# Legislative Analysis for Counties:

# *American Rescue Plan Act of 2021*

## SUMMARY

On February 27, 2021, the U.S. House of Representatives passed the *American Rescue Plan Act of 2021* (H.R. 1319), a **$1.9 trillion** bill aimed at combatting the COVID-19 pandemic based on President Biden's *American Rescue Plan* framework. The legislation, which passed on a 219-212 vote, is advancing by the budget reconciliation process, which allows both chambers to pass the bill with limits on procedural delays. Most significantly, reconciliation allows the Senate to bypass the filibuster and pass legislation with a 50-vote threshold so long as it meets a series of budgetary requirements.

The bill now heads to the Senate, where it will head straight to the floor, where the bill and any amendments are required to comply with reconciliation rules with a vote on passage to follow. The House must then pass the updated legislation before sending it to the President's desk. The Majority in both houses aim to complete this process by March 14, when existing unemployment insurance provisions are slated to expire.

**Along with $350 billion in direct assistance to state and local governments to respond to the pandemic,** including **$65.1 billion in direct aid to counties**, the *American Rescue Plan Act* includes hundreds of billions of dollars for public health and vaccines, assistance for vulnerable populations, education and housing stabilization and more. This analysis highlights key provisions for county governments.

## TABLE OF CONTENTS

# DIRECT ASSISTANCE FOR STATE AND LOCAL GOVERNMENTS

## STATE AND LOCAL CORONAVIRUS RECOVERY FUNDS

Would provide **$350 billion** to help **states, counties, cities and tribal governments** cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. *For more information on the importance of these funds to counties and tools to advocate for this historic investment, visit NACo's resource hub*.

**Distribution formula:**

Of the total $350 billion, 60 percent would be allocated to states and 40 percent to local governments. The distribution formula is as follows:

- **States and District of Columbia: $195.3 billion**
    - $25.5 billion would be equally divided to provide each state a minimum of $500 million.
    - $169 billion would be allocated based on the states' share of unemployed workers over a three-month period from October-December 2020.
    - $1.25 billion in additional aid for the District of Columbia.
- **Local governments: $130.2 billion divided evenly between non-county municipalities and counties.**
    - **$65.1 billion in direct federal aid to counties based on the county share of the U.S. population.** Counties that are Community Development Block Grant (CDBG) recipients

(urban entitlement counties) will receive whichever is larger, the population-based share or the share under a modified CDBG allocation formula. *Click here to find your county's estimated allocation.*

  - **$65.1 billion to cities and other non-county municipalities.**
    - ***With populations of at least 50,000:*** $45.57 billion in direct federal aid for municipalities using a modified CDBG formula.
    - ***With populations below 50,000:*** $19.53 billion 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. This aid is distributed through the states.

- **U.S. Territories: $4.5 billion**
- **Tribal governments: $20 billion**

**Allowable Uses for Recovery Funds:**

1. Respond to or mitigate the public health emergency with respect to the COVID-19 emergency or its negative economic impacts,
2. Cover costs incurred as a result of the COVID-19 emergency,
3. Replace revenue that was lost, delayed or decreased as determined based on projections of the government as of January 27, 2020, as a result of the COVID-19 emergency, or
4. Address negative economic impacts of the COVID-19 disease.

**Program Administration:**

The U.S. Department of Treasury would oversee and administer these payments to state and local governments, including performing auditing and monitoring through its Office of Inspector General.

- **Every county would be eligible to receive a direct allocation from Treasury, and NACo will work with Treasury to create clarity and certainty for counties as this fund is implemented.**
- While details from Treasury are forthcoming if the bill becomes law, the bill states that in order to receive these dollars, a county must complete and send a certification document to the U.S. Treasury. Once an eligible entity provides a certification on the use or needs of funds to the U.S. Treasury, the agency is required to make the payment within 60 days.
- **These funds are available until expended by the recipient—there is no deadline.**
- Counties may transfer funds to certain private nonprofits or a public benefit corporation involved in the transportation or passengers or cargo or special purpose unit of state or local government.

# INVESTMENTS IN VACCINE DISTRIBUTION AND HEALTH

## VACCINE DISTRIBUTION

**Vaccine Distribution Funding:** Would provide **$7.5 billion** for the Centers for Disease Control and Prevention (CDC) to support state, local, tribal and public health departments and community health centers in the distribution of vaccines through information technology and data enhancements, facility enhancements and public communications.

*Counties play an integral role in the distribution of COVID-19 vaccines as key administrators of health and human services at the local level, and their support of over 900 hospitals, 824 long-term care facilities, and 1,943 local health departments.*

**Vaccine Confidence Education:** Would provide **$1 billion** for the CDC to strengthen vaccine confidence by furthering the distribution of information and education and improving vaccination rates.

*County officials and local public health agencies are trusted public voices in their communities, who are responsible for messaging vaccine confidence to vulnerable populations.*

## SUPPORT FOR MEDICAID

**FMAP Enhancements:** Would provide the following enhancement to state Federal Medical Assistance Percentages (FMAP), the federal contribution to Medicaid, including:

- A 100 percent FMAP for states that opt to provide coverage to the uninsured for COVID-19 vaccines and treatment without cost sharing.
- An enhanced FMAP for states that wish to expand Medicaid programs to cover mobile crisis intervention services for individuals experiences mental health or substance use disorders.
- Increasing the state's base FMAP by five percentage points for two years if they expand Medicaid; currently there are 12 states that have yet to expand Medicaid and would be eligible for this increase.
- A temporary FMAP increase of 7.35 percentage points for states to improve Medicaid home and community-based services (HCBS) for one year.

*Counties in 26 states contribute up to 60% of the non-federal share of Medicaid, which for some counties can total approximately $7 billion per year.*

## FUNDING FOR TESTING, PUBLIC HEALTH SUPPORT & RESOURCES

**Testing and Contact Tracing:** Would provide **$46 billion** to the Department of Health and Human Services (HHS) to support state and local health departments distribute and administer tests, PPE and other supplies, expand contact tracing capabilities, and sustaining the nation's public health workforce.

*Counties support over 1900 of America's 2,800 local health departments, which provide essential public health prevention services like contact tracing and COVID-19 testing.*

**Public Health Workforce Expansion:** Would provide **$7.6 billion** for HHS to establish, expand, and sustain a public health workforce and make awards to state, local, and territorial public health departments.

*Federal investments are responsible for nearly 25 percent of local health departments' revenue. Over the past decade, the number of local health department jobs has decreased by 25,000, a statistic that is further exacerbated by the COVID-19 pandemic—effectively shrinking the public health workforce when it is needed most.*

## FUNDING FOR BEHAVIORAL AND MENTAL HEALTH

**Substance Abuse Prevention and Treatment (SAPT) and Community Mental Health Block Grants:** Would provide **$3.5 billion** for the Substance Abuse and Mental Health Services Agency's (SAMHSA) Substance Abuse Prevention and Treatment (SAPT) and Community Mental Health block grant programs.

*County-based behavioral health systems exist in 23 states that represent 75% of the population, and counties deliver community-based mental health and substance use disorder services through 750 behavioral health authorities.*

**Overdose Prevention:** Would provide **$30 million** for SAMHSA to create grants to state, local, tribal and territorial governments to support community-based overdose prevention programs and other harm reduction services in light of increased pandemic related drug-misuse.

*County leaders across the public health, justice and public safety and behavioral health sectors are on the front lines of the opioid epidemic and continue to formulate effective responses for this ongoing pandemic.*

## SUPPORT FOR LONG TERM CARE FACILITIES

**Nursing Home Strike Teams:** Would provide **$250 million** for HHS to allocate money to states and territories to establish strike teams that would respond to COVID-19 outbreaks in skilled nursing facilities.

*Counties own, operate, and support 758 skilled nursing facilities and nursing homes, facilities that have been disproportionately impacted by the COVID-19 pandemic.*

# EMERGENCY RELIEF FOR INDIVIDUALS AND FAMILIES

## DIRECT FINANCIAL ASSISTANCE

**Temporary Assistance for Needy Families (TANF) Pandemic Emergency Fund:** Would provide **$1 billion** for states to provide short-term targeted aid (cash assistance or otherwise) to families in crisis. States would receive funds based on their population's share of children and portion of prior TANF expenditures dedicated to cash assistance.

*Nine states representing half of the national caseload delegate the administration of TANF (which funds a wide range of anti-poverty programs and family services) to counties.*

**Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) Expansion:**

- In 2021, would expand the CTC to $3,000 per child aged 6-17 ($3,600 for children under age 6) and make the credit fully refundable in 2021. The U.S. Treasury Department would be instructed to issue the credit in the form of periodic payments or as frequently as is feasible beginning in July. This proposal would cost an estimated **$105 billion** in FY 2021 and FY 2022.
- Would increase the EITC for childless workers by up to $1,000 and expand the minimum and maximum age for claiming the credit in 2021. This proposal would cost an estimated **$16 billion** in FY 2021 and FY 2022.

*The proposed CTC expansion is expected to cut child poverty by half in 2021, a key county priority.*

**Individual Assistance Payments:** Would authorize another round of Economic Impact Payments worth $1,400 per individual (including child and non-child dependents) with a slightly accelerated phase-out for higher-income earners. This proposal would cost an estimated **$422 billion** total in FY 2021 and FY 2022.

*All income-eligible county residents will qualify for assistance payments, including vulnerable residents relying on county governments for front-line social safety services.*

## HOUSING AND UTILITY ASSISANCE

**Emergency Rental Assistance Program:** Would provide **$26 billion** for emergency rental assistance, including **$21.2 billion** for the U.S. Treasury Department to allocate to states, territories, counties and cities.

*County governments with populations greater than 200,000 would receive additional direct funding to keep families in stable housing and prevent an eviction crisis during the health emergency.*

**Homeless Assistance:** Would provide **$4.75 billion** to HUD for homelessness funding to be distributed through the HOME Investment Partnerships program formula.

*The majority of HOME funds (60 percent) are distributed to 647 local jurisdictions, including urban counties with populations over 200,000 not including their largest metropolitan city, to provide affordable housing to low-income families.*

**Housing Choice Vouchers:** Would provide **$5 billion** to the U.S. Department of Housing and Urban Development (HUD) for emergency Housing Choice Vouchers.

*Counties support increasing the supply of housing choice vouchers to assist with providing affordable housing for families.*

**Homeowner Assistance Fund:** Would provide **$10 billion** for the Homeowner Assistance Fund and allocates funds to states, territories, and tribes to provide homeowners struggling to make mortgage payments due to the pandemic with direct assistance for mortgage payments, property taxes, property insurance, utilities, and other housing related costs.

*Counties support assistance to families to maintain stable housing conditions during the public health crisis and beyond.*

**Low Income Home Energy Assistance Program (LIHEAP):** Would provide $4.5 billion in emergency LIHEAP funds to remain available until September 30, 2022.

*Counties fully or partially administer the LIHEAP program in 13 states.*

## FOOD AND NUTRITION ASSISTANCE

**Supplemental Nutrition Assistance Program (SNAP):**

- Would extend the recently enacted 15% SNAP benefit increase through September 30, 2021 (currently set to expire June 30).
- Would provide an extra **$1.1 billion** in funds for state SNAP administration to be allocated over the next three fiscal years, an amount commensurate with a 100 percent federal administrative match.
- Would extend the Pandemic-EBT program (which provides SNAP benefits to low-income children who have lost access to meals at

school and child care due to the pandemic) through the summer months. This proposal would cost roughly **$5 billion**.

*Ten states representing 32 percent of total participants delegate the administration of SNAP (which funds monthly grocery benefits for low-income families) to counties. In these states counties often contribute local dollars to the program's 50 percent non-federal administrative match.*

**Special Supplemental Nutrition Program for Women, Infants and Children (WIC):** Would provide **$800 million** to fund a temporary 4-month increase in the value of WIC food vouchers and to promote increased program participation.

*WIC (which provides food assistance, nutrition education and service referrals to nutritionally-at-risk, low-income pregnant/post-partum women, infants and children) operates through 1,900 local agencies in 10,000 clinic sites, many of which are county health departments.*

## SUPPORTS FOR WORKERS AND EMPLOYERS

**Federal Unemployment Benefits:** Would extend federal unemployment benefits through August 29, 2021 and increase the weekly benefit from $300 to $400 beginning March 14, 2021. It would also extend the Pandemic Unemployment Assistance program through August 29, 2021 and allow emergency unemployment relief for governmental entities and nonprofit organizations.

**Minimum Wage:** Would raise the federal minimum wage from $7.25 per hour to $15 per hour by 2025. *Note: this provision will not comply with Senate budget reconciliation rules and lawmakers will most likely alter or remove it from a final package.*

**Emergency Paid Leave and Paid Leave Tax Credit:** Would extend the Families First Coronavirus Response Act (FFCRA) emergency paid leave program through September 30, 2021 and provide up to 12 weeks of paid sick and family medical leave related to the COVID-19 pandemic.

Notably, public sector employers, **including counties**, would be made newly eligible to receive the FFCRA tax credit for wages or compensation paid to an employee who is unable to work due to the pandemic. Currently, counties are not eligible to receive this credit, impacting our already strained budgets.

Additionally, as previously authorized under the FFCRA, a local government employer that provides paid leave wages under the Emergency Paid Sick Leave Act or Expanded Family Medical Leave Act would not be required to pay the employer's share of social security tax on the paid leave wages.

*Counties employ almost 3.5 million individuals, and without this tax credit, the high costs of funding the enhanced paid leave benefits could harm counties' ability to provide critical services that are necessary for a successful pandemic response.*

## AGING SERVICES

**Older Americans Act (OAA) Programs:** $1.4 billion in emergency OAA funding, including **$740 million** for senior nutrition programs, **$470 million** for home-and-community-based support services and **$145 million** in assistance for grandparents caring for grandchildren.

*OAA funding goes directly to Area Agencies on Aging, more than half of which are fully or partially operated by county governments.*

# ECONOMIC ASSISTANCE FOR BUSINESSES AND COMMUNITIES

## EDUCATION AND CHILD CARE STABILIZATION

**Elementary and Secondary Education Relief Fund: $130 billion** in emergency funds to support K-12 schools in safely reopening, 20 percent of which must be used to address learning loss.

*Along with sharing a tax base with local school boards and providing complementary services to local students, counties play a role in funding K-12 schools in five states: Alaska, Md., N.C., Va. and Tenn.*

**Distance Learning:** $7.6 billion for an Emergency Connectivity Fund for the Federal Communications Commission (FCC) E-Rate program, (which helps schools and libraries obtain affordable broadband) to support virtual learning.

*During the pandemic, counties and other local governments have contributed local dollars and federal relief funds to help students without at-home internet attend virtual school.*

**Head Start:** Would provide **$1 billion** in emergency funding to be distributed across existing Head Start agencies according to their share of total enrolled children.

*Head Start (which funds early childhood education for low-income children) delivers services through 1,600 local agencies, many of which are sponsored by county governments.*

**Child Care and Development Fund (CCDF): $39 billion** in emergency funds for the discretionary portion, the Child Care Development Block Grant program (CCDBG), **$15 billion** of which would be distributed according to the regular formula and available through FY 2024. The remainder would go to states to make subgrants directly to child care providers. The mandatory Child Care Entitlement to States (CCES) would also receive a permanent annual increase of **$600 million**, with the state match waived in FY 2021 and FY 2022.

*Eight states delegate the administration of CCDF (which supports child care subsidies for low-income families) to counties.*

**Child and Dependent Care Tax Credit (CDCTC)**: Would expand the CDCTC in 2021, making it refundable (therefore available to lower-income employees) and increasing the maximum rate by 50 percent. This proposal would cost an estimated **$7 billion** total in FY 2021 and FY 2022.

*County employees may be able to claim this credit, making it easier for them to afford the necessary child/dependent care to continue working.*

### SUPPORTS FOR SMALL BUSINESSES AND ECONOMIC DEVELOPMENT

**Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL):** Would provide an additional **$7.25 billion** for the PPP and **$15 billion** for the EIDL Advance program.

*The PPP and EIDL program help stabilize county economies by keeping small businesses afloat. Many counties also provided small business loans with CRF dollars authorized under the CARES Act.*

**Economic Development Administration:** Would provide $3 billion for the Economic Development Administration (EDA) for economic adjustment assistance. Of this amount, 15 percent of funding is reserved for assistance to communities that have suffered economic injury as a result of job losses in the travel, tourism or outdoor recreation sectors.

*EDA is a critical resource, particularly for rural counties, in providing essential grants for job creation, economic recovery and economic development planning.*

## SUPPORT FOR TRANSPORTATION & EMERGENCY RESPONSE

### FUNDING FOR TRANSPORTATION

**Public Transit:** Would provide **$30.46 billion** available through FY 2024 at a 100 percent federal share for all eligible recipients of transit formula grants for operating expenses incurred beginning on January 20, 2020, including payroll reimbursement, operating costs due to lost revenue and the payment of leave for personnel laid off due to service reductions.

*Counties directly support 78 percent of the nation's public transit systems.*

**Airports:** Would provide **$8 billion** available through FY 2024 through Airport Improvement Program (AIP) formulas at a 100 percent federal share, including:

- Funding for operations, personnel and sanitation to combat the spread of COVID-19: $6.5 billion for primary and certain cargo airports

($6.5 billion) and $100 million for general aviation and commercial service airports

- $800 million for primary airport sponsors to meet rent and other obligations to airport concessionaires
- $608 million to cover the full federal share of these projects, including retroactively for FY 2020.

*Counties own or support the operation of 34 percent of America's public airports.*

**Amtrak:** Would provide **$1.5 billion** available through FY 2024 to prevent, prepare for, and respond to coronavirus, including $820.39 million for the Northeast Corridor and $679.61 million for the National Network.

*Counties support continued federal subsidies to Amtrak at a level consistent with maintaining a reasonable level of service and to provide necessary capital improvements with appropriate accountability controls.*

## FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) RESOURCES

**Disaster Relief Fund:** Would provide **$50 billion** for FEMA's Disaster Relief Fund to meet the immediate needs of state, local, tribal and territorial governments.

*FEMA's Disaster Relief Fund provides funding for key FEMA programs important to counties, including the Public Assistance (PA) Program.*

**Funeral Assistance:** Would extend the 100 percent federal cost share increase for funeral assistance provided by FEMA, which had previously only been for costs incurred before December 30, 2020.

*These funds would reimburse county residents for funeral costs associated with the COVID-19 pandemic.*

# NACo GOVERNMENT AFFAIRS DIRECTORY

Mark Ritacco
Director
**Government Affairs**
(202) 942-4240

Blaire Bryant
Associate Legislative Director
**Health**
(202) 942-4246

Daria Daniel
Associate Legislative Director
**Community, Economic & Workforce Development**
**Liaison to the Large Urban County Caucus**
(202) 942-4212

Eryn Hurley
Associate Legislative Director
**Finance, Pensions & Intergovernmental Affairs**
**Liaison to the Immigration Reform Task Force**
(202) 942-4204

Jessica Jennings
Associate Legislative Director
**Transportation**
(202) 942-4264

Rachel Mackey
Associate Legislative Director
**Human Services & Education**
**Liaison to the Veterans and Military Services Standing Committee**
(202) 661-8843

Brett Mattson
Associate Legislative Director
**Justice & Public Safety**
(202) 942-4234

Adam Pugh
Associate Legislative Director
**Environment, Energy & Land Use**
(202) 942-4269

Arthur Scott
Associate Legislative Director
**Agriculture and Rural Affairs**
**Broadband Taskforce**
**Telecommunications and Technology**
**Liaison to the Rural Action Caucus**
**Political Outreach Manager**
(202) 942-4230

Jonathan Shuffield
Associate Legislative Director
**Public Lands**
**Liaison to the Western Interstate Region**
(512) 965-7268

Zachary George
Legislative Assistant
**Environment, Energy & Land Use**
**Telecommunications and Technology**
**Transportation**
(202) 661-8819

Nicolette Gerald
Legislative Assistant
**Human Services & Education**
**Justice & Public Safety**
(202) 942-4260

Aaliyah Nedd
Legislative Assistant
**Agriculture and Rural Affairs**
**Finance, Pensions & Intergovernmental Affairs**
**Public Lands**
(202) 661-8833

Sarah Gimont
Legislative Assistant
**Community, Economic & Workforce Development**
**Health**
(202) 942-4256