



FEDERAL GUIDANCE FOR THE AMERICAN RESCUE PLAN ACT

PRESENTED BY PHIL SLETTEN, SENIOR POLICY ANALYST

BREAKFAST BUDGET BRIEFING
MAY 17, 2021

BRIEF OVERVIEW OF THE AMERICAN RESCUE PLAN ACT (ARPA)

ARPA AID TO INDIVIDUALS AND HOUSEHOLDS

- Economic Impact Payments, generally \$1,400 per person for low- and middle-income households
- Child Tax Credit expanded, fully refundable for 2021
- Earned Income Tax Credit expanded for certain adults in 2021
- Unemployment compensation eligibility expansion continues, additional \$300 per week provided through Sept. 6, 2021
- Supplemental Nutrition Assistance Program benefits increase, a 15 percent boost, extended to September 30, 2021
- Enhanced subsidies for health insurance on individual marketplace
- Emergency rental assistance (\$152M to New Hampshire)
- Child Care and Development Funds (\$30M to New Hampshire), for low-income and essential worker families

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021

ARPA AID DIRECTED TO NON-GOVERNMENTAL ORGANIZATIONS

- Child Care Stabilization Grants for centers with less revenue, higher costs during pandemic (\$48M to New Hampshire)
- Higher Education Emergency Relief Fund, focus on student assistance (\$165M to New Hampshire schools)
- Emergency Assistance to Non-Public Schools (combined \$7M to New Hampshire schools)
- Aid to health centers funded through the U.S. Health Resources and Services Administration for several purposes
- Expanded Paycheck Protection Program eligibility
- Tax credits for smaller employer paid sick, family leave costs
- Aid focused on restaurants and closed venues

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of Education; U.S. Department of the Treasury; NH Office of Legislative Budget Assistant

ARPA AID TO GOVERNMENTS

- Elementary and Secondary School Emergency Relief, reopening schools and addressing pandemic learning loss (\$350M to New Hampshire K-12 schools)
- Temporary Assistance to Needy Families one-time allocation (\$4M to New Hampshire)
- Enhanced federal funding for home and community-based services through Medicaid, April 2021-March 2022
- Capital Projects Fund, critical investments in broadband, capital assets (\$122M to New Hampshire)
- State Small Business Credit Initiative (\$56M to New Hampshire)
- Coronavirus State and Local Fiscal Recovery Funds

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of Education; U.S. Department of the Treasury; NH Office of Legislative Budget Assistant

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS: NEW FEDERAL GUIDANCE

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

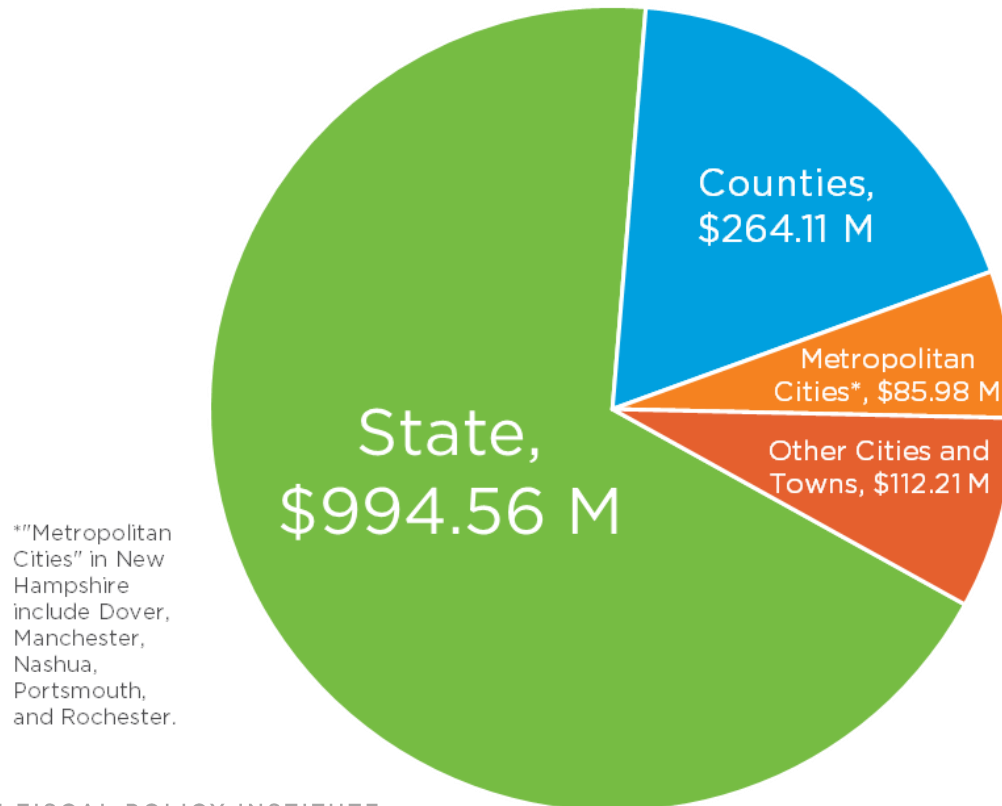
- Allocation to States based on \$500 million minimum allocation
- Remainder of State allocation based on portion of all unemployed workers nationally in each state
- County allocations based on county share of population of all counties nationally, with certain adjustments for urban counties
- Metropolitan cities receive distributions in a similar method to the Community Development Block Grant formula, with adjustment for focus on cities and exclusion of counties (in New Hampshire: Dover, Manchester, Nashua, Portsmouth, and Rochester)
- Non-metropolitan municipalities based on population
- Funding in two tranches for locals and State of New Hampshire

Source: U.S. Department of the Treasury

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS IN NEW HAMPSHIRE

NEW HAMPSHIRE'S ALLOCATIONS OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Source: U.S. Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, accessed May 16, 2021



STATED OBJECTIVES FOR FLEXIBLE FUNDS

Objectives Identified by U.S. Department of the Treasury:

- “Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control”
- “Replace lost public sector revenue to strengthen support for vital public services and help retain jobs”
- “Support immediate economic stabilization for households and businesses”
- “Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations”

Source: U.S. Department of the Treasury, FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver \$350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs, May 10, 2021

PERMITTED AND EXAMPLE USES

- Considerable flexibility, community engagement urged
- Address health disparities exacerbated by COVID-19, including behavioral and mental health services, substance misuse aid
- Respond to economic impacts with aid to workers, households, families, small businesses, nonprofits, and impacted industries
- May presume eligibility for assistance of low- or moderate-income households or communities
- Certain housing services, lead paint remediation
- Conduct outreach and helping people access services
- Premium pay, including retrospective pay, for essential workers
- Transfer funds between government levels (ex.: State to town)
- Broadband infrastructure, wide array of water, sewer infrastructure
- Help to most impacted, foster long-term health, economic benefits

Sources: U.S. Department of the Treasury, Interim Final Rule, Quick Reference Guide for Coronavirus State and Local Fiscal Recovery Funds, and Frequently Asked Questions, May 10, 2021; Center on Budget and Policy Priorities

STATE REVENUE-BASED PROVISIONS

- Funds may be used to pay for services to residents as an offset to revenue losses due to the pandemic, measured using Census Bureau's "General Revenue from Own Sources"
- Using State Fiscal Year 2019 as base year, assumed rates of growth (historical or 4.1 percent annually), revenue loss can be measured at the end of 2020, 2021, 2022, and 2023
- Federal funds cannot be used to directly or indirectly offset net State tax revenue reductions
- Net tax revenue reductions counted against State Fiscal Year 2019 revenues, adjusted for inflation; any reductions above that do not result in federal aid losses
- Raising other revenues, or spending reductions not in departments assisted by federal funds, can be tied directly to revenue reductions

Sources: U.S. Department of the Treasury, Interim Final Rule, Quick Reference Guide for Coronavirus State and Local Fiscal Recovery Funds, and Frequently Asked Questions, May 10, 2021; Center on Budget and Policy Priorities

PROHIBITIONS AND LIMITATIONS

- Cannot be deposited into pension funds or Rainy Day Fund
- Cannot be used to increase Unemployment Compensation Fund balance to beyond pre-pandemic levels
- Cannot be used to pay interest or principal on existing debt
- Cannot match other federal funds, such as Medicaid
- Generally may not be used to support governmental pandemic expenses from before March 3, 2021
- Generally cannot be used for non-specific economic or workforce development outside of pandemic-specific impacts
- Costs must be incurred and obligated by the end of 2024, expended by December 31, 2026

Sources: U.S. Department of the Treasury, Interim Final Rule, Quick Reference Guide for Coronavirus State and Local Fiscal Recovery Funds, and Frequently Asked Questions, May 10, 2021; Center on Budget and Policy Priorities

TAKEAWAYS

- APRA provides significant funds to New Hampshire for targeted investments, assistance to individuals, recovery rather than relief
- Total assistance likely to total several billion dollars
- Coronavirus State and Local Fiscal Recovery Funds: \$1.457 billion to New Hampshire State and local governments
- Wide variety of uses, primarily economic and health impacts
- Many key provisions time-limited, including both flexible aid and assistance to individuals
- Revenue provisions indicate State likely to get aid for revenue losses, unlikely to lose aid due to smaller tax reductions
- Interim Final Rule: “Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.”



ADDRESS: 100 North Main Street, Suite 400, Concord, NH 03301

PHONE: 603.856.8337

WEBSITE: www.nhfpf.org

EMAIL: info@nhfpf.org

TWITTER: @NHFPI

FACEBOOK: NewHampshireFiscalPolicyInstitute