



**The Council
of State
Governments**

American Rescue Plan (ARP) Overview

Alaska House Finance Committee

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Presentation Overview

- The impact of COVID-19
- Overview of the American Rescue Plan (ARP)
- The State and Local Fiscal Recovery Funds
- The Elementary and Secondary School Emergency Relief (ESSER) Fund
- Approaches to ARP fund utilization
- Lessons learned from previous federal funding to states
- Opportunities for continued support from The Council of State Governments (CSG)

The Impact of COVID-19

- A July 2020 CSG analysis of all 50 states found that Alaska had a **medium level of fiscal risk** and a **high level of fiscal resiliency**.
- CSG also conducted research on COVID-19 vaccination dissemination and found that **over 25.5% of Alaska's total population has had at least one dose administered** as of April 9, 2021.
- Another CSG analysis found that 23 states had centralized on-line tools for vaccine scheduling and 34 states maintain "hotlines" for vaccine scheduling. Among states with both tools, **Alaska is the best performing state in terms of the percentage of vaccines received that are administered.**

The American Rescue Plan (ARP)

Funds Requiring State Appropriation:

- State Fiscal Recovery Fund
- Local Fiscal Recovery Fund
- Capital Projects Fund
- Agency Specific Funds
 - Department of Education and Early Development
 - Department of Health and Social Services
 - Housing Finance Corporation
 - Department of Transportation and Public Facilities
 - Department of Military and Veterans Affairs
 - Federally-funded unemployment compensation

Funds Not Requiring State Appropriation:

- Direct Payment to Alaskans
- Funds available for Tribal Governments
- Tax code changes to Child Tax Credit and Earned Income Tax Credit
- Additional funds for small businesses
- Enhanced Benefits to Alaskans [e.g., SNAP and Federal Medical Assistance Percentage (FMAP)]
- Direct funding to rural health providers
- Higher Education Emergency Relief Funds II

State and Local Fiscal Recovery Funds

Estimated State and Local Fiscal Recovery Funds Allocated to Alaska

(\$ in thousands; Source: House Oversight and Reform Committee)

State	Metropolitan Cities	Other Non-Counties	Counties	Capital Projects*	Total
\$1,019,259	\$45,345	\$43,517	\$141,879	\$112,259	\$1,362,259

***Capital Projects Funds** are available to states, territories, and tribal governments for critical capital projects that directly enable work, education and health monitoring - including remote options - in response to the COVID-19 public health crisis.

State and Local Fiscal Recovery Funds

Usage

State and local governments may utilize funding from the Coronavirus State and Local Fiscal Recovery Fund as part of the American Rescue Plan Act of 2021 to:



Respond to the public health emergency with respect to COVID-19 or its negative economic impacts including assistance to households, small businesses and nonprofits or aid to impacted industries such as tourism, travel and hospitality

**These examples are intended to clarify congressional intent. State and local spending is not limited to these activities.*



Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the county who are performing such essential work or by providing grants to eligible employers that have eligible workers who perform essential work



Provide government services to the extent of the reduction in revenue – such as online, property or income tax – due to the public health emergency relative to revenues collected in the most recent full fiscal year of the county prior to the emergency



Make necessary investments in water, sewer or broadband infrastructure

State and Local Fiscal Recovery Funds

Restrictions

The American Rescue Plan Act of 2021 outlines the following restrictions on usage of allocated funds:



States are not allowed to use funds to either directly or indirectly offset a reduction in the net tax revenue that results from a change in law, regulation or administrative interpretation during the covered period that reduces any tax

**The covered period begins March 3, 2021 and ends on the last day of the year that a state receives funds from the U.S. Department of the Treasury. If a state violates this provision, it would be required to repay the amount of the applicable reduction to net tax revenue.*



No funds are to be deposited into any pension fund



transfer to a private non-profit organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of the state or local government



Any local government, including counties, that fails to comply with the federal law and related guidelines will be required to repay the federal Treasury



“Premium pay” is an additional amount of up to \$13 per hour paid to an eligible worker during the COVID-19 pandemic; this legislation imposes a cap of \$25,000 for any single eligible worker receiving premium pay

Administration of Funds

- Funds will be distributed by the U.S. Department of the Treasury.
- The deadline to spend funds is Dec. 31, 2024.
- The Treasury is required to pay the first installment not later than 60 days after enactment (May 10, 2021) and the second payment no earlier than 12 months after the first disbursement.
- To promote transparency, accountability and oversight, the American Rescue Plan Act provides \$77 million for the Government Accountability Office and \$40 million for the Pandemic Response and Accountability Committee.

State Authority to Utilize Funds

- Within 30 days of receiving funds, a state should distribute funds based on relative shares of the state's non-entitlement population.
- Assistance to local governments cannot exceed 75% of the most recent budget for that government as of Jan. 27, 2020.
- If state payments are not made within 120 days, any unpaid amounts will become state debt owed to the federal government.
- For counties that are not units of general local government, funds would go to the state, which would distribute them to the local governments in the county based on relative population.

Reporting Requirements, Certification and Recoupment

- States are required to report how funds are used and how tax revenue was modified during the time that funds were spent during the covered period.
- Local governments are required to provide periodic reports.
- If a state, county or municipality does not comply with any provision of the American Rescue Plan Act, it will be required to repay the U.S. Department of the Treasury.

The Elementary and Secondary School Emergency Relief (ESSER) Fund

Estimated FY 2021 Alaska Department of Education and Early Development ESSER Funds

(\$ in thousands; Source: Congressional Research Service)

Learning Loss (5%)	Summer Enrichment (1%)	After School (1%)	Other Activities (2.5%)	Administration (0.5%)	Total
\$17,935	\$3,587	\$3,587	\$8,968	\$1,794	\$35,871

This table does not include:

- money reserved by the Secretary of the U.S. Department of Education from the ESSER Fund for identifying assisting children and youth experiencing homelessness; and
- the \$322,836 thousand allocated for Alaska local education agencies (90%).

ESSER Fund Requirements

Maintenance of Effort, Reporting and Recoupment



States must maintain support for elementary and secondary education in fiscal years 2022 and 2023 at least at the proportional levels of support for elementary and secondary education relative to overall spending, averaged over fiscal years 2017, 2018, and 2019.¹



Local Educational Agencies (LEA) must develop and make publicly available plans for the safe return to in-person instruction and continuity of services within 30 days of receipt of funds.



Any funds that a state does not award within one year of receipt must be returned to the secretary for reallocation to remaining states.

¹ According to the [U.S. Department of Education](#), "A state may measure support on either an aggregate or per-student basis. If a State demonstrates support on an aggregate basis, it is not necessary for a State to maintain its level of support for individual categories of activities."

Approaches to ARP Fund Utilization

- Investment in infrastructure
- Workforce development
- Unemployment insurance
- State examples

Lessons Learned from Previous Federal Stimulus Funding

- Avoid “the cliff”
- Preparation for reporting requirements
- Backfill budgets versus investments in future
- Public sector supports

Additional CSG Resources

- CSG has conducted the following analysis (materials provided):
 - ARP funding for employers and K-12 education
 - Overview of the American Jobs Plan proposal
- In progress analysis includes:
 - ARP funding for industries, workers, infrastructure, housing and nutritional assistance, information technology
 - ARP funding opportunities to address disability employment, apprenticeships, civics, occupational licensure, food and nutrition, vaccine dissemination and mental health
 - Weekly updates on state ARP fund utilization and oversight
 - Summaries of federal guidance and new federal funding bills

For More Information and Additional Support

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CSG COVID-19 Economic Recovery webpage:

<https://web.csg.org/covid19/staterecovery/>