

Slide 1: Introduction

- Hello everyone! I'd like to thank ECIA for inviting me to speak to you today. We're so happy to have a ECIA as a member here at the National Association of Regional Councils, which represents over 500 regional councils across America. We've been working with ECIA directly over the past couple of years in developing an economic development roadmap for the region and they've really exceeded all expectations. And I can't wait to see where they take the plan from here.

Slide 2: American Rescue Plan Becomes Law

- Let's just jump right into it, shall we? As I'm sure you all know, the latest congressional bill targeted at coronavirus relief and recovery, called the American Rescue Plan, was passed through Congress and signed into law last week. And boy is it a whopper! Over \$1.9 trillion is provided for several areas of response, many of which I will cover today.

Slide 3: Direct Payments to Individuals and Families

- The section with perhaps the most direct impact on millions of individuals and families nationwide are the direct payments from the IRS – an estimated 159 million households. There was a joke going around that many people would be “seeing green” this St. Patrick's Day since most stimulus payments were expected to be sent via direct deposit yesterday. Additional batches of stimulus payment are set to go out in the coming weeks, with physical checks or debit cards being mailed out to those without direct deposit.
- \$1,400 payments will also go out to eligible dependents, which this time includes those ages 17 and up. The money will be sent to those who claim the dependent(s).
- Individuals need a valid Social Security number to qualify. If you file your taxes with an individual taxpayer identification number, you do not qualify. For married couples with one spouse with a SSN, only the spouse with the SSN will receive a payment. Their children also qualify depending on whether they have a SSN.
- Information on who qualifies: <https://www.cnbc.com/2021/03/12/1400-stimulus-checks-are-on-the-way-heres-who-qualifies.html>

Slide 4: State & Local Fiscal Recovery Funds: Overview

- This is probably why most of you are here: to learn about the direct state and local aid provided by the package!
- As you can see, the package provides a total of \$350 Billion in direct fiscal recovery funds. The recipients are states, municipalities, and counties (which I'll go more into detail with) as well as U.S. Territories (\$4.5 billion) and Tribal governments (\$20 billion).
- The direct aid is expected to go out in two batches. The first is expected to be delivered no later than 60 days from the day of enactment, or about May 10th. The second batch will come no later than May 10th, 2021 – one year later.

- Now the biggest question we've been getting other than "How much money am I going to get?" is "What am I allowed to spend this money on?" Pretty substantial changes were made by a last minute Senate managers amendment to the list of eligible uses of funds. The first is to respond to the public health emergency with respect to COVID-19 or its negative economic impacts. This is meant to be very broad on purpose. Congressional Democrats wrote in the language that you can provide assistance to households, small businesses, nonprofits, or aid impacted industries such as tourism, travel, and hospitality. But it is critical to know that your use of the funding is not limited to these activities. These activities are listed to make sure Treasury knew it was eligible. National local government organizations are working with Treasury on guidance to make sure the language continues to stay broad and flexible to community needs.
- A new allowable use is to allow you to provide additional compensation to essential workers. Not just for those working for local government, but also for other employers that have employees doing essential work. \$13 an hour with no more than \$25,000 for any one individual over the year. (Frontline healthcare workers, police, firefighters, EMS, transit workers, teachers, etc.)
- There's another provision that allows you to use the funds for lost revenue. You would benchmark your current and future budgets through 2024 to a baseline (likely for most of you, 2019). Treasury will have broad definition of lost revenue. Intent is to allow you to use money to recover lost revenue such as online sales tax, property tax, sales tax, gas tax reductions, park and rec fee reductions.
- It would also allow you to make necessary investments in water, sewer, and broadband infrastructure.
- You cannot deposit funds into pension funds or cannot use the money for tax cuts.
- Funds can be used through December 31, 2024.
- Oversight requirement – local governments are required to provide "periodic reports" providing a detailed accounting of how the funds are being used. If you do not comply with any provision of the bill, you will have to repay the Treasury an equal amount to the funds used in the violation.
- County-by-County Estimates: <https://www.naco.org/resources/featured/state-and-local-coronavirus-fiscal-recovery-funds>

Slide 5: State & Local Fiscal Recovery Funds Distribution: States

- Won't spend too much time here because you are local folks, but you can see the basic breakdown of how states and DC will be receiving funding.

Slide 6: State & Local Fiscal Recovery Funds Distribution: Counties

- Now I should probably make this clear up at the top: this pot of money is different from the CARES Act where counties had to suballocate or chose to suballocate funding to their smaller municipalities. These smaller municipalities should receive their own direct

allocation. So the money that the counties will receive really is intended for their own use. Which is great because I'm sure those working for the county government can think of plenty of ways to spend it on their own!

- As stated here, \$65.1 Billion will be directly allocated to counties across the United States (including parishes in Louisiana, boroughs in Alaska and consolidated city-county entities). How much a county will get is determined by share of total US population.
- Those that receive CDBG funding as an urban entitlement county – if your CDBG
- County-by-County Estimates: <https://www.naco.org/resources/featured/state-and-local-coronavirus-fiscal-recovery-funds>
 - Cedar County: \$3.6 million
 - Clinton County: \$9 million
 - Delaware County: \$3.3 million
 - Dubuque County: \$18.8 million
 - Jackson County: \$3.7 million

Slide 7: State & Local Fiscal Recovery Funds Distribution: Municipalities

- Now the way that direct aid will be given to municipalities – including cities, townships and villages – depends on the size of their population. Either way, it's incredible to think that all 19,000 municipal governments will be getting some kind of federal aid. Like I mentioned for counties, this funding for municipalities is not co-mingled in any way with the state or county pots of money.
- For municipalities over 50,000, aid amounts will be calculated by using the CDBG formula that measures population + poverty + housing instability.
- For the smaller guys, states are required to suballocate that funding according to a per-capita formula.
- There are protections in place for the small municipalities if the states do not suballocate the funds to the smaller cities – the Treasury will clawback state funds by an amount equal to the funding not allocated to municipalities. So they have incentive to follow through or risk losing their own pot of money.
- The question of calculating just how much these smaller municipalities are going to get is complicated. The legislation says that no city with less than 50,000 residents can receive a grant that is larger than an amount equal to 75% of their pre-pandemic budget. Although Congress has created and refined estimates of payments to individual localities based on the best available data from the U.S. Census, small city budgets is not systematically collected by any federal entity – so they cannot accurately estimate the amount considering the grant cap. We expect Treasury to provide a way for small cities and towns to certify what that cap amounts to for the municipality.
- Great news is that there is no minimum population threshold to receive funding and that it can be transferred between jurisdictions or nonprofit partners.

- NLC Summary: <https://www.nlc.org/article/2021/03/12/everything-you-need-to-know-about-covid-relief/>

Slide 8: Stopping the Spread of the Virus

- Now we're getting to more general categories that are included in the American Rescue Plan. It just scratches the surface and is by no means an exhaustive list, so if there's something that you're interested in that I can help you find in the text later on, please let me know during Q&A!
- A widespread COVID-19 relief bill wouldn't be complete without some sort of funding that is solely dedicated to stop the spread of the virus that started all this.
- \$20 billion was provided to establish a national COVID-19 vaccination program and to improve the and distribution of vaccinations. This includes money for the CDC to prepare, promote, distribute, administer, monitor, and track vaccines, as well as to undertake a vaccine awareness and engagement campaign; money for FEMA to establish vaccination sites across the country; direct money to the Indian Health Service for vaccine activities; provide money to the Biomedical Advanced Research and Development Authority to support research, development, manufacturing, purchasing, etc. of vaccines and medical products to address COVID-19; and require coverage of COVID-19 vaccines and treatments in the Medicaid program at zero cost-sharing.
- \$51 billion was given to expand testing, contract tracing, and mitigation and related activities. This includes money for implementing a national strategy for carrying out these activities; funding the Defense Production Act to close the gap in domestic manufacturing to fulfill US public health needs like PPE and vaccine production; directing funds to Indian Health Service for these activities; provide funding for genomic surveillance to detect and respond to emerging strains of COVID-19; and give money to CDC to establish and maintain data surveillance and analytics, including modernizing the US disease warning system.

Slide 9: Housing and Utility Assistance

- For those of you that receive or are eligible for HOME Investment Partnership Program funding, some good news for you here. The bill provides \$5 billion for homeless prevention and supportive services through the HOME formula. Most HOME funds (60 percent) are distributed directly to 647 local jurisdictions to provide affordable housing to low-income families.
- Another program directly administered by localities, the LIHEAP program was granted \$4.5 billion in emergency funds that will remain available until Sept. 30, 2022. The program helps low-income families manage costs associated with home energy bills, energy crises, weatherization, and energy-related minor home repairs.

- The Low-Income Household Drinking Water and Wastewater Emergency Assistance Program was established by Congress at the end of last year to assist low-income families with their water and sewer bills.
- \$5 billion for emergency Section 8 vouchers to assist with providing affordable housing for families.
- The rural housing funding for emergency rental assistance for households living in USDA-subsidized properties.
- For the emergency rental assistance program funding, which was created back in December in the last COVID bill, is another round of emergency rental assistance to be distributed by Treasury to allocate to states, territories, cities, and counties. Localities with a population over 200,000 are eligible to receive direct funding to keep families in stable housing and prevent an eviction crisis. Localities below 200,000 may receive funds through their state government.

Slide 10: Extending Unemployment Benefits

- So there was some back and forth between the House and Senate on how much to provide weekly under the federal supplement unemployment benefits, and they settled at the current \$300 per week. This has been extended from expiring last Sunday to September 6, 2021. There is also language included about how much of these unemployment benefits received in 2020 can be exempted from federal income taxes making less than \$150,000 – an addition made by the Senate.
- The Pandemic Unemployment Assistance Program provides unemployment benefits to some self-employed and pandemic-affected individuals who do not qualify for regular state unemployment benefits (like gig economy workers, people who are self-employed, independent contractors, clergy, etc.). (Goes from 50 weeks to 79 weeks??)

Slide 11: Paycheck Protection Program (PPP)

- The Paycheck Protection Program (PPP) provides loans to help businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. Borrowers may be eligible for PPP loan forgiveness. Money can be used for payroll costs, rent, utilities, worker protection costs related to COVID-19, expenses for operations, etc.
- A borrower is generally eligible for a Second Draw PPP Loan if the borrower:
 - Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses
 - Has no more than 300 employees; and
 - Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020
- Forgiveness of loans could be granted if:
 - Employee and compensation levels are maintained
 - The loan proceeds are spent on payroll costs and other eligible expenses; and

- At least 60 percent of the proceeds are spent on payroll costs
- The application deadline for a PPP loan has not changed under this new relief bill and will wrap up at the end of the month
- The bill makes more entities eligible for PPP loans

Slide 12: Revitalizing Small Businesses

- A Restaurant Revitalization Fund has been created at SBA to offer assistance to restaurants and bars hard hit by the pandemic. You can see the outlined set asides/prioritizations for smaller restaurants and those owned and operated by minorities, veterans, and economically disadvantaged individuals
- Economic Injury Disaster Loan (EIDL) Program was created to provide economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue. The advance repayments provides funds (up to \$10,000 in previous rounds) to businesses located in low-income communities that have no more than 300 employees and that have suffered an economic loss of more than 30%, as determined by the amount that the entity's gross receipts declined during an eight-week period, between March 2, 2020 and Dec. 31, 2021, relative to a comparable eight-week period immediately preceding March 2, 2020. Funds from Targeted EIDL Advances shall not be included in the gross income of the person who receives the grant and that no tax deductions will be denied, no tax attribute reduced, and no basis increase denied due to the exclusion of the grant funds from gross income.

Slide 13: Investing in EDA and FEMA

- The Economic Development Administration, or EDA, is great support like never before thanks to all these COVID relief bills. Just to put things in perspective, they normally receive about \$300 million in annual appropriations. So this allocation is 10 times as much!
- They are getting an extra \$3 billion for economic adjustment assistance. I've heard that this funding will be available to communities via competitive grants for economic development planning, loan funds, and other economic development initiatives. 25% will be reserved for communities that have been hit hard especially when it comes to their tourism, travel, or recreation sectors. Although the language in the bill wasn't too specific, I hope some of the funding being rolled down directly again to Economic Development Districts like they were in the CARES Act.
- The FEMA Disaster Relief Fund is a program that reimburses state, local, and tribal governments dealing with ongoing response and recovery activities. The reimbursements can be used for activities including vaccination efforts, National Guard deployments, providing PPE to frontline workers, and other FEMA resources and activities necessary to combat the pandemic. The federal government did wave the 25%

state and local cost-share back to January of 2020, so those that are waiting for FEMA reimbursement should know that.

- You'll see that there are some other FEMA program funding that localities often get.

Slide 14: Ensuring Food Security

- Extends the recently enacted 15% SNAP benefit increase (which is providing about \$28 per person per month to families in need) through September 30, 2021 (previously set to expire June 30)
- Provides 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
- WIC funding gets a boost, \$490 million of which will enhance benefits for four months and \$390 million of which will support outreach innovation and program modernization funding
- Extends 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 in both FY 2021 and the summer of FY 2022.
Administrative costs for P-EBT are 100 percent reimbursable by the federal government

Slide 15: Safely Re-Open Schools

- As you can see there is a substantial amount of money that will be flowing through school systems, institutions of higher education (half of funding must be dedicated to emergency financial aid grants for students to help prevent hunger, homelessness, and other hardships as a result of the pandemic), and Head Start Programs (flows according to their share of total enrolled children).
- \$7.1 billion for an emergency connectivity fund through the Federal Communications Commission (FCC) E-Rate program, which will help schools and libraries obtain affordable broadband to support virtual learning. More clarity is likely needed from the FCC regarding these regulations.

Slide 16: Supporting Working Families

- The bill provides \$39 billion in emergency funds for the Child Care Development Block Grant program (CCDBG), \$15 billion of which will be distributed according to the regular formula and available through FY 2024. The remaining \$24 billion will go to states to make subgrants directly to child care providers
- The Child and Dependent Care Tax Credit will be expanded in 2021 The new expense limit is now \$8,000 for one qualifying child and \$16,000 for more than one qualifying child. The credit is based on 50% of the expense amount when your adjusted gross income is less than \$125,000. There is a max credit of \$4,000 for one qualifying child and \$8,000 for more than one qualifying child. The credit is completely phased out for joint

filers who have adjusted gross income over \$440,000. It is now refundable as well unlike in previous years

- Child Tax Credit: the credit increases to \$3,000 per qualifying child under 18 or \$3,600 for children under age 6 by the end of 2021. The child tax credit is now also fully refundable. The income phase out for the additional credit amount over \$2,000 per child starts at \$75,000 for single filers and \$150,000 for joint filers
- Extends the emergency paid leave program. Notably, public sector employers, including counties, are now eligible to receive the FFCRA tax credit for wages or compensation paid to an employee who is unable to work due to the pandemic. Additionally, a local government employer that provides paid leave wages under the Emergency Paid Sick Leave Act or Expanded Family Medical Leave Act will not be required to pay the employer's share of social security tax on the paid leave wages

Slide 17: Serving Older Americans

- Supports programs under the Older Americans Act, which is allocated directly to Area Agencies on Aging
- The Elder Justice Act Program is the only dedicated federal funding source available to states and localities to prevent elder fraud and abuse.

Slide 18: Supporting Public Transportation

- Money for transit is on the way! Which is desperately needed
- Provides \$30.46 billion available through FY 2024 at a 100 percent federal share for eligible recipients of urban, rural, senior citizens and individuals with disabilities, and intercity bus transit formula grants for operating expenses incurred beginning on January 20, 2020, including payroll, operating and maintenance costs due to lost revenue, and the payment of leave for personnel laid off due to service reductions
- Amtrak: Provides \$1.7 billion available through FY 2024, including \$970.39 million for the Northeast Corridor and \$729.61 for the National Network
- Provides \$8 billion available through FY 2024 through Airport Improvement Program (AIP) formulas at a 100 percent federal share, including: \$6.5 billion for primary and certain cargo airports 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; and \$608 million to cover the full federal share of these projects, including retroactively for FY 2020.