

# American Rescue Plan

April 2021



# American Rescue Plan (ARP)

## Michigan Estimates – Major Programs

- State and Local Fiscal Recovery Funds - \$10.1 billion
  - \$5.7 billion to the State
  - \$4.4 billion to cities and counties
- Education –\$3.9 billion
- Testing – \$1.2 billion
- Child Care –\$1.1 billion
- Higher Education - \$1.0 billion
- Rental and Utility Assistance – \$523 million
- Small Business Credit Initiative – up to \$500 million
- Mortgage Assistance – \$260 million
- State Capital Projects Fund – \$250 million
- LIHEAP - \$206 million
- Vaccine Administration – \$150 million

# ARP – State Fiscal Recovery Funds



State Fiscal Recovery Fund : Michigan Estimate - \$5.7 billion

- Allowable uses include the following
  - Respond to public health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits, and affected industries (tourism, travel, and hospitality)
  - Provide premium pay for essential workers (up to additional \$13/hr in addition to base pay, capped at \$25,000) – includes pay to eligible workers of the state, 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 of the state relative to revenues collected in the most recent full fiscal year prior to the emergency (FY19)
  - Make necessary investments in water, sewer, or broadband infrastructure

# ARP – State Fiscal Recovery Funds



State Fiscal Recovery Fund : Michigan Estimate - \$5.7 billion

- Funds may not be used to:
  - Reduce net tax revenue directly or indirectly between March 3, 2021, and the last day of the fiscal year in which all funds received have been spent or returned
  - Make payments to pension funds
- Treasury must pay at least half to states no later than 60 days after state certifies need, but may hold 2<sup>nd</sup> half for up to 12 months.
- States have until December 31, 2024 to use funds.

# ARP – Local Fiscal Recovery Funds

## Michigan Local Governments - \$4.4 Billion

- Counties
  - Based on an allocation that considers the county's relative population.
  - Direct payment from US Treasury within 60 days of certification
- Metropolitan Cities
  - Based on CDBG Entitlement Formula
  - Direct payments from US Treasury
- Non-Entitlement Cities
  - To be allocated proportionately based on population.
  - Funding will first flow to the state, which will have 30 days to distribute to local governments, includes 2 allowable 30-day extensions
  - Allocations to these local governments is capped at 75 percent of its most recent budget as of January 27, 2020, and undistributed funds must be returned to US Treasury

# ARP – Local Fiscal Recovery Funds



- Tranches
  - Initial payments of 50% of the appropriation for each of the three categories of local funding are to be made within 60 days of the legislation's enactment.
  - The remaining 50% could not be paid sooner than 12 months after the first payment.
- Certification, uses, and prohibitions.
  - The certification and allowable use requirements are the same as those for states.
  - Prohibited from using funds for pension contributions

# ARP – Capital Projects Fund



- Michigan Estimate: \$250 million
  - Supports "critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to a public health emergency."
  - Treasury must establish application process not later than 60 days after enactment
  - State allocation received based on population (50%), share of population living in rural areas (25%), and share of population with household income less than 150% of federal poverty level (25%).

# ARP ESSER – K12

- School District Funding – Michigan Estimate \$3.7 billion
  - Must grant at least 90% of funds based on based Title I Part A
    - Must make allocations in an expedited and timely manner and, to the extent practicable, not later than 60 days after the receipt of such funds.
    - Districts must reserve not less than 20% of funds to address learning loss through the following evidence-based interventions and ensure that such interventions respond to students’ academic, social, and emotional needs and address the disproportionate impact of the coronavirus on disadvantaged students, students experiencing homelessness, and children in foster care.
      - summer learning or summer enrichment,
      - extended day,
      - comprehensive afterschool programs,
      - or extended school year programs.

# ARP ESSER – K12

- State shall reserve not less than the following percent of the total to carry out, directly or through grants or contracts, for:
  - Activities to Address Learning Loss (5%)
  - Summer Enrichment Programs (1%)
  - Comprehensive Afterschool Programs (1%)
  - May reserve 0.5% for administrative costs
  - Remainder for emergency needs as determined by the state educational agency
    - Funds must be awarded within 1 year of receipt.
- Maintenance of Effort
  - State must maintain state support for K12 and for higher education (including funding to institutions and need-based financial aid) in FYs 2022 and 2023 at proportional levels of state support for K12 and higher education relative to the State's overall spending, averaged over FYs 2017, 2018, and 2019.
  - The Secretary of Education may waive MOE

# ARP – Other Education Funds

- IDEA Special Education Funds
  - Grants to States – \$88 million
  - Preschool – \$7 million
  - Infants and Toddlers - \$7 million
- Grants to Nonpublic Schools - \$93 million
- Head Start (Direct to Agencies) - \$34 million
- Higher Education Emergency Relief Funds - \$1.0 billion
  - Direct to institutions of higher education, both public and private
  - To address COVID-19 in accordance with public health guidelines, financial aid outreach due to students, and use no less than 50% of total funds for emergency financial aid grants to students.

# ARP – Child Care

- Child Care and Development Block Grant (CCBDG) - \$439 million
  - For expanding child care assistance to essential workers such as health care, sanitation, emergency responders, or others without regard to income.
  - For existing uses including rate increases to child care providers, eligibility increases for Michigan families, quality, IT, and administrative items in support of the state's child care program.
- Child Care Stabilization Grants - \$703 million
  - Subgrants made available to qualified child care providers for personnel costs, rent, PPE, supplies purchased to respond to COVID-19, and mental health services.
  - Up to 10% of funds may be retained to use for administering subgrants, activities to increase child care supply, and provide technical assistance to providers.
- Child Care Entitlement - \$15 million
  - Awaiting further details

# ARP – Housing and Utilities

- Emergency Rental Assistance - \$523 million
  - Augments funds provided in December stimulus to help families pay rent/utilities (\$660 million).
  - Extends availability of December stimulus funding from 12/30/21 to 9/30/22. Funding total is maximum for State. Local allocations would be deducted from this amount.
  - Beginning 3/31/22, funds that have not yet been allocated are subject to reallocation by the federal government. Grantees eligible to receive reallocated funds must have obligated at least 50% of their total allocation.
  - Funds will be used to provide financial assistance to eligible households (rent, utilities, rent and utility arrears) for no more than 18 months when combined with the Rental Assistance provided under the December stimulus. Not more than 10% of funds can be used for case management or housing stability services, and not more than 15% for admin.
  - A grantee may use any funds that are unobligated on 10/1/22 for other purposes related to affordable rental housing and eviction prevention if they have obligated at least 75% of their allocation.

# ARP – Housing and Utilities

- Homeowner Assistance Fund – \$264 million
  - Funding will be provided to states to provide direct assistance to homeowners for the purposes of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services and displacements of homeowners experiencing financial hardship. Funds allocated to states based on homeowner need.
  - Not less than 60% targeted to homeowners with incomes less than 100% of AMI, with the remainder of funds prioritized for "socially disadvantaged individuals."
- Low Income Home Energy Assistance Program (LIHEAP) - \$206 million
  - Funds for home energy bills, energy crises, weatherization and energy-related minor home repairs

# ARP – Business Support

- Small Business Credit Initiative – Up to \$500 million estimated
  - Reauthorizes the State Small Business Credit Initiative which was initially funded in 2010. Provides investment for state governments to set up programs that can leverage private capital for low-interest loans and other investments to help entrepreneurs and the small business economy rebound.
  - Portion of funds allocated for business enterprises owned and controlled by socially and economically disadvantaged individuals. Portion awarded to states on incentive basis based on effectiveness of serving socially and economically disadvantaged individuals. Portion awarded to support very small businesses (less than 10 employees, independent contractors, and sole proprietors). Portion can be used for a technical assistance plan.

# The American Jobs Plan - \$2 Trillion

## Transportation

- \$174 billion in electric vehicle investments
- \$115 billion for bridges and roads
- \$20 billion to improve road safety
- \$85 billion for existing public transit
- \$80 billion for railways
- \$50 billion to improve infrastructure resilience
- \$25 billion for airports
- \$17 billion for waterways and ports of entry
- \$20 billion to reconnect urban neighborhoods cut off by highways

## Water, Internet, Electric

- \$45 billion to remove lead pipes
- \$56 billion for modernizing water systems
- \$100 billion for high-speed broadband
- \$100 billion for the electric grid and clean energy
- \$16 billion to plug oil and gas wells and restore and reclaim abandoned mines

# The American Jobs Plan - \$2 Trillion

## Homes, Schools, Buildings

- \$400 billion for home- or community-based care for the elderly and people with disabilities
- \$213 billion for affordable housing
- \$100 billion for school construction
- \$12 billion for community colleges
- \$25 billion for childcare facilities
- \$18 billion for VA hospitals

## Workforce and Innovation

- \$180 billion for research and development, including \$35 billion to achieve technology breakthroughs that address the climate crisis
- \$300 billion for manufacturing and business, including \$50 billion for semiconductor research and manufacturing, \$30 billion for pandemic preparedness and \$52 billion for domestic manufacturers
- \$100 billion in workforce development programs targeted at underserved groups

# State Budget Office Metrics



- **Pandemic:** How does the proposal address issues created by or exacerbated by the COVID-19 pandemic?
- **Equity:** Does the proposal address a change in societal opportunity and/or eliminate disparities/gaps in outcomes for underserved and underrepresented populations?
- **Transformational:** What is the opportunity for transformation and/or social change for Michigan's residents? (i.e., high, medium, or low).
- **Leverage:** Does the proposal leverage additional resources from the private, public, and/or philanthropic sectors?
- **Sustainability:** How sustainable is the proposal? Will it require ongoing support? What is the potential return on investment?
- **Efficacy:** How effective would the proposal be in solving a defined problem? Does it use techniques that are highly likely to achieve the desired outcome? Does it clearly define how success will be measured?
- **Implementation:** How much support does the proposal currently or likely will have? Is there capacity to implement it now?