



AMERICAN RESCUE PLAN ACT OF 2021

COVID-19 Recovery Clearinghouse for California's Counties

On March 11, President Joe Biden signed into law a nearly \$1.9 trillion coronavirus relief bill (HR 1319; PL 117-2). Known as the *American Rescue Plan Act of 2021*, the law represents the sixth COVID-19 recovery measure that Congress has passed since last March. All told, lawmakers have approved over \$5.5 trillion for pandemic response efforts since the onset of the coronavirus in the United States.

In the coming weeks, federal departments and agencies will be working to implement PL 117-2. This will include the development of program guidelines and the release of coronavirus recovery funding to eligible recipients. For its part, the U.S. Department of the Treasury will be developing guidelines for the newly authorized Coronavirus State and Local Fiscal Recovery Funds.

Outlined below is a summary of federal funding available to California's counties under the *American Rescue Plan Act of 2021*. In cases in which estimated funding allocations are available, links are provided. This document will be updated periodically as new agency guidance is released and as final funding allocations are announced.

CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Pursuant to PL 117-2, every county in America will be eligible to receive direct federal fiscal aid via a new Coronavirus Local Fiscal Recovery Fund. Administered by the Treasury Department, the Fund will provide a total of \$65.1 billion to county governments, with dollars allocated based on population. Note: counties that are designated as Community Development Block Grant (CDBG) entitlement communities will receive the larger of the population-based share or the share under a modified CDBG allocation formula.

Based on *preliminary* estimates, California's counties will be receiving over **\$7.6 billion** in federal aid. Click [here](#) to see county-by-county projections.

Municipalities will receive an equal allotment of \$65.1 billion in federal fiscal aid, with funds allocated as follows:

- \$45.57 billion in direct funding to cities with populations of at least 50,000 using a modified CDBG formula.
- \$19.53 billion to cities with populations below 50,000 based on each jurisdiction's percentage of the state's population, not exceeding 75 percent of its most recent budget as of January 27, 2020. Aid to these cities will be distributed through the State.

Allowable Uses of Funds*

Pursuant to the statutory language of PL 117-2, Recovery Fund dollars can be used for the following purposes:

1. **to respond to the COVID-19 public health emergency or its negative economic impacts**, including: assistance to households, small businesses, and nonprofits or to aid impacted industries such as tourism, travel, and hospitality. Note: the aforementioned are *examples* of allowable expenditures and are specifically cited in the statute. Forthcoming guidance from the Treasury Department will provide additional details regarding eligible uses of funds.
2. to provide **premium pay to individuals performing essential work** during the public health emergency or by providing grants to eligible employers that have essential workers;
3. for the provision of **government services to the extent of the reduction in revenue** (i.e. online, property, or income tax) due to the health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or,
4. to make necessary investments in **water, sewer, or broadband infrastructure**.

** As noted above, the Treasury Department is in the process of developing guidelines for the new Recovery Fund, which will include specific direction to localities regarding allowable expenditures. To help facilitate this process and in the interest of ensuring that counties will be able to use federal dollars in the most effective manner, counties in California and across the nation are providing input to the Department. The National Association of Counties (NACo) is serving as a central clearinghouse for the collection of this information.*

Statutory Expenditure Deadline for Recovery Funds: December 31, 2024

Program Administration & Payment Deadlines

Pursuant to PL 117-2, the Treasury Department is required to provide recovery funds to local governments in two equal tranches:

- **First Payment:** 50 percent of the funds must be allocated to each locality not later than 60-days after bill enactment (May 10th).
- **Second Payment:** the remaining 50 percent of funds must be allocated no earlier than 12 months after the first payment.

Coronavirus State Fiscal Recovery Fund

In addition to the Local Recovery Fund, PL 117-2 creates a similar state fund that will provide fiscal relief payments to state governments (\$193.5 billion), tribal governments (\$20 billion), and U.S. territories (\$4.5 billion).

The state of California is expected to receive approximately **\$26 billion**.

Additional Statutory Guidelines

- **States will be prohibited from using funds to either directly or indirectly offset a reduction in the net tax revenue** that results from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax. If a state violates this provision, it will be required to repay the amount of the applicable reduction to net tax revenue. Furthermore, no funds can be deposited into a pension fund.
- The Treasury Department will be permitted to withhold up to half of a **state's allocation** for as long as 12 months based on its unemployment rate and permits the Department to require an updated certification of its funding needs.
- **State and local governments are permitted to transfer funds** to private nonprofit organizations, public benefit corporations involved in the transportation of passengers or cargo, and special-purpose units of State or local government.
- **"Premium pay"** means an additional amount **up to \$13 per hour** that is paid to an eligible worker during the COVID-19 pandemic. The bill imposes a cap of \$25,000 for any single eligible worker.
- Local governments will be required to submit **periodic reports** to the Treasury Department that provide a detailed accounting of the use of COVID-19 funds. If a state or locality does not comply with any provision of PL 117-2, they will be required to repay the U.S. Treasury an equal amount to the funds used in violation of the law.

LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND

The *American Rescue Plan Act* includes **\$1.5 billion for eligible revenue sharing counties** (public land counties that receive Payments-in-Lieu-of-Taxes (PILT)/Secure Rural School (SRS) payments). Pursuant to the law, \$750 million will be allocated to counties in FY 2022 and \$750

million will be allocated in FY 2023. Note: a separate pot of funding totaling \$500 million is available for eligible tribal governments.

The Treasury Department will be responsible for determining the funding formula used to distribute funds to public lands counties. In developing the formula, the Department must take into consideration the economic conditions of each eligible county using measurements of poverty rates, household income, land values, unemployment rates, and other economic indicators over the 20-year period ending with September 30, 2021.

Eligible counties may use the funds for any governmental purpose, except for a lobbying activity. The Act also requires counties to submit periodic reports to the Treasury Department providing a detailed accounting of the uses of fund, as well as additional information that the Department may require for program administration.

CORONAVIRUS CAPITAL PROJECTS FUND

PL 117-2 includes a \$10 billion Coronavirus Capital Projects Fund that will allow entities to finance capital projects “directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.” States, territories, and tribal governments will be eligible for the new program; the funding will **not** be directly available to counties and cities.

Under the Act, each state, the District of Columbia and Puerto Rico will receive a minimum allocation of \$100 million, with another \$100 million to be divided among other U.S. territories; \$100 million also is designated for tribal governments and Native Hawaiian use. Of the remaining funds, states will receive an additional allocation based on population (50 percent), the number of individuals living in rural areas as a percentage of the U.S. rural population (25 percent), and the proportion of the state’s population of households living in poverty.

According to the Legislative Analyst’s Office, the state of California is expected to receive approximately **\$550 million**.

PUBLIC HEALTH

Vaccines

PL 117-2 includes \$14 billion to speed up the distribution and administration of COVID-19 vaccines across the country. The funding will support the development of community vaccination centers, as well as mobile vaccination units.

The Act also includes \$7.5 billion for the Centers for Disease Control and Prevention (CDC) to prepare, promote, administer, monitor, and track vaccines. Among other things, this funding

can be used to support state and local public health departments. According to the Legislative Analyst's Office (LAO), California will receive approximately \$700 million for vaccine distribution and supplies. Los Angeles County and several other major urban centers in other parts of the U.S. will receive a direct allocation above that figure due to a Public Health Emergency Preparedness Cooperative agreement established after the September 11 attacks.

Testing

The final legislation includes \$48.3 billion for a national testing strategy, with funding for rapid tests, community-based testing sites, and expanding lab capacity. According to the LAO, California is expected to receive approximately \$3.2 billion.

Public Health Workforce

The legislation provides \$7.66 billion for a public health jobs program that will allow public health departments to hire new, full-time public health workers. The LAO is projecting that California will receive approximately \$800 million.

Defense Production Act

PL 117-2 includes \$10 billion for the *Defense Production Act* (DPA) to help produce tests, masks, personal protective equipment, and vaccines. Under the DPA, the president can require manufacturers to prioritize contracts related to national defense and other emergencies. It also authorizes the president to allocate scarce goods and provide incentives such as loans and contracts to help expand production.

Medicaid

The Act increases the federal contribution for Medicaid by 10 percentage points for state expenditures on home and community-based services provided between April 1, 2021 and March 31, 2022. This increase is in addition to the current 6.2 percentage point increase in the federal financial share for Medicaid that is in place until the public health emergency (PHE) ends. HHS has informed states that it expects to continue the PHE declaration through the current calendar year. The bill also provides a 100 percent FMAP for states that opt to provide coverage to the uninsured for COVID-19 vaccines and treatment without cost sharing. The LAO estimates that California will receive approximately \$200 million for the 100 percent reimbursement of Medi-Cal vaccine administration.

FEMA DISASTER RELIEF FUND

PL 117-2 includes \$50 billion to help replenish FEMA's Disaster Relief Fund. The dollars will be available to reimburse state and local governments for various COVID-19-related costs, including vaccination efforts, deployment of the National Guard, and personal protective equipment. Funding will remain available through September 30, 2025. The funding also can be used to provide financial assistance for pandemic-related funeral expenses with a 100 percent federal cost share.

HUMAN SERVICES

Temporary Assistance for Needy Families

The TANF/CalWORKs program will receive a \$1 billion increase, reflecting an approximate six percent boost to the program. States such as California, which provide relatively higher cash grants, will be given a slightly higher share of the \$1 billion relative to other states.

Elder Justice/Adult Protective Services

Building off the recent \$100 million federal appropriation for APS, the Act guarantees an additional \$100 million in FY 2022. California received nearly \$9.5 million from the COVID-19 legislation enacted this past December.

Child Care

The Act provides a total of nearly \$39 billion in emergency funds for the Child Care Development Block Grant (CCDBG) program, of which nearly \$15 billion is for child care subsidies through FY 2024. The remaining \$24 billion will be available to states to make stabilization subgrants directly to child care providers to assist in maintaining operations.

Senate Democratic leadership estimates show that California will receive a total of \$3.769 billion, of which \$2.319 billion is for stabilization grants and \$1.450 billion is additional appropriations.

Child Abuse Prevention and Treatment

The Child Abuse Prevention and Treatment Act (CAPTA) will receive a \$250 million increase with no state match required. The regular FY 2021 appropriation was nearly \$270 million. These one-time only funds will be available through September 2023.

Low Income Home Energy Assistance Program

LIHEAP will receive a \$4.5 billion boost, with funding available through September 2022. Last year's appropriation was \$3.7 billion. The LAO estimates that California will receive approximately \$200 million in assistance for low-income families to pay for energy and water bills.

Substance Abuse Prevention and Treatment / Community Mental Health

The Act provides \$1.5 billion for the Substance Abuse and Mental Health Services Agency's (SAMHSA) Substance Abuse Prevention and Treatment (SAPT) block grant and \$1.5 billion for the Community Mental Health block grant.

Certified Community Behavioral Health Clinics

PL 117-2 includes \$420 million for Certified Community Behavioral Clinics, which assist counties and other local entities that provide a range of mental health and substance use disorder services to vulnerable individuals.

HOUSING/HOMELESSNESS

Emergency Rental Assistance

The Act provides \$21.55 billion for emergency rental assistance through the Treasury Department. It should be noted that this is in addition to the \$25 billion that Congress appropriated in December 2020. Of this funding, \$2.5 billion is reserved for low-income families that spend more than 50 percent of their income on rent or that live in sub-standard housing. Each state is guaranteed \$152 million, with further allocations based on population. The LAO estimates that \$2.2 billion of emergency rental assistance funding will be reserved for California.

Funds can be used to provide financial assistance to eligible households for up to 18 months for rent, rental arrears, utilities/home energy costs, and other expenses related to housing. Furthermore, states can put up to 10 percent of the funds they receive toward housing stability services and up to 15 percent for administrative costs. While counties with populations greater than 200,000 will receive direct funding from the Treasury Department, counties below the threshold will be eligible to receive funds through the state.

Emergency Housing Vouchers

PL 117-2 provides \$5 billion for incremental emergency vouchers, renewals of vouchers, and fees for administering voucher programs through September 30, 2021. Qualifying individuals include those experiencing homelessness, those at risk of homelessness, those attempting to flee domestic violence/sexual assault/human trafficking, and those that are recently homeless. Public housing agencies will be notified of the number of emergency vouchers they are allocated within 60 days of enactment. The LAO is projecting that California will receive \$500 million.

Homeless Assistance

The Act includes \$5 billion to HUD for homeless prevention and supportive services through the HOME Investment Partnerships program. The LAO estimates that California will receive \$500 million.

Rural Housing

PL 117-2 includes \$100 million for rural housing through the U.S. Department of Agriculture for rental assistance.

NUTRITION

Supplemental Nutrition Assistance Program

The final legislation extends the 15 percent increase in SNAP/CalFresh benefits for an additional three months (to September 30, 2021). Additionally, SNAP administrative reimbursement will receive another \$1.135 billion over the next three years to partially account for the increased workload to process the COVID-19 spike in SNAP applications. The SNAP state administration budget is roughly \$4.9 billion annually. According to the Center on Budget and Policy Priorities, California will receive roughly \$124 million for administrative costs with no match required.

Pandemic EBT Program

The EBT benefit for youth eligible for school meals will continue through any school year during a designated public health emergency and the following summer period. The program has been running on short-term extensions until this time.

Older Americans Act Nutrition

Title III nutrition programs will be increased by \$750 million. The annual appropriation in FY 2021 was \$951 million.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

The Act includes \$880 million in emergency funds, \$490 million of which will enhance benefits for four months and \$390 million of which will support outreach innovation and program modernization funding.

PAID SICK AND FAMILY LEAVE / TAX CREDITS

Credits for Paid Sick and Family Leave

PL 117-2 makes public sector employers (including counties) eligible to receive a dollar-for-dollar payroll tax credit available through September 30, 2021, *should they choose to offer paid leave*. With the exception of the federal government, there is **no** employer mandate to provide such leave. It should be noted that counties were not eligible for the refundable tax credit under the *Families First Coronavirus Response Act* (FFCRA; PL 116-127). Among other things, PL 117-2 increases the amount of wages for which an employer may claim the paid family leave credit in a year from \$10,000 to \$12,000 per employee. It also expands the list of reasons that an employer may provide paid family leave. These provisions generally would be effective for leave taken after March 31, 2021.

Child Tax Credit

The Act temporarily expands the Child Tax Credit (CTC), increasing the amount to \$3,000 for children ages six to 17 and \$3,600 for children under the age of six. The amount is gradually reduced for individuals earning over \$75,000 and couples earning over \$150,000. From July through the end of the year, eligible families will receive periodic payments of up to \$300 per child per month for children under the age of six and \$250 monthly for those six to 17 years of



age. When families file their 2021 taxes, they are eligible for an additional six months of CTC payments through a tax refund. Prior to passage of the *American Rescue Plan*, the CTC was set at \$2,000 per child under 17.

Earned Income Tax Credit

The eligibility and amount of the Earned Income Tax Credit (EITC) will be expanded under PL 117-2. The eligibility age for claiming the “childless EITC” will be lowered from 25 to 19, except for full-time students, and the maximum credit amount will increase from \$543 to \$1,502.

TRANSPORTATION

Transit

PL 117-2 includes \$30.5 billion to help assist with transit operating costs, including payroll and personal protective equipment. The LAO estimates that California will receive approximately \$4 billion in fiscal relief for transit agencies. [Urban Area Transit Estimates](#); [Formula Grants for Rural Areas - State-by-State](#)

Airports

The Act includes \$8 billion in federal assistance for airports. Airports that receive funding will be required to retain at least 90 percent of personnel employed as of March 27, 2020, through September 30. However, the Department of Transportation may provide a waiver from the requirement if it determines that an airport is experiencing economic hardship or the requirement reduces aviation safety or security.

OTHER KEY PROVISIONS OF PL 117-2

Economic Development Administration

The Act includes \$3 billion in grant funding for the Economic Development Administration to address the pandemic’s impact on local economies. It should be noted that 15 percent of the appropriation will be dedicated to assisting communities that have suffered economic injury as a result of job losses in travel, tourism, or outdoor recreation activities.

Economic Impact Payments

PL 117-2 provides individuals earning up to \$75,000 with an economic impact payment of \$1,400; joint filers earning up to \$150,000 will receive a \$2,800 payment, with the payments declining at higher incomes and zeroing out altogether at \$80,000/\$160,000. Notably, the original House-passed bill would have capped the income levels at \$100,000 for individuals and \$200,000 for joint filers. Payments of \$1,400 also will be made for each individual claimed as a dependent. Individuals with social security numbers in mixed immigration status households will also be eligible for a payment.

Unemployment Insurance

The *CARES Act* (PL 116-136) created three major unemployment insurance programs: Federal Pandemic Unemployment Compensation (FPUC), Pandemic Emergency Unemployment Compensation (PEUC), and Pandemic Unemployment Assistance (PUA). The COVID-19 relief package approved in December 2020 created a fourth program – the Mixed Earner Unemployment Compensation (MEUC). The *American Rescue Plan Act* makes important changes to each of these programs:

- **Federal Pandemic Unemployment Compensation:** The FPUC program provides a weekly supplement to the unemployment benefits provided by the state. The benefit, which was set to expire on March 14, has been extended through September 6, 2021 at the current level of \$300 per week.
- **Pandemic Emergency Unemployment Compensation:** The PEUC program, which provides additional assistance to those who have exhausted their state unemployment benefits has been extended through September 6, 2021. PEUC benefits will now be available for up to 53 weeks (up from 24 weeks).
- **Pandemic Unemployment Assistance:** PL 117-2 also expands benefits for self-employed and gig workers through the PUA program. Specifically, the Act extends PUA through September 6. It also provides an additional 29 weeks of benefits, increasing the number of weeks available to 79 weeks (and up to 86 weeks for individuals in states with high levels of unemployment).
- **Mixed Earner Unemployment Compensation:** The MEUC program targets those who are not receiving benefits under the PUA and who are eligible to receive at least one dollar in state unemployment benefits during the time period covered by the program. The new law continues the \$100 in supplemental benefits to eligible individuals through September 6, 2021.

In addition to the unemployment benefit changes outlined above, the *American Rescue Plan Act* also provides a waiver of federal taxes on the first \$10,200 in unemployment benefits received in 2020 for those individuals who earn less than \$150,000.

Finally, acknowledging that states may need time to modify their computer systems to accommodate the extensions and modifications, the Department of Labor expects many states will need until the middle of April or later to implement the new provisions and begin notifying individuals.

Additional guidance from the Labor Department can be accessed [here](#).

Distance Learning

The Act establishes a \$7.17 billion Emergency Connectivity Fund, which will provide support to eligible schools and libraries to provide, among other things, eligible connected devices, internet service, and hotspots to students and teachers for internet use at home.

Paycheck Protection Program

PL 117-2 expands eligibility and increases funding for the Paycheck Protection Program. Specifically, the measure will increase the program's lending authority by \$7.25 billion.

Economic Injury Disaster Loan Program

The Act provides an additional \$15 billion for the Economic Injury Disaster Loan (EIDL) program, which is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19. EIDL grants will be exempt from taxation.

Restaurant Revitalization Fund

PL 117-2 includes \$25 billion for a new grant program that will provide assistance to restaurants and bars based on pandemic-related losses. The final legislation sets aside \$5 billion to be targeted to businesses with less than \$500,000 in revenue in 2019. Funding will be available for a wide variety of expenses, including payroll, mortgage, rent, utilities, maintenance, supplies, food and beverage expenses, paid sick leave, operational expenses, etc.

Elementary and Secondary School Emergency Relief Fund

PL 117-2 includes \$122 billion for schools nationwide to support their efforts to reopen safely. On March 17, the Department of Education announced the amount that each state will receive from the Elementary and Secondary School Emergency Relief (ESSER) Fund, with California schools expected to receive over \$15 billion. The Department will begin to make these dollars available to state educational agencies (SEAs) this month, and the funds may be used to address the impacts of COVID-19 on pre-K through 12 education, including:

- Investing in resources to implement the Centers for Disease Control and Prevention's (CDC) K-12 operational strategy for in-person learning (improving ventilation; purchasing personal protective equipment; and obtaining additional space to ensure social distancing in classrooms);
- Avoiding layoffs and hiring additional educators to address learning loss, providing support to students and existing staff, and providing sufficient staffing to facilitate social distancing;
- Implementing strategies to meet the social, emotional, mental health, and academic needs of students hit hardest by the pandemic, including through evidence-based interventions and critical services like community schools;
- Funding summer, afterschool, and other extended learning and enrichment programs;

- Hiring additional school personnel, such as nurses and custodial staff, to keep schools safe and healthy;
- Providing for social distancing and safety protocols on buses;
- Funding for Wi-Fi hotspots and devices for students without connectivity for remote learning and supporting educators in the effective use of technology; and,

States will be required to sub-grant at least 90 percent of their allocation to local educational agencies (LEAs) (including charter schools that are LEAs). The State must allocate these funds to LEAs on the basis of their respective shares of funds received under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) in fiscal year (FY) 2020.

The Department also committed to providing technical assistance, guidance, and best practices to states as they work to utilize these funds. Additional information, including a Fact Sheet and allocation tables, can be found at [here](#).

Finally, the CDC will provide a total of \$10 billion to states to support COVID-19 screening testing for K-12 teachers, staff, and students in schools.

