion is allocated to be used at the USDA's Secretary's discretion to support the food supply chain, including purchasing food and agricultural commodities; making grants and loans for small to mid-sized processors, seafood processing facilities, farmers markets, producers and other organizations to respond to COVID-19.

SNAP: Extends SNAP maximum benefits by 15 percent through September 30, 2021; and provides \$1.1 billion in administrative funding distributed to all states to address increased caseloads and demands for food assistance. The legislation also provides \$25 million to improve and modernize States' SNAP online purchase pilot programs.

WIC: \$800 million in additional funding is provided to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program and the legislation also temporarily boosts the value of WIC Cash Value Vouchers for vulnerable mothers and their children.

Senior Nutrition: \$37 million in additional funding is provided to USDA's Commodity Supplemental Food Program to improve the health and nutrition of low-income Americans at least 60 years old in age through access to nutritious food.

Youth Nutrition: \$5 billion was approved to maintain and expand the Pandemic EBT (P-EBT) program so that low-income families have access to school meals and food assistance during both the school year and summer months during a federally declared public health emergency designation.

Nutrition for the Homeless: Temporarily expands access to USDA's Child and Adult Care

Food Program (CACFP) so that young adults under 25 years of age at emergency homeless shelters are eligible for needed nutrition support.

DEPARTMENT OF EDUCATION (Staff Contact: [Kathy Amoroso](#))

Elementary and Secondary School Education Relief Fund: \$122.8 billion is provided for grants to state and local education agencies - approximately one quarter of which must be targeted to address learning loss, with additional funding reserved for summer and afterschool programming. \$800 million in funding is dedicated to provide services for homeless students.

Colleges and Universities: The bill includes \$39.6 billion for grants to higher education institutions, with half of that funding allocated to emergency financial aid grants to students.

Other Education Funding: \$7.2 billion is provided for an FCC program to support schools and libraries purchase equipment and provide broadband connections. There is an additional \$3 billion for special education programs, with \$2.75 billion for private schools.

DEPARTMENT OF HEALTH AND HUMAN SERVICES (Staff Contact: [Dalen Harris](#))

Federal Public Health Response: \$46 billion is provided in funding to the Secretary of Health and Human Services (HHS) to detect, diagnose, trace, monitor and mitigate COVID-19 infections. Specified activities include:

- Implementing a national strategy for testing, contact tracing, surveillance, and mitigation;
- Providing technical assistance, guidance, support, and grants or cooperative agreements to States, localities, and territories for activities to detect, diagnose, trace, monitor, and mitigate COVID-19 infections;
- Supporting the development, manufacturing, procurement, distribution, administration of tests, including supplies necessary for administration such as personal protective equipment (PPE);
- Establishing and expanding federal, State, local, or territorial testing and contact tracing capabilities, including investments in laboratory capacity, community-based testing sites, and mobile testing units - particularly in medically underserved areas;
- Enhancing IT, data modernization, and reporting; and
- Awarding grants, cooperative agreements, or contracts with local, State, and

territorial public health departments to establish, expand, and sustain a public health workforce; and to cover administrative and program support costs.

Per initial analysis, all funding from this account to support state and local capacity, will largely be suballocated from HHS directly to States for further and varied distribution.

Public Health Workforce: \$7.66 billion is provided to HHS to establish, expand, and sustain a public health workforce, including by making awards to local, State, and territorial public health departments for costs, including wages and benefits, related to the recruiting, hiring, and training of individuals to serve as case investigators, contact tracers, social support specialists, community health workers, public health nurses, disease intervention specialists, epidemiologists, program managers, laboratory personnel, informaticians, communication and policy experts, and any other positions as may be required to prevent, prepare for, and respond to COVID-19. Funds may also be used to pay for staff employed by health departments or nonprofit organizations that have experience partnering with health departments. Lastly, funds may also be used to support PPE, data management and other technology, or other necessary supplies and administrative costs and activities necessary to implement activities.

Childcare and Development Block Grant Program: \$39 billion in funding includes \$14.99 billion for agencies to provide child care, \$23.98 billion to aid child care providers affected by Covid-19 and \$35 million for administrative costs.

Head Start: \$1 billion is provided to support Head Start programs.

Additional CDC Funding: \$7.5 billion in funding is provided to CDC to support vaccine related activities to prepare, promote, distribute, administer, monitor, and track COVID-19 vaccines. This includes funding for activities related to enhancing, expanding, and improving distribution and administration, and activities related to the distribution of ancillary medical products and supplies related to vaccines. This section also provides guidance, support, and awards to local, State, Tribal and territorial public health departments for enhancement of COVID-19 vaccine distribution and administration capabilities. Per initial analysis, all funding from this account to support state and local vaccine efforts, will also largely be suballocated from CDC directly to States for further and varied distribution.

Research and Development: \$5.2 billion is provided to the Secretary of HHS to support research, development, manufacturing, production, and purchase of vaccines, therapeutics, and ancillary medical products and supplies.

Mental Health and Substance Abuse: The legislation provides a total of roughly \$4 billion to various federal programs to expand and support behavioral and mental health services for many persons impacted by the current public health emergency. This

includes \$1.5 billion in funding to SAMSHA's Substance Abuse Prevention and Treatment block grant program, \$1.5 billion for the SAMSHA's Community Mental Health block grant program, \$420 million for certified community behavioral health clinics, \$280 million for programs that support mental and behavioral health and prevent burnout among health care providers and public safety officers, \$120 million for Indian Health Service mental and behavioral health prevention and treatment programs, \$100 million for Health Resources and Services Administration (HRSA) mental health services, and \$80 million specifically for the Pediatric Mental Health Care Access Program at HRSA.

Health Surveillance and Data Modernizations: \$500 million is provided to CDC to support health data surveillance and analytics infrastructure modernization initiatives and to establish, expand, and maintain efforts to modernize the United States disease warning system to forecast and track hotspots for COVID-19, its variants, and emerging biological threats, including academic and workforce support for analytics and informatics infrastructure and data collection systems.

Supporting Public Health Volunteers and Strengthening Response: \$852 million is provided to the Corporation for National and Community Service and the National Service Trust to support an increase in AmeriCorps volunteers to respond to communities impacted by COVID-19. The legislation also provides \$100 million to the Medical Reserve Corps (MRC) to support the national network of volunteers, organized locally to improve the health and safety of communities. Lastly, the legislation provides \$200 million to support the Nurse Corps Loan Repayment Program and includes a separate \$800 million in funding for the National Health Service Corps, including \$100 million for its State Loan Repayment Program to foster growth in the public health workforce.

Community Health Centers: \$7.6 billion is provided to support COVID-19 response at federally qualified health centers (FQHC). This includes funding:

- to plan, prepare for, promote, distribute, administer, and track COVID-19 vaccines, and to carry out other vaccine-related activities;
- to detect, diagnose, trace, and monitor COVID-19 infections and related activities necessary to mitigate the spread of COVID-19, including activities related to, and equipment or supplies purchased for, testing, contact tracing, surveillance, mitigation, and treatment of COVID-19;
- to purchase equipment and supplies to conduct mobile testing or vaccinations for COVID-19, purchase and maintain mobile vehicles and equipment to conduct such testing or vaccinations, and to hire and train laboratory personnel and other staff to conduct such mobile testing or vaccinations, particularly in medically underserved areas;
- to establish, expand, and sustain the health care workforce to prevent, prepare

for, and respond to COVID-19, and to carry out other health workforce related activities;

- to modify, enhance, and expand health care services and infrastructure; and 6) to conduct community outreach and education activities related to COVID-19. Additionally, future awardee may use amounts awarded for any of the above eligible activities going back to January 20, 2020.

Supporting Older Americans: \$1.4 billion is provided to support various programs authorized by the Older Americans Act to support community-based and in house services for older adults struggling during the pandemic.

Medicaid: Requires Medicaid coverage of COVID-19 vaccines and treatment without beneficiary cost sharing with vaccines matched at a 100% federal medical assistance percentage (FMAP) through one year after the end of the public health emergency. The legislation also provides Medicaid eligibility, for five years, to incarcerated individuals 30 days prior to their release.

Children's Health Insurance Program: Requires CHIP coverage of COVID-19 vaccines and treatment without beneficiary cost sharing with the vaccines and the administration of vaccines matched at a 100 percent FMAP through one year after the end of the pandemic. Additionally, the legislation included a provision that will allow states, for five years, to extend CHIP eligibility to women for 12 months postpartum.

LIHEAP: \$4.5 billion in additional funding is provided to HHS' Office of Community Services' (OCS) for home energy assistance through the Low Income Home Energy Assistance Program (LIHEAP) program.

Water Assistance: \$500 million in additional funding is provided to OCS' recently authorized Water Assistance Program. This funding is allocated to States and provides financial assistance to low income consumers and other consumers adversely affected financially by COVID-19 to assist with payments for drinking water and wastewater expenses.

DEPARTMENT OF HOMELAND SECURITY (Staff Contact: [Laura DeKoven Waxman](#))

Disaster Relief Fund: \$50 billion in additional funding to FEMA for reimbursements to state, local, tribal and territorial governments for response and recovery activities relating to the coronavirus pandemic. This funding can pay for personal protective equipment; vaccine distribution; sanitization of schools, public transit, and courthouses; health care overtime costs; funeral expenses and other needs.

Other FEMA Programs: \$300 million in Firefighter grants, \$100 million for Emergency Management Performance Grants, and \$110 million for humanitarian relief to support communities and organizations assisting with the humane, safe, and orderly reception of

migrant families and individuals during COVID through the Emergency Food and Shelter Grant program.

Cybersecurity Risk Mitigation: Provides \$650 million to the Cybersecurity and Infrastructure Security Agency (CISA) to mitigate cybersecurity risks such as those resulting from agencies' rapid shift to working from home, and continued efforts to hack vaccine development.

ENVIRONMENTAL PROTECTION AGENCY (Staff Contact: [Judy Sheehan](#))

Use of Funds from the \$130.2 billion Appropriation (Title IX Subpart M)--the Rescue Plan identifies categorical uses of the grant funds in four provisions. The fourth provision (D) states "*to make necessary investments in water, sewer, or broadband infrastructure*". Local governments will have to determine what their water, sewer and broadband infrastructure needs are and how to line them up for investment. The Treasury Department administers the allocations to Metropolitan Cities and Counties, and to States for the Nonentitlement Units of Local Government.

SEC. 6002 Funding for Pollution and Disparate Impacts of the COVID-19 Pandemic -- \$100 Million is provided to the U.S. EPA to be divided into 2 purposes:

- \$50 million for grants and activities that identify and address disproportionate environmental or public health harms and risks in minority populations or low-income populations under the Clean Air Act, Safe Drinking Water Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Energy Policy Act of 2005.
- Another \$50 million in grants and for grants and activities authorized under subsections (a) through (c) of section 103 of the Clean Air Act (Research, investigation, training, and other activities); and grants and activities authorized under section 105 of such Act (Grants for support of air pollution planning and control programs).

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Staff Contact: [Gene Lowe](#))

Emergency Rental Assistance: \$25 billion is provided for rental and utility assistance to states, territories, counties, and cities to help stabilize renters during the pandemic, and help rental property owners continue to cover their costs.

Homeowner Assistance Funds: \$10 billion is provided to address the needs of homeowners struggling with mortgage payments, property taxes, property insurance, utilities, and other housing related costs.

Homelessness: \$4.75 billion for state and local governments through the HOME Investment Partnership program to finance supportive services, affordable housing and

the acquisition of non-congregate shelter spaces for people experiencing homelessness during the pandemic.

Food and Shelter (FEMA): A total of \$400 million would be available for emergency food and shelter.

SMALL BUSINESS ADMINISTRATION (Staff Contact: [Gene Lowe](#))

Paycheck Protection Program (PPP): \$7.25 billion in additional funding is available for PPP and the new law expands eligibility of 501(c) nonprofits of all sizes and types.

Restaurant Revitalization Fund: Provides \$25 billion for restaurants and bars hit hard by the pandemic; \$5 billion is set aside specifically for smaller restaurants with less than \$500,000 in 2019 annual revenue. During the first 21 days, applications from restaurants owned and operated by women, veterans, or socially and economically disadvantaged individuals will receive priority.

Economic Injury Disaster Loan (EIDL) Program: A total of \$15 billion is targeted for EIDL Advances to help those who applied for relief in 2020 but did not receive the full \$10,000 grant.

Community Navigator Pilot Program: Establishes this program to increase awareness of and participation in COVID-19 relief programs for business owners currently lacking access, with priority for businesses owned and operated by socially and economically disadvantaged individuals, women, and veterans.

DEPARTMENT OF LABOR (Staff Contact: [Kathy Amoroso](#))

Unemployment Insurance: The bill continues the existing \$300 weekly boost in federal unemployment benefits and two key pandemic unemployment programs through September 6. The Pandemic Unemployment Assistance program provides benefits to self-employed, gig workers, independent contractors and other worker affected by the pandemic who don't qualify for state-level assistance, while the Pandemic Emergency Unemployment Compensation program increases the duration of payments for those in the traditional state unemployment system.

The first \$10,200 worth of benefits will be tax-free for households with annual incomes of less than \$150,000.

Payroll Tax Credit Extension for Paid Sick, Family and Medical Leave: The bill extends the Payroll Tax Credit for paid sick, and family and medical leave from March 31, 2021 to September 30, 2021. It will allow public employers (state and local government agencies) to take advantage of the payroll tax credits. These fully refundable tax credits will compensate employers (including state and local governments) for coronavirus-related paid sick, family and medical leave.

DEPARTMENT OF TRANSPORTATION (Staff Contact: [Kevin McCarty](#))

Amtrak: The Rescue Plan provides \$1.7 billion in additional funding to Amtrak, resources that will be used to support the entire Amtrak network, its state and commuter partners as well as customers and employees, with \$970 million for Northeast Corridor grants and \$730 million for National Network grants.

Amtrak can use a portion of this new funding – \$285 million – in lieu of payments from commuter rail and State-supported route passenger rail providers. In addition, Amtrak is to use \$166 million to restore service on long-distance routes and to recall and manage furloughed employees.

Aviation: The new law allocates \$6.492 billion to FAA for Airport Improvement Program (AIP) formula grants to primary airports and certain cargo airports (although the existing AIP formula is modified). It allows AIP grants to provide a 100 percent federal share for AIP-funded projects in FY'2020 and FY'2021 (up to \$608 million); rent and annual guarantees to airport concessions at primary airports, with funds reserved for concessions at small airports subject to spending limits; and other new AIP grant eligibilities (e.g., costs for expanded cleaning/sanitation services that limit the spread of pathogens, among other uses).

Public Transit: The nation's transit providers will receive another substantial infusion of federal resources, totaling \$30.5 billion of emergency transit funding. The primary goal of this additional commitment is to ensure that these new resources, when combined with allocations CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act, equal to 132 percent of an urbanized areas' public transit operating costs. In addition, this new funding is available at a 100 percent federal share for operating expenses related to the response to the COVID-19 public health emergency (except for the Capital Investment Grant funds).

Among the many funding provisions, the law provides \$26.09 billion in urbanized formula grants (Sec. 5307), subject to many adjustments and additional flexibilities; \$317 million for rural areas (Sec. 5311); \$50 million for seniors and persons with disabilities (Sec. 5310); \$2.21 billion for operating assistance grants to eligible recipients or subrecipients (that because of COVID-19, require additional assistance for costs related to operations, personnel, cleaning, sanitization, and debt service payments incurred to maintain operations and avoid layoffs and furloughs); \$1.675 billion for Capital Investment Grants (Sec. 5309) under revised rules and grant conditions; and \$250 million for certain Small Start projects.

ARTS (Staff Contact: [Tom McClimon](#))

cultural Agencies: \$135 million for the National Endowment for the Arts, \$135 million for the National Endowment for the Humanities, \$200 million for the Institute of Museum and Library Services and \$175 million for the Corporation for Public Broadcasting for fast-track COVID relief grants.