

American Rescue Plan Act (ARPA)

WHAT IS THE AMERICAN RESCUE PLAN ACT?

The ARPA is a \$1.9 trillion relief package with the purpose of aiding individuals and communities throughout the country. All state and local governments will have access to non-competitive funding from the U.S. Department of Treasury.

Allocations will be determined formulaically by population. Larger cities and counties are expected to receive payments directly from the Treasury within 60 days of certification of need. Non-entitlement communities (generally, those with less than 50,000 in population) can expect a formulaic distribution by population, distributed by their state within 30 days of receipt from the Treasury, if unextended.

The legislation was signed into law on March 11, 2021 to coincide as close as possible to unemployment benefits beginning to phase out. Additionally, funding will be available across most federal agencies through competitive grant applications.

HOW DOES ARPA COMPARE TO CARES ACT?

As we compare the ARP to the CARES Act, we see several important differences this time around, all of which are positive and appear to allow for more flexibility. The primary anticipated differences are:



There is more funding potentially available



Money must be spent by 2024



The funds can now be applied to lost revenue



There is more focus on addressing economic impacts of the pandemic



HOW IS THE MONEY BEING ALLOCATED?

The funds are being distributed in two portions, 50% being delivered no later than 60 days from the date of enactment, and the remaining 50% delivered no later than one year from the date of enactment.

States will be distributing the funds to smaller towns within 30 days of receiving a payment from the department. States that miss this 30 day deadline to distribute will have to pay back any undistributed funds.

There is a total of \$195.3 billion to States and a total of \$130.2 billion to Local Governments that will be distributed. To see a listing of allocation by state and county, please visit the NACo site.

(<https://www.naco.org/resources/featured/state-and-local-coronavirus-fiscal-recovery-funds>)

LINKS TO MORE INFORMATION ABOUT THE AMERICAN RESCUE PLAN ACT BELOW:

- American Rescue Plan Act of 2021
(<https://www.ncsl.org/ncsl-in-dc/publications-and-resources/american-rescue-plan-act-of-2021.aspx>)
- State and Local Coronavirus Fiscal Recovery Funds
(<https://www.naco.org/resources/featured/state-and-local-coronavirus-fiscal-recovery-funds>)
- ARPA Bill Text
(<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>)
- Estimated Local Allocations in the American Rescue Plan
(<https://www.nlc.org/resource/estimated-local-allocations-in-the-american-rescue-plan>)
- ARPA Local Relief Frequently Asked Questions
(<https://www.nlc.org/covid-19-pandemic-response/arpa-local-relief-frequently-asked-questions>)