



American Rescue Plan

What it means to the State of Alaska,
and to Alaska's Cities and Boroughs

Preliminary information, calculations, assumptions – more to come!

March 18, 2021

Overall Provisions – Individuals and Businesses

- Direct Payments - \$1,400 per person, reduced eligibility (\$80,000) – already being distributed
- Tax Credits - Increase to and extension of Earned Income, Dependent Care, and Child Tax Credit
- Tax Credits - Employee Retention Credit and Paid Leave Credit
- Tax Credits - Makes states and local governments eligible for FFCRA paid leave reimbursable tax credit, beginning March 31, 2021
- Extension to additional Unemployment benefits, federal component – applies at State level (unless an employer provides unemployment benefits on a reimbursement basis, with 75% subsidy for that)
- **SBA - Limited PPP funding increase – closes March 31** – includes nonprofit eligibility; EIDL increase
- SBA - Restaurant Revitalization Fund – grants equal to pandemic-related revenue loss
- SBA - Funding for shuttered venue operators
- Extends SNAP and WIC increases

Overall Provisions – Health and Human Services

- Supplemental vaccination and testing grants for state and local distribution
- Funding available to state and local government public health departments to support workforce
- Funding available for community health centers
- Block grants under the Substance Abuse and Mental Health Services Administration
- **Child Care and Development Block Grant** – these go to the State then to providers
- **Child Care Stabilization grants;** Child Care Entitlement to States
- Emergency Funding to states for low-income families with children
- Mental Health Services Block grant, Substance Abuse Block grants, grants to Community Behavioral Health Clinics, funds for Head Start, home visiting programs, child abuse prevention and treatment grants, family violence grants
- Older American Act funding, including nutrition programs;
- **HHS – LIHEAP for energy assistance, plus water/sewer assistance**
- Medicaid and Medicare provisions that will apply at the state level, ACA provisions
- 100% COBRA subsidy

Overall Provisions – FEMA, Transportation, Education

- Maintain 100% FEMA reimbursement to states and local governments
- FEMA firefighter, SAFER, and emergency management performance grants
- Food supply chain – USDA purchases of food and seafood, seafood processors
- Operating assistance formula grants to states to support rural transit programs/agencies
- Airport funding – costs related to operations and COVID response; non-primary airports aid
- Education (ESSERF)– school districts ventilation systems, support staff, reduced class sizes, PPE, learning loss remediation
 - Must have plan to return to in-person operations
- Education – funds to IDEA, non-public schools through governor; School and library internet funding through FCC E-rate program
- Education - States must maintain spending on both K-12 and higher education in FY 2022 and FY 2023 at least at the proportional levels relative to a state’s overall spending, averaged over FY 2018, FY 2019 and FY 2020.
 - States cannot cut per-pupil spending for high-need districts more than other districts; cannot fund highest-poverty districts below FY19 funding

Other Provisions – Utility, Consumer, Housing

- University funding for lost revenue; restrictions on use, including to use for financial aid
- Emergency rent relief and utility assistance; extra for rural housing
- Emergency housing vouchers to address homelessness
- Homeowner Assistance Fund – mortgage payments, property taxes, utilities, insurance
- Housing – not more than 15% of funds can be used for admin by states and local governments
- Low-Income Household Drinking Water and Wastewater Emergency Assistance Program created under the FY 2021 Omnibus to assist with payments for drinking water and wastewater expenses
- VA construction funds to upgrade homes; support for state-operated facilities
- Emergency assistance through TANF
- EDA Economic adjustment assistance competitive grants for planning and projects
 - 25% reserved for states and communities to address losses in the travel, tourism or outdoor recreation sectors
- Corporation for Public Broadcasting – stabilization grants to small and rural stations

State and Local Relief

The \$350 billion in funding in the bill is broken down as follows:

- States: Providing \$195.3 billion for the states. - \$500 million
- Localities: Providing \$130.2 billion for local governments.
- Tribal Governments: Providing \$20 billion to federally recognized tribal governments.
- \$10 Billion Capital Project Fund: For states “to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”
- An additional \$1.5 billion is provided for eligible revenue share counties (notably public land counties that receive Payment-in-Lieu-of- Taxes (PILT) and Secure Rural School (SRS) payments), with \$750 million allotted each year for federal Fiscal Years 2022 and 2023
 - Treasury will be responsible for determining the funding formula, taking into account the economic conditions of each eligible revenue sharing county, using measurements of poverty rates, household income, land values, and unemployment rates as well as other economic indicators, over the 20-year period ending with Sept. 30, 2021
 - Eligible counties may use these funds for any governmental purpose *other than a lobbying activity*
 - Counties shall be required to provide periodic reports with a detailed accounting of the use of funds
 - Failure to submit required reports or misuse of funds will result in the recoup of funds by the federal government

Provisions

- Treasury to provide guidance!
- Use of funds:
 - Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
 - Provide premium pay to essential employees or grants to their employers. Premium pay couldn't exceed \$13 per hour or \$25,000 per worker.
 - Provide government services affected by a revenue reduction resulting from COVID-19.
 - Make investments in water, sewer and broadband infrastructure.
- State and local governments cannot use the funds towards pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021.
- State and local governments could transfer funds to private nonprofit groups, public benefit corporations involved in passenger or cargo transportation, and special-purpose units of state or local governments.

Process

- Funds distributed by Treasury within 60 days
- Two tranches for local governments – one “now” and one a year later
- Boroughs will receive their allocation directly
- Anchorage – CDBG entitlement city – will receive theirs directly
- All other will receive theirs through the State
 - Non-entitlement cities
 - Census area allocation to cities
- State has 30 days to distribute, can request waiver but penalty otherwise
- Direct recipients may need to be enrolled in GrantSolution

State Aid

- Treasury could withhold up to half of State’s allocation based on unemployment rate, and require updated certification of need
- Infrastructure – projects may need to be done by 2023, thus requiring some level of shovel ready

Allowable Uses

- (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (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;
- (B) to respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
 - This allows a municipality to provide up to \$13 per hour above regular wages.
- (C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
 - Key here: prior to the emergency. The base year against which you will measure lost revenue happens not the most recent full fiscal year but the most recent full fiscal year prior to the emergency.
- (D) to make necessary investments in water, sewer, or broadband infrastructure.

Other Considerations

- Non-entitlement cities may not receive more than 75 percent of the city's most recent budget
- Money may not be used for pension funds - No metropolitan city, nonentitlement unit of local government, or county may use funds made available under this section for deposit into any pension fund.
- Money remains available until December 31, 2024
- ALL recipients of money will have to provide periodic reports to Treasury.
 - Recipients of “payment made under this section shall provide to the Secretary periodic reports providing a detailed accounting of the uses of such funds by such metropolitan city, nonentitlement unit of local government, or county and including such other information as the Secretary may require for the administration of this section.”

Outstanding Questions

- Allowable expenditures?
- Covered period(s)?
- Certification of lost revenue and eligible uses?
- Reporting requirements?
- Eligibility of unincorporated communities within unorganized borough?
- Public safety as part of first category of expenditures, COVID-related?
- Prohibited tax relief only at state level?
- Pensions?
- Interest-bearing?
- Debt service on infrastructure?

Alaska Allocations

- \$1.02 billion to State of Alaska
- \$112.2 million to State of Alaska – infrastructure/capital
- \$45 million to Anchorage (CDBG metropolitan)
- \$43.5 million to all other cities - DCCED
- \$141.8 million to boroughs and census areas
 - Of census allocation, \$15 million to cities in the Unorganized Borough - DCCED
- \$358 million to school districts – DEED
- \$400 million to tribes; \$1.7 million each
- \$152 million for emergency rental assistance – AHFC/Anchorage
- \$43 million to LIHEAP - DHSS
- \$74 million to CCDBG and Childcare Stabilization Grants - DHSS
- \$11 million to Anchorage and \$3.7 million to Fairbanks for transit
- \$2.74 million for rural transit – DOT&PF

Suggestions for State use

1. Utilize for FY21 supplemental and FY22 budgets as fund source; lost revenue replacement funding
 2. Increase funding for programs and transfers to statutory levels – stabilize governance
 3. Utilize the rest for capital needs, including deferred maintenance – municipal and school water and sewer, broadband needs
- Increase AMHS operations for summer tour season, with marketing
 - Use as Community Assistance and reinvest statutory outlay from CAF
 - Partner with school districts and tribes on funding of shared priorities
 - Invest in local emergency planning committees
 - One time grant to communities with Village Police Officers to assist with training and certification needs identified by APSC
 - Targeted aid to municipalities whose ARP allocation is vastly insufficient relative to losses (6-10 total)
 - Targeted aid to businesses within impacted regions and industries
 - Targeted aid to individuals, though federal relief is significant

Suggestions for Local Government use

- Reality will be that for most this is very minimal funding, especially spread out over two years
- Make budgets whole with pre-pandemic levels of services
- Replace lost revenues from this last and coming year - stabilize
- Clean up any outstanding debt – PERS, utilities, insurance – and audit/CFS
- Provide targeted aid to businesses or residents in need
- Work together on access to state or federal competitive grants – EDA, FEMA, HHS, USDA
- Develop “shovel ready” infrastructure projects
- Partner with schools and tribes on water, sewer, broadband improvements
- Ensure public health measures are in place for economic rebound – testing and vaccine
- Partner with state on LIHEAP, rental assistance, childcare stabilization

Not a Windfall

- 34 communities less than \$25,000 each year
- 76 communities less than their Community Assistance payments
- Four over \$10 million – Anchorage, Mat-Su, Kenai, Fairbanks
- Evaluate based on calculation:
 - Lost revenue + extra expenses = CARES Act and ARP allocations
 - If less than relief then reduced budgets and services, spent from reserves, less able to support economic recovery
- Some boroughs get vastly insufficient funds compared to losses
 - Haines, Denali, Skagway, Petersburg, Wrangell, Yakutat
- City shortfalls include Adak, Hoonah, Seward, Whittier

AML Role

- Communicate to Treasury on consolidated governments; public lands allocation
- Identify gaps between lost revenue and relief allocation
- Support members in understanding guidelines
- Assist with reporting and compliance – Treasury and OMB
- Tell city and borough stories – locally, nationally
- Develop partnerships with schools, tribes, and the State
- Coordinating joint grant applications
- Communicate with the State and federal partners
- Facilitate economic recovery activities, with ACoM
- Facilitate on the ground efforts in collaboration with nonprofits and the university

Resources

- National League of Cities (NLC) - <https://www.nlc.org/article/2021/03/12/everything-you-need-to-know-about-covid-relief/>
- National Association of Counties (NACo) - <https://www.naco.org/covid-19-recovery-clearinghouse>
- Government Finance Officers Association (GFOA) - <https://www.gfoa.org/flc-analysis-of-current-proposed-covid-19-relief-measures>
- State review - https://www.ncsl.org/Portals/1/Documents/statefed/The-American-Rescue-Plan-Act-Provisions_v01.pdf
- Schools - [https://www.democrats.senate.gov/imo/media/doc/Revised%20CD%20memo ESSER EANS HEERF Senate%20passed%20sub%20to%20HR1319 3-9-21.pdf](https://www.democrats.senate.gov/imo/media/doc/Revised%20CD%20memo%20ESSER%20EANS%20HEERF%20Senate%20passed%20sub%20to%20HR1319%203-9-21.pdf)
- Childcare - [https://www.democrats.senate.gov/imo/media/doc/CCDF%20in%20FY2021%20Reconciliation%20\(2-17-21\)\[1\].pdf](https://www.democrats.senate.gov/imo/media/doc/CCDF%20in%20FY2021%20Reconciliation%20(2-17-21)[1].pdf)
- Transit - [https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%20-%205307%20Runs%20\(Tentative\)%203.8.21.pdf](https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%20-%205307%20Runs%20(Tentative)%203.8.21.pdf)
- Rural transit - [https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%205311%20Amounts%20\(Tentative\)%203.8.21.pdf](https://www.democrats.senate.gov/imo/media/doc/American%20Rescue%20Plan%20Act%205311%20Amounts%20(Tentative)%203.8.21.pdf)