The American Rescue Plan:
A Historic Policymaking Moment for States and Communities

June 28, 2021

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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

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adults</td>
<td>27%</td>
</tr>
<tr>
<td>Black, not Latino</td>
<td>42%</td>
</tr>
<tr>
<td>Other/multiracial, not Latino</td>
<td>40%</td>
</tr>
<tr>
<td>Latino (any race)</td>
<td>38%</td>
</tr>
<tr>
<td>Asian, not Latino</td>
<td>23%</td>
</tr>
<tr>
<td>White, not Latino</td>
<td>21%</td>
</tr>
</tbody>
</table>

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.

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

✔ “American Rescue Plan Act Will Help Millions and Bolster the Economy,” CBPP, March 2021
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