



WASHINGTON UPDATE

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Interim Update – American Rescue Plan \$350B in State and Local Funding

The US Treasury Department has announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan (ARP) Act of 2021, to provide **\$350 billion in emergency funding for state, local, territorial, and Tribal governments**. Of all the various COVID-19 relief bills, the ARP is the only one which included direct funding for state and local governments. The funding has been passed by Congress and signed into law. It will provide significant funding for state and local government agencies.

Treasury released details on the ways funds can be used to respond to acute pandemic-response needs, fill revenue shortfalls among state and local governments, and support the communities and populations hardest-hit by the COVID-19 crisis. Eligible state, territorial, metropolitan city, county, and Tribal governments will be able to access funding directly from the Treasury Department in the coming days to assist communities as they recover from the pandemic.

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. Within the categories of eligible uses listed, **recipients have broad flexibility** to decide how best to use this funding to meet the needs of their communities. In addition to allowing for flexible spending up to the level of their revenue loss, recipients can use funds to:

- Support public health expenditures, by – among other uses – funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, mental health and substance misuse treatment and certain public health and safety personnel responding to the crisis;
- Address negative economic impacts caused by the public health emergency, including by rehiring public sector workers, providing aid to households facing food, housing or other financial insecurity, offering small business assistance, and extending support for industries hardest hit by the crisis
- Aid the communities and populations hardest hit by the crisis, supporting an equitable recovery by addressing not only the immediate harms of the pandemic, but its exacerbation of longstanding public health, economic and educational disparities



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- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service during the pandemic; and,
- **Invest in water, sewer, and broadband infrastructure**, improving access to **clean drinking water, supporting vital wastewater and stormwater infrastructure, and expanding access to broadband internet**. Recipients may use these funds to invest in necessary improvements to their **water and sewer infrastructures**, including projects that address the **impacts of climate change**. Recipients may use this funding to invest in an array of **drinking water infrastructure projects**, such as building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines. Recipients may also use this funding to invest in **wastewater infrastructure projects**, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works. To help jurisdictions expedite their execution of these essential investments, Treasury's Interim Final Rule aligns types of eligible projects with the wide range of projects that can be supported by the **Environmental Protection Agency's Clean Water State Revolving Fund and Drinking Water State Revolving Fund**. **Recipients retain substantial flexibility to identify those water and sewer infrastructure investments that are of the highest priority for their own communities**.
- Treasury's Interim Final Rule also encourages recipients to ensure that water, sewer, and broadband projects use **strong labor standards**, including **project labor agreements** and community benefits agreements that offer wages at or above the **prevailing wage rate** and include **local hire provisions**.
- **There is no funding directed specifically to roads, bridges, transit or airports**. Those programs previously received direct funding in the CARES Act and the CRRSSA.

Here is a [link](#) to the Interim Guidance published by the US Treasury. Here are links to additional information:

[Interim Final Rule](#)

[Fact Sheet](#)

[FAQs](#)

[Quick Reference Guide](#)

[Press Release](#)



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The State and local allocations include:

Type	Amount (\$ billions)
States (and DC)	\$195.3
Counties	\$65.1
Metropolitan Cites	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-Entitlement Units of Local Government	\$19.5

Local governments should expect to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later. **States** that have experienced a net increase in the unemployment rate of more than 2 percentage points from February 2020 to the latest available data as of the date of certification will receive their full allocation of funds in a single payment; other states will receive funds in two equal tranches.