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.

**Allocations by state**

IN BILLIONS OF DOLLARS

- **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**

**SOURCE** USA Today, House Committee on Oversight and Reform, Tax Foundation, Congress.gov.
10 states have begun allocating funds from the American Rescue Plan Act towards access to justice.

**States allocating ARPA funds towards access to justice**

AS OF 8.5.21

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**BACKGROUND**

- ARPA funds can be used to expand or backfill court operations and provide grants to justice programs that increase educational opportunities for inmates, improve health outcomes and economic mobility for ex-offenders, expand access to housing, and support survivors of domestic violence and sexual assault.
- The Biden administration also released guidance for ARPA funds to be used for violence reduction, including hiring more law enforcement officers and Community Violence Intervention (CVI) programs.

**MAJOR STATE TRENDS**

- Multiple states are using ARPA funds for violence prevention and reentry programs amid a rise in gun violence and homicide.
- Funding has also been used in several states to maintain the health and safety of correctional populations and staff.
- At least 3 states are providing funding for eviction and/or foreclosure related suits.

**SOURCE** NCSL, WSJ, CSG Justice Center, Treasury Department.
13 states have begun allocating funds from the American Rescue Plan Act towards arts, culture, tourism

**BACKGROUND**

- The ARPA federally allocated funds towards arts, culture, and tourism will support organizations and jobs in the sectors that have been impacted by the pandemic.
- The ARPA also allocated $135 million the National Endowment of the Arts to help alleviate pandemic pressures for the arts sector.
- The federally allocated funds will allow states to rebuild their tourism market and community engagement.

**MAJOR STATE TRENDS**

- Governors across the country are prioritizing improvements in tourism and community development projects.
- These projects include investing in recreation centers, parks, libraries, and arts organizations.

**States allocating ARPA funds towards arts, culture, and tourism**

**AS OF 8.5.21**

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**SOURCE NCSL, National Endowment for the Arts.**
14 states have begun allocating funds from the American Rescue Plan Act towards broadband

• 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 official 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
13 states have begun allocating funds from the ARPA towards economic relief and development

States allocating ARPA funds towards economic relief and development
AS OF 8.23.21

- US GDP fell by an annual rate of 31.2% in the second quarter of 2020; the unemployment rate peaked at 14.8% in April 2020; while unemployment has now dropped to 5.4%, there are still 5.7 million fewer employees than just before the pandemic
- The American Rescue Plan allocated $3 billion in additional funding to the Economic Development Administration to help restore communities, rebuild their economies, and make them more resilient to future shocks

MAJOR STATE TRENDS
- Several states are granting relief funds to small businesses and organizations that were heavily affected by the pandemic
- California is giving $1.5 billion to small businesses that were hurt by the pandemic; Maine is giving $39 million to firms that provide employees with group health insurance

SOURCE NCSL, Bureau of Economic Analysis, Bureau of Labor Statistics, HUD Exchange...
17 states have begun allocating funds from the American Rescue Plan Act towards education

**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

**SOURCE** NCSL, Congress.gov, The Education Trust

**States allocating ARPA funds towards education**

AS OF 8.19.21
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**

**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

**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

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### 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

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 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.

**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.

*Source: NCSL, Plante Moran*
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

**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

**States allocating ARPA funds towards unemployment trust funds**

AS OF 8.19.21

SOURCE NCSL, State Policy Network, AP.
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

**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

**States allocating ARPA funds towards workforce development**

AS OF 8.23.21

**SOURCE:** NCSL, Brookings, U.S. Department of Health and Human Services