

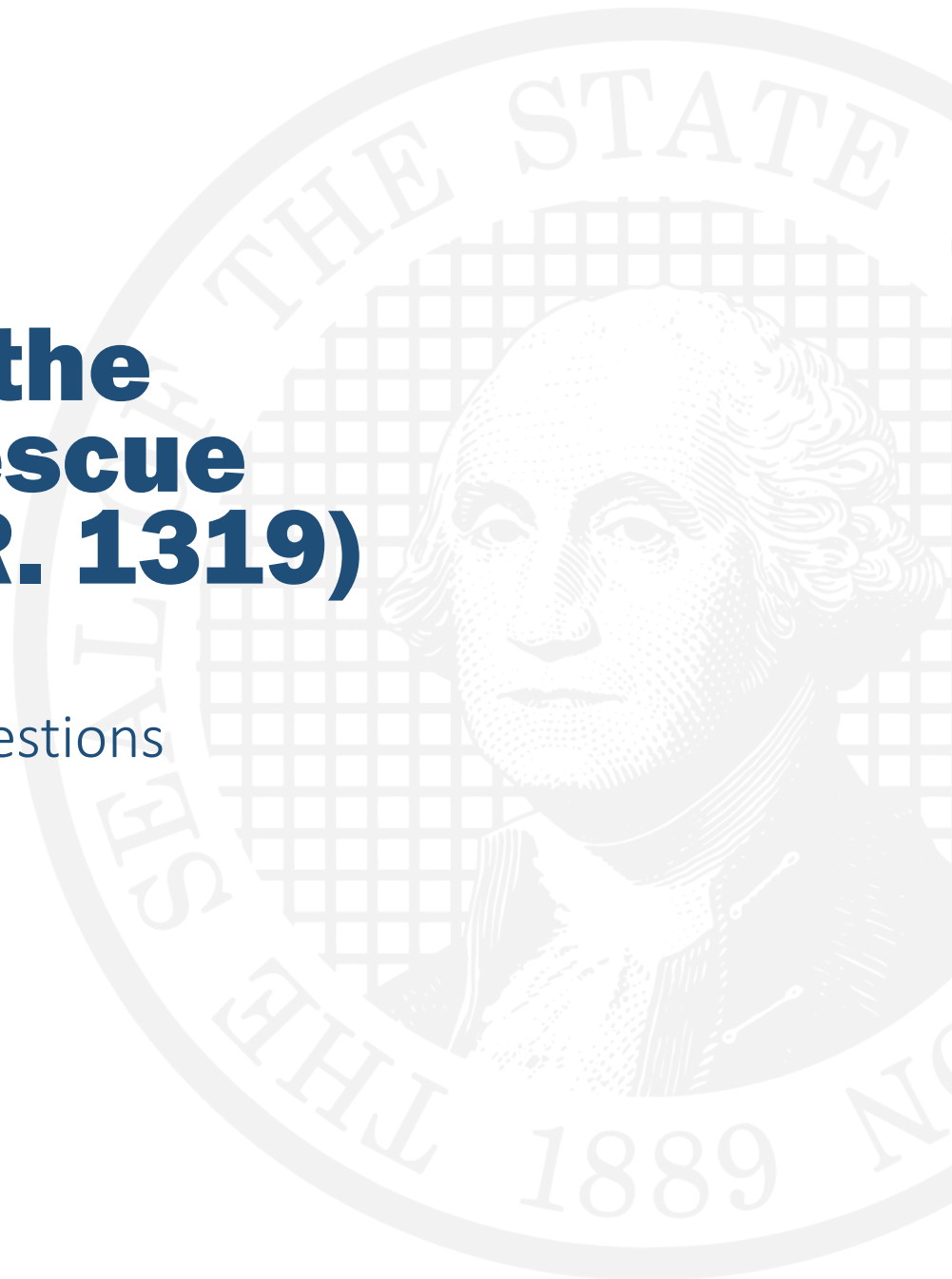
March 19, 2021

# Overview of the American Rescue Plan Act (H.R. 1319)

State impacts and key questions

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# Highlights of the American Rescue Plan Act

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## The American Rescue Plan Act (Public Law 117-2)

- **Overall: \$1.88 trillion**
  - Dollars to Washington state: \$10.64 billion (estimated)
  - Additional \$8.4 billion (estimated) in direct stimulus payments to taxpayers
  - Figures do *not* include value of continued pandemic unemployment insurance (UI) assistance
  - Many state matches waived

## Some key dates

- **Sept. 6, 2021:** New expiration date for UI provisions
- **Sept. 30, 2021:** Child Care Stabilization Grant deadline
- **Sept. 30, 2023:** Deadline to spend Education Stabilization funds
- **Dec. 31, 2024:** Deadline to spend state/local funds

# Key outstanding questions – what we don't know

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## Implementation details on most programs

## Key definitions relating to Washington's \$4.4 billion

- How will funds be obtained and reported?
- Ambiguity exists around virtually all of the “eligible use” categories
- Mechanisms to coordinate needs?

## Vaccines and testing (\$92.2 billion nationally)

- State allocations still being developed by the federal government

# Group One: Key disbursements administered by WA

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## **State funding: \$4.44 billion (estimated)**

- \$4.25 billion in flexible dollars
- \$189 million in “capital project” dollars

## **Emergency Rental Assistance Program: \$404 million (estimated)**

**Unemployment insurance: \$300/week through Sept. 4**  
(\$10,200 tax-deductible for some)

**FMAP: 10% for state expenditures on Home and Community-Based Services (HCBS) for four fiscal quarters (capped at 95%)**

## **Child Care Stabilization Grants: \$390.6 million (estimated)**

- 90% must be sub-granted to eligible care providers

**Individuals with Disabilities in Education Act – state grants:**  
\$48.7 million (estimated)

# A closer look at Washington's \$4.4 billion\*

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## Eligible uses:

- Respond to [COVID-19] or its “negative economic impacts”
- Provide premium pay to eligible workers doing “essential work”
- Replace revenue -- “the extent of the reduction in revenue...relative to revenues collected in the most recent full fiscal year prior to the emergency...”
- Make necessary investments in water, sewer, or broadband infrastructure
- Capital projects -- “directly enabling work, education, and health monitoring, including remote options, in response to [COVID-19]”

## Restrictions:

- Cannot deposit into pension funds
- Cannot “directly or indirectly offset a reduction in the next tax revenue...resulting from a change in law, regulation, or administrative interpretation during the covered period”

**\*Most counties and cities will also get money directly from U.S. Treasury**

# Group Two: Key disbursements through formula with minimal or no state intervention\*

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## **Federal Transit Administration: \$1.045 billion**

- Urban transit: \$1.03 billion to jurisdictions statewide
- Rural transit: \$14.5 million to jurisdictions statewide
- Paratransit: \$1.1 million to jurisdictions statewide

## **Education Stabilization Funding: Approx. \$2.55 billion**

- Elementary and Secondary School Relief Fund: \$1.85 billion
- Higher Education Emergency Relief Fund: \$655.4 million
- Non-public schools: \$43.7 million

## **Child Care and Development Block Grant: \$244 million**

**Supplemental Nutrition for Women, Infants, and Children (WIC):** Cash value voucher increase: \$10.16 million

## **Substance Abuse and Mental Health Services Administration (SAMHSA):**

- Mental Health Block Grant: \$33.3 million
- Substance Abuse Block Grant: \$30.5 million

**Low-Income Home Energy Assistance Program (LIHEAP):** \$80.4 million

**Head Start:** \$13.01 million

\*All dollar amounts are estimates

# A closer look at Education Stabilization Grants

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## **K-12 funding is largely formula-based:**

- OSPI must distribute 90% of funds to local education agencies based on Elementary and Secondary Education Act (ESEA) Title I share

## **Higher education:**

- 50% must be spent by institutions on emergency financial aid

## **New wrinkles:**

- Local Education Agencies (LEAs) must reserve 20% to address learning loss
- Districts must provide plans to return to in-person instruction within 30 days
- Maintenance of effort requirements for states, maintenance of effort/equity for states/LEAs

# Group Three: Key disbursements directly to taxpayers or recipients

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**Direct payments to taxpayers:** \$8.4 billion (estimated) in WA

- Federal tax deadline now May 17<sup>th</sup>
- \$1,400 for individuals and qualifying dependents, \$2,800 for joint filers; phase out starting at \$75,000 (single filer)/\$150,000 (joint filer)

**Airline Payroll Support Program:** Reauthorized at \$15 billion

**Child tax credit:** Temporarily increased and fully refundable

- New maximums: \$3,000 per child, \$3,600 for children under 6 years old
- Increases phases out at \$75,000/\$150,000

**Dependent care:** Increased and fully refundable tax credits

**Supplemental Nutritional Assistance Programs (SNAP):** 15% benefit increase extended through Sept. 30, 2021



# Key differences between ARPA and CARES

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**Local government funding:** \$2.6 billion (estimated) in WA

- State will have 30 days upon receipt of funds to distribute pre-determined amounts to communities with populations under 50,000

**State Small Business Capital Initiative:** \$10 billion

**Restaurant Revitalization Fund:** \$28.6 billion (U.S. SBA)

**Paid Leave Tax Credits:** As of March 31, 2021, states now eligible for the FFCRA paid leave reimbursable credit

**Broadband:** New \$7.2 billion “Emergency Connectivity Fund”

**Paycheck Protection Program:** Application period not extended (closes March 31), non-profit eligibility expanded

**No “Governor’s Emergency Education Relief (GEER)” Fund**

- Emergency assistance for non-public schools directed through governors

# Lesser known, but important, provisions

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## The American Rescue Plan Act:

- Closes the “90/10 loophole” regarding student loan financing to protect veterans
- Temporarily eliminates or caps premiums of ACA Exchange plans, depending on proximity to FPL and income percentage spent on healthcare.
- Tax-free treatment for forgiven or discharged student loans through 2026
- Provides \$3 billion to fund the federal Individuals with Disabilities in Education Act
- Nearly doubles the maximum Earned Income Tax Credit
- Additional \$300 million for fisheries assistance
- Extends Pandemic EBT
- \$1.87 million (estimated) combined for state arts agencies and state humanities councils

# Implementation and administration

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**Some funds exist to help states administer ARPA programs. Ex.:**

**Supplemental Nutritional Assistance Programs (SNAP):** \$25.7 million (estimated) in administrative funds available through Sept. 30, 2023

**K-12 Stabilization:** State may retain half of one percent for administrative costs

**Child Care Stabilization Grants:** Up to 10% can be retained by State's lead child care agency for technical assistance, public awareness, etc.

**National Health Service Corps State Loan Repayments:** Up to 10% of state award can be used for costs of administration

**ARPA will generate significant state and federal certification, tracking, audit, and reporting needs.**

# Questions?



# For more information:

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