

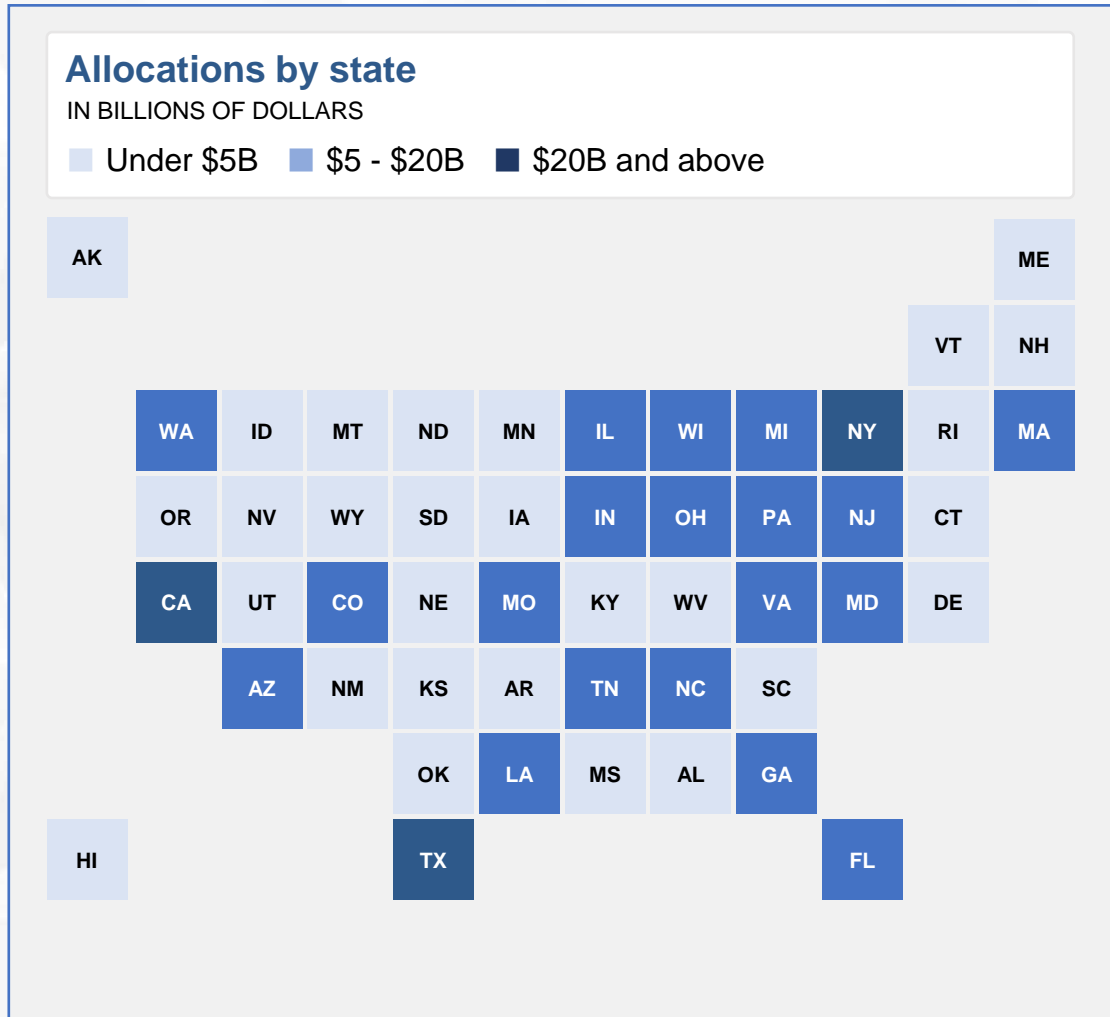


State use of ARPA funds

A breakdown of how states are investing
American Rescue Plan Act dollars

Fall, 2021

The American Rescue Plan Act provided \$350 billion in funding for state and local governments



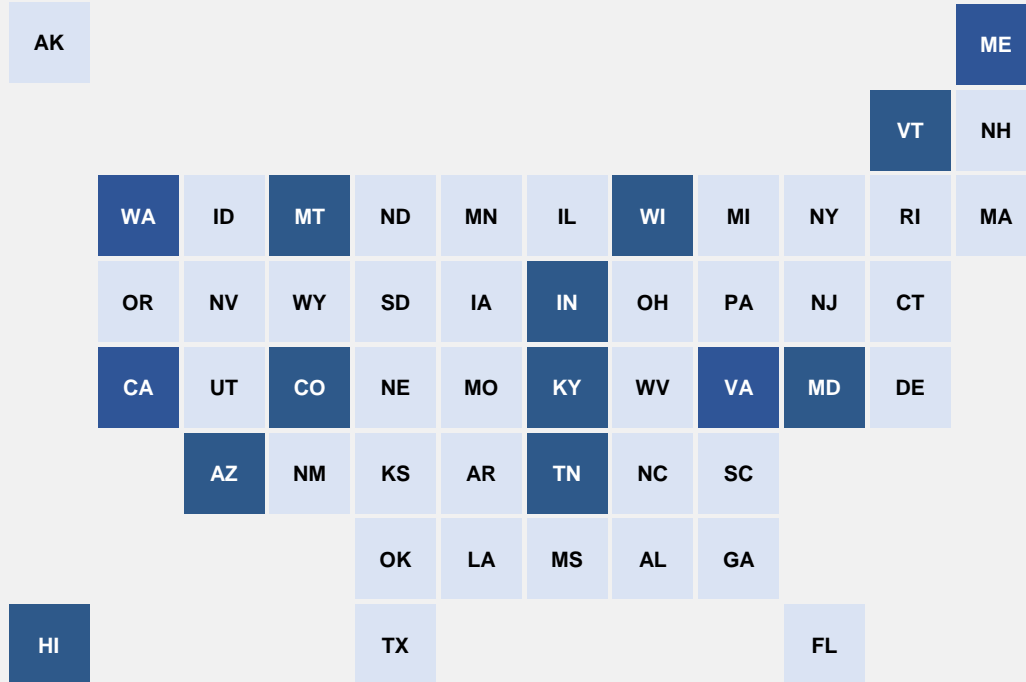
ANALYSIS

- **States - \$195.3 billion**
 - Divided according to state's share of national unemployed
 - At minimum, each state will receive the amount it was allocated by the CARES Act
- **Local governments - \$130.2 billion**
 - Split evenly between cities and counties
 - City aid based on the existing formula for Community Development Block Grants
 - County aid based on population
- Remaining funds split:
 - Tribal govts - **\$20 billion**
 - US territories - **\$4.5 billion**
- 29% of state and local aid will go to California, Texas, and New York

14 states have begun allocating funds from the American Rescue Plan Act towards broadband

States allocating ARPA funds towards broadband

AS OF 8.19.21



BACKGROUND

- The move to virtual learning, remote work, and telehealth has raised awareness of the prevalence of the digital divide across the country
- Low-income, rural, and non-white households are less likely to have adequate access to broadband connectivity
- ARPA also includes \$10 billion Capital Projects Funds (administered by Treasury) whose officials have stated that they prefer states use funds for broadband

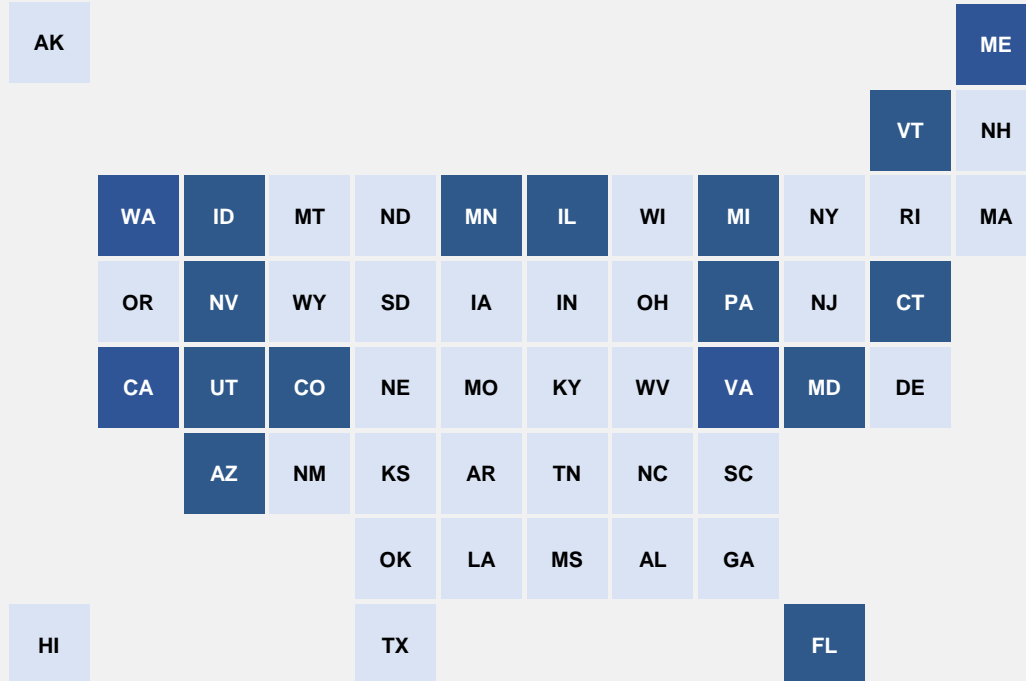
BROADBAND KEY STATE PRIORITY

- Governors across the country are prioritizing improvements to state internet access, suggesting that many more states will use ARPA funds for broadband
- Multiple states used CARES Act funds to address connectivity needs

17 states have begun allocating funds from the American Rescue Plan Act towards education

States allocating ARPA funds towards education

AS OF 8.19.21



BACKGROUND

- ARPA funds can be used to support distance learning, tutoring, and after school programs for both K-12 and higher education students
- These funds can also be directed to support the emotional and mental health needs of students
- ARPA additionally allocates \$7.1 billion for the E-Rate program, which supports broadband connectivity and devices for K-12 students

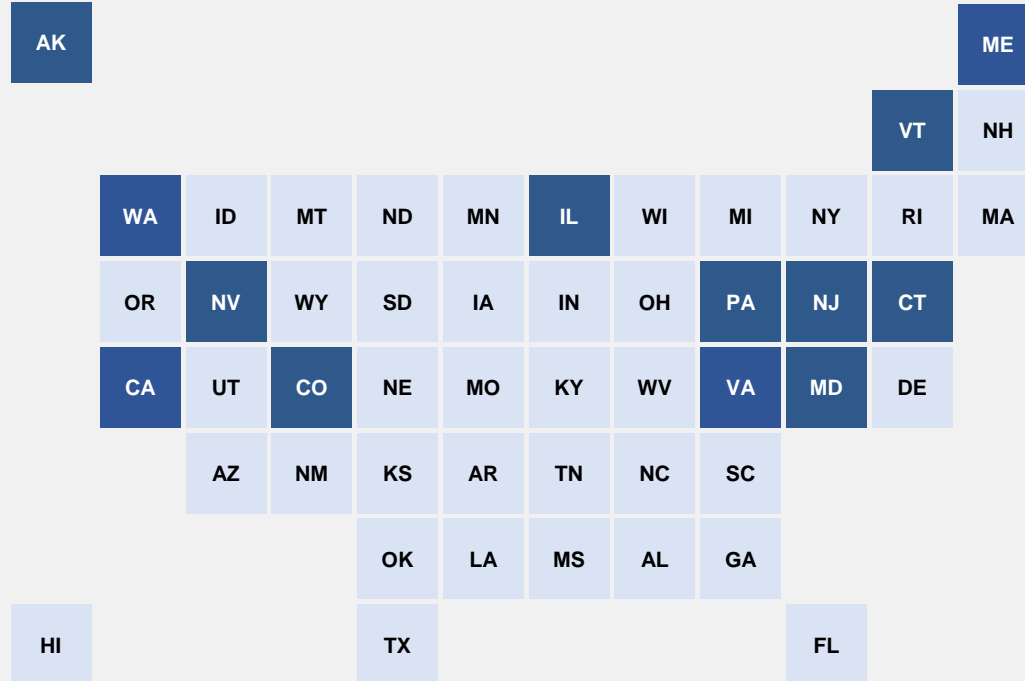
MAJOR STATE TRENDS

- Multiple states used ARPA funds to address deferred maintenance needs in school facilities, including upgrading school HVAC systems
- Governors across the country are also using ARPA funds to invest in either pre-K programming or adult education opportunities

13 states have begun allocating funds from the American Rescue Plan Act towards housing

States allocating ARPA funds towards housing

AS OF 8.5.21



SOURCE NCSL, HUD.

BACKGROUND

- Affordable housing, utility assistance, vouchers and grant programs, and justice support for evictions and foreclosures are all eligible for housing-related ARPA funds
- The ARPA allocates more than \$21.5 billion in emergency rental assistance and nearly \$10 billion in homeowner assistance to cover utility payments and prevent eviction and foreclosure
- The legislation also provides \$5 billion for homelessness assistance and supportive services

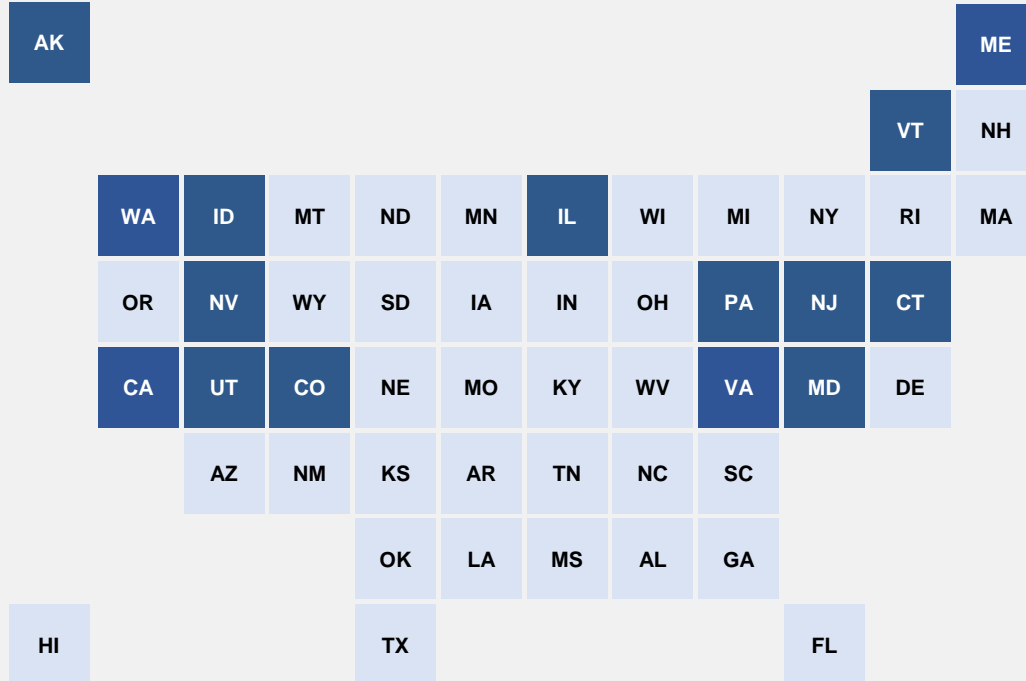
MAJOR STATE TRENDS

- Rental and homeowners' assistance are among the most common uses of ARPA housing funds; state spending in these areas will likely increase as the nationwide eviction moratorium ends October 3
- ARPA funding is also being used to increase affordable housing stock and provide energy efficient upgrades

15 states have begun allocating funds from the American Rescue Plan Act towards human services

States allocating ARPA funds towards human services

AS OF 8.19.21



BACKGROUND

- As the COVID-19 pandemic exacerbated income insecurity for many households, human services programs have taken on a new importance in many states
- Additional human services funding in the ARPA includes \$39 billion for child care, \$1 billion for Head Start, \$1.5 billion for Community Mental Health Services Block grant, and \$1 billion for the Pandemic Emergency Fund, among other provisions

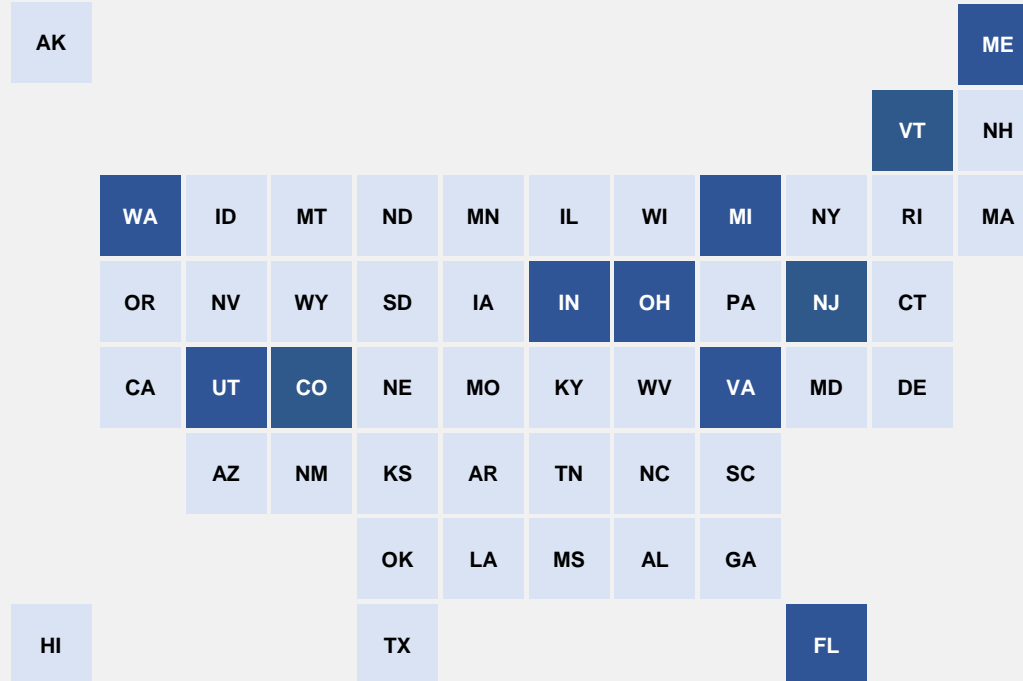
HUMAN SERVICES – STATE ACTION

- Supplemental human services spending varied across states, with most funding going to state Departments of Commerce and Human Services

11 States have begun allocating funds from the American Rescue Plan Act towards general infrastructure

States allocating ARPA funds towards General Infrastructure

AS OF 8.17.21



BACKGROUND

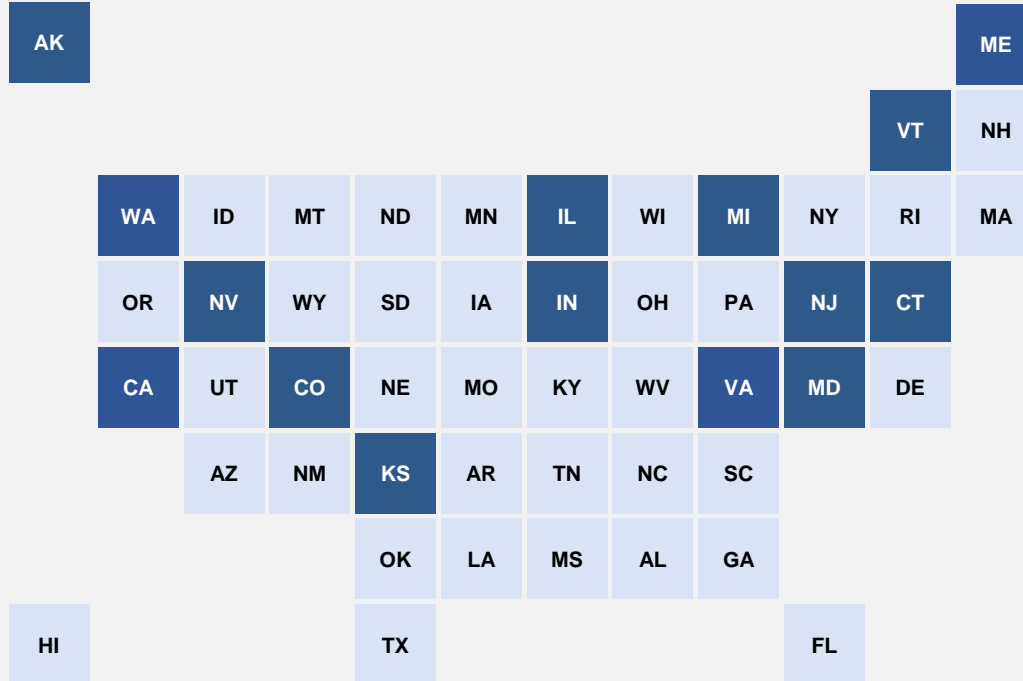
- States are focusing on a multitude of projects to improve widespread issues including health, food, highway, and established infrastructure
- ARPA funds are also being used to improve school buildings and educational infrastructure
- ARPA also includes \$30 billion in transit assistance for personal protective equipment (PPE) and payroll costs

MAJOR STATE TRENDS

- Many states have used ARPA to fund environmental and conservation protection programs to protect land, improve emergency response, and protect wildlife.
- Governors across the country are also using ARPA funds to invest in physical infrastructure including roads, highways, HVAC, and airway systems

15 states have begun allocating funds from the American Rescue Plan Act towards public health

States allocating ARPA funds towards public health
AS OF 8.19.21



BACKGROUND

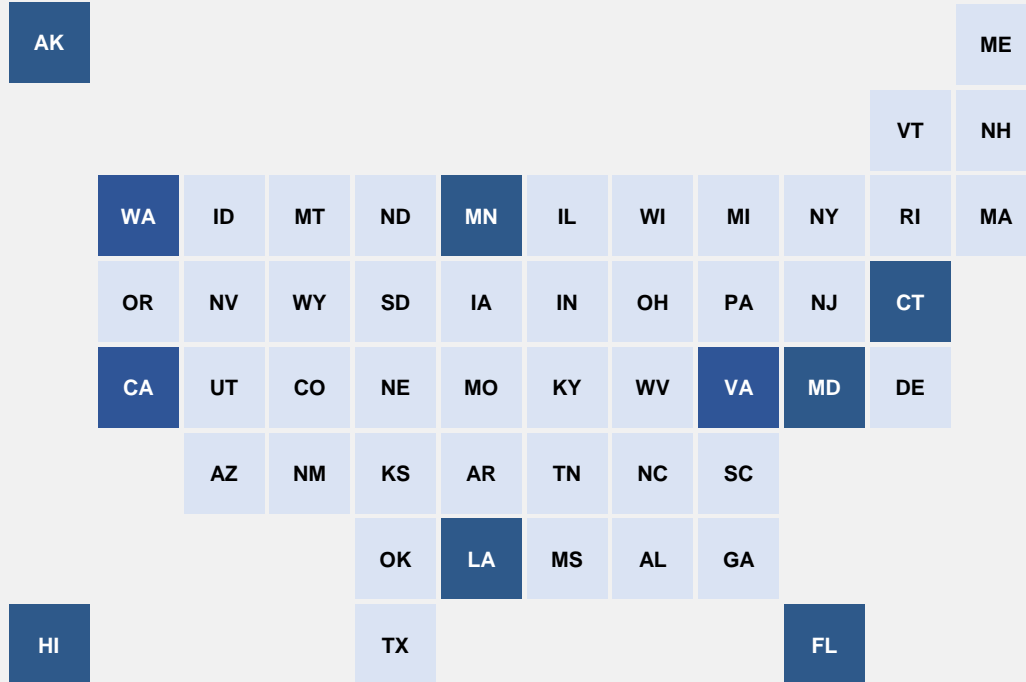
- Public health response has been an essential component of states' activity during the COVID-19 pandemic, including testing, awareness, and more
- Even as the existing pandemic is ongoing, several states are considering their long-term resiliency to disease and are planning for the next pandemic
- Other major public health-related provisions in ARPA include \$200 million in supplemental funding to hire and train disease intervention specialists and more than \$1 billion over 5 years to strengthen the public health workforce.

PUBLIC HEALTH – STATE PRIORITY

- Public health response includes specifically COVID-19-associated programs along with other health priorities, including mental health, domestic violence prevention, and workforce development

Several states have begun allocating funds from the American Rescue Plan towards revenue replacement

States allocating ARPA funds towards revenue replacement
AS OF 8.18.21



BACKGROUND

- The American Rescue Plan allocated \$350 billion to states and local via Coronavirus State and Local Fiscal Recovery Funds
 - Revenue loss replacement falls under the purview of these funds
- States and local governments must calculate lost revenue and are allowed to use the funds for a broad range of government services and programs
- Funds may not be used for rainy day funds, payments on outstanding debt, or fees or issuance costs of new debt

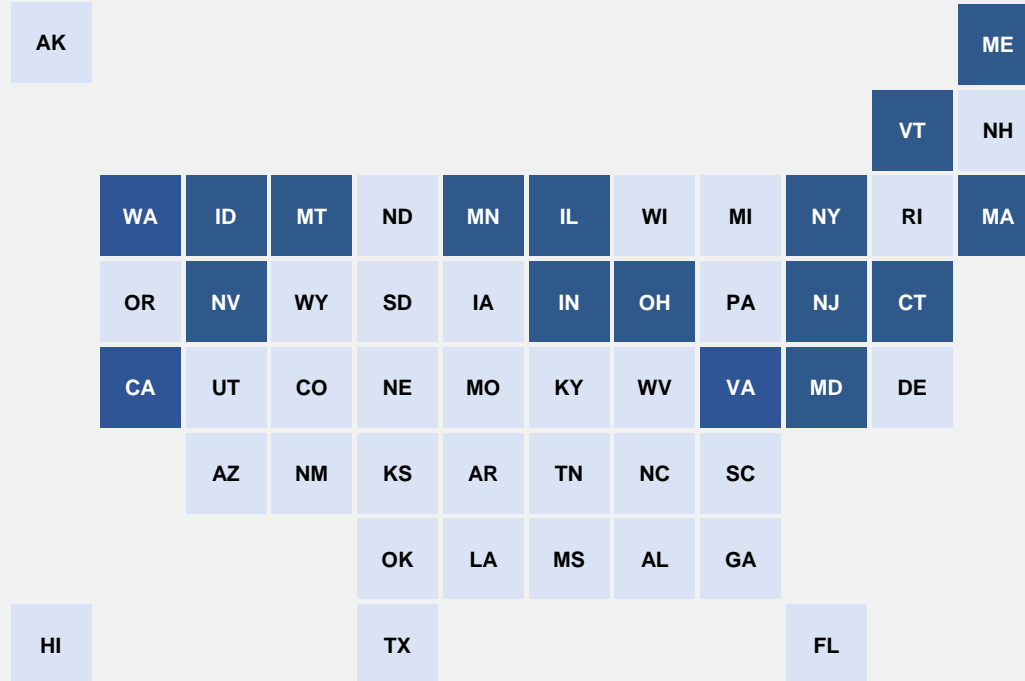
MAJOR STATE TRENDS

- States have allocated revenue replacement funds to a variety of areas from transportation to Department of Veterans Services to Major Events Funds to General Funds

17 states have begun allocating funds from the American Rescue Plan Act towards state operations

States allocating ARPA funds towards state operations and administration

AS OF 8.19.21



BACKGROUND

- States can use funds allocated from ARPA in order to keep their governments running and to support departments or programs that need the most help
- These uses can include reimbursing emergency contractors, conducting audits of the state budget, or providing additional funds to specific departments of state or local governments

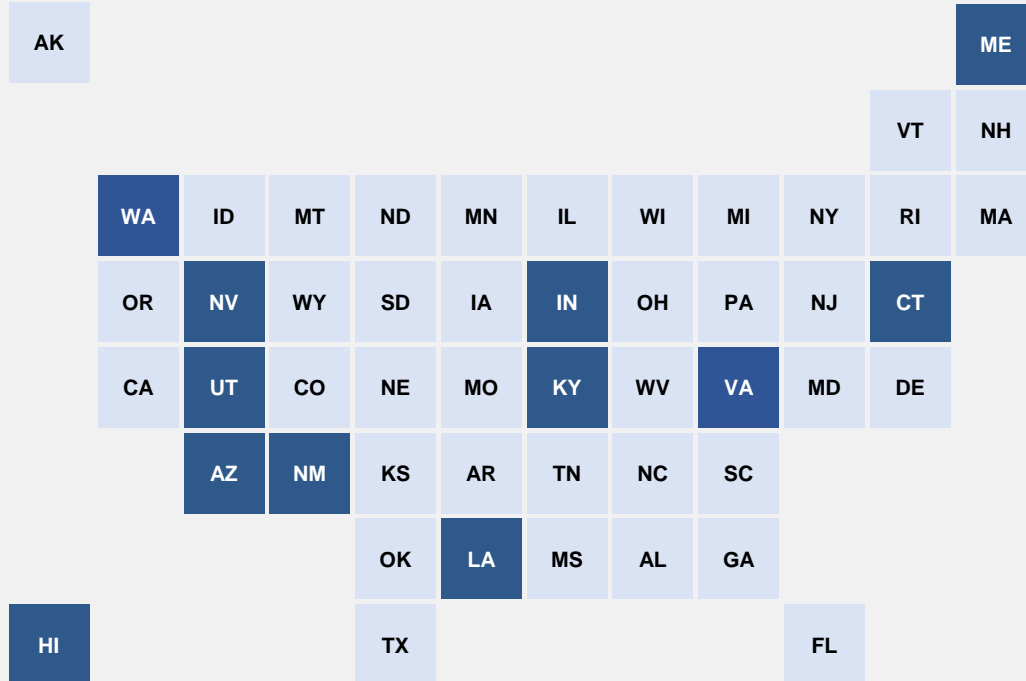
MAJOR STATE TRENDS

- Many states have used ARPA funds to streamline and modernize their administrative processes, including their IT systems and digital health records
- At least four states used ARPA funds to support either the Department of Corrections or provide new equipment for their police forces (i.e. body cameras)

Several states have begun allocating funds from the American Rescue Plan to unemployment trust funds

States allocating ARPA funds towards unemployment trust funds

AS OF 8.19.21



BACKGROUND

- Unemployment trust funds have experienced \$93 billion in losses since the onset of the pandemic
- These funds were severely impacted by the pandemic as the unemployment rate skyrocketed and people filed for unemployment benefits en masse
- While unemployment trust funds are typically financed via employer payroll taxes, states may use ARPA funds to replenish the trust funds back to the amount in the funds on January 27, 2020

MAJOR STATE TRENDS

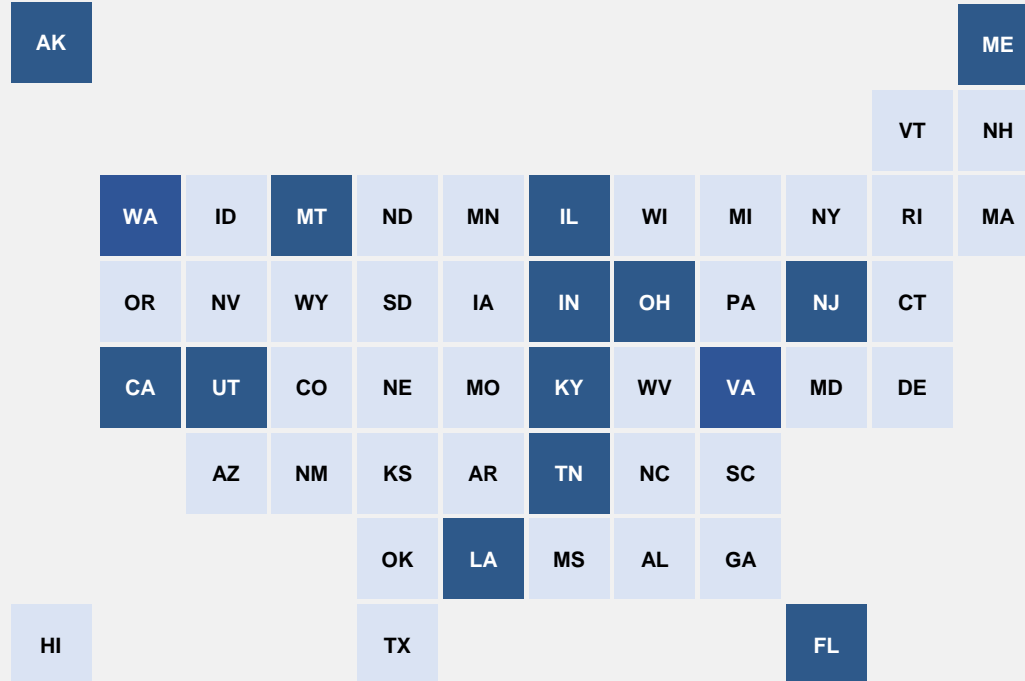
- Lawmakers across the country have started to, or pledged to, use ARPA money to refill unemployment trust funds
- Refilling the funds with federal money is supported by many business groups as it would allow them to avoid an increase in taxes as an alternative way to fill the trust funds

15 States have begun allocating funds from the American Rescue Plan Act towards water infrastructure



States allocating ARPA funds towards Water Infrastructure

AS OF 8.12.21



BACKGROUND

- States are streamlining funds from the ARPA to improve water and sewer infrastructure projects and programs
- Funds can be directed towards assessing water quality, upgrading water systems, and maintenance of water bodies
- Additionally, ARPA also includes \$500 million in water cost assistance to low-income families under established programs in December 2020's COVID-19 relief legislation

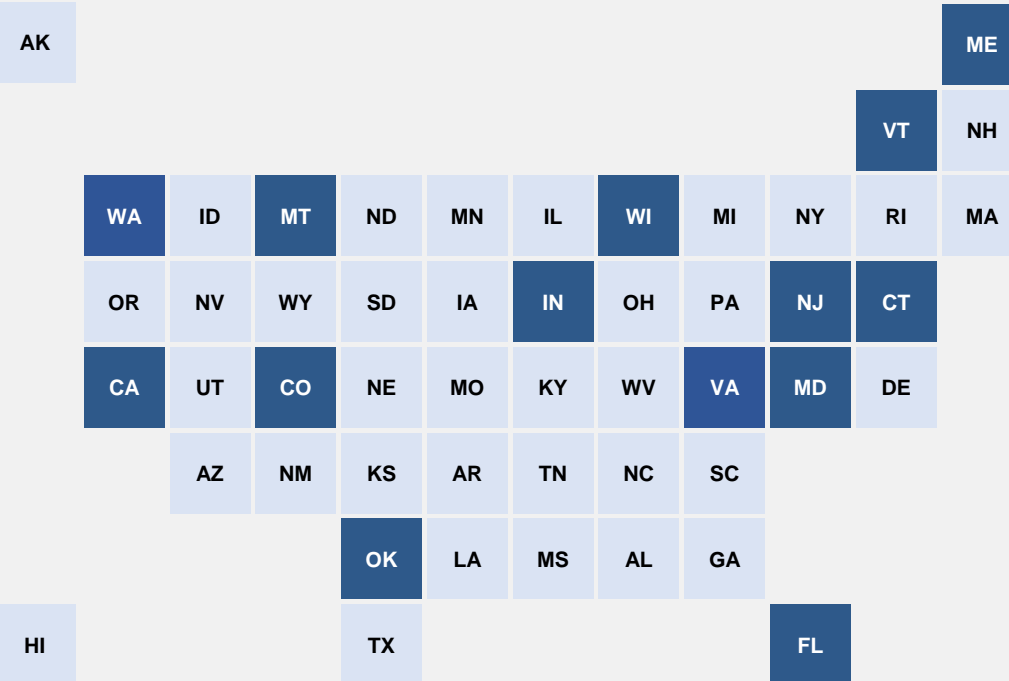
MAJOR STATE TRENDS

- Governors across the country are streamlining funds for sewer, overflow, and piping repair projects
- Four states used grant funding and state or federal legislation to improve access and quality of drinking water

14 states have begun allocating funds from the American Rescue Plan Act towards workforce development

States allocating ARPA funds towards workforce development

AS OF 8.23.21



BACKGROUND

- The pandemic has significantly impacted the financial health and security of businesses and their employees; investments in workforce development allow localities to provide short-term relief and the baseline for long-term growth
- ARPA also includes \$80 million for the creation of a Public Health and Technology Workforce Development Program (administered by Health and Human Services) whose official goal is to root out inequities in the health care industry

MAJOR STATE TRENDS

- Governors across the country are prioritizing the creation or improvement of job development and career training programs
- Multiple states used ARPA funds related to workforce development to address education and public transportation needs