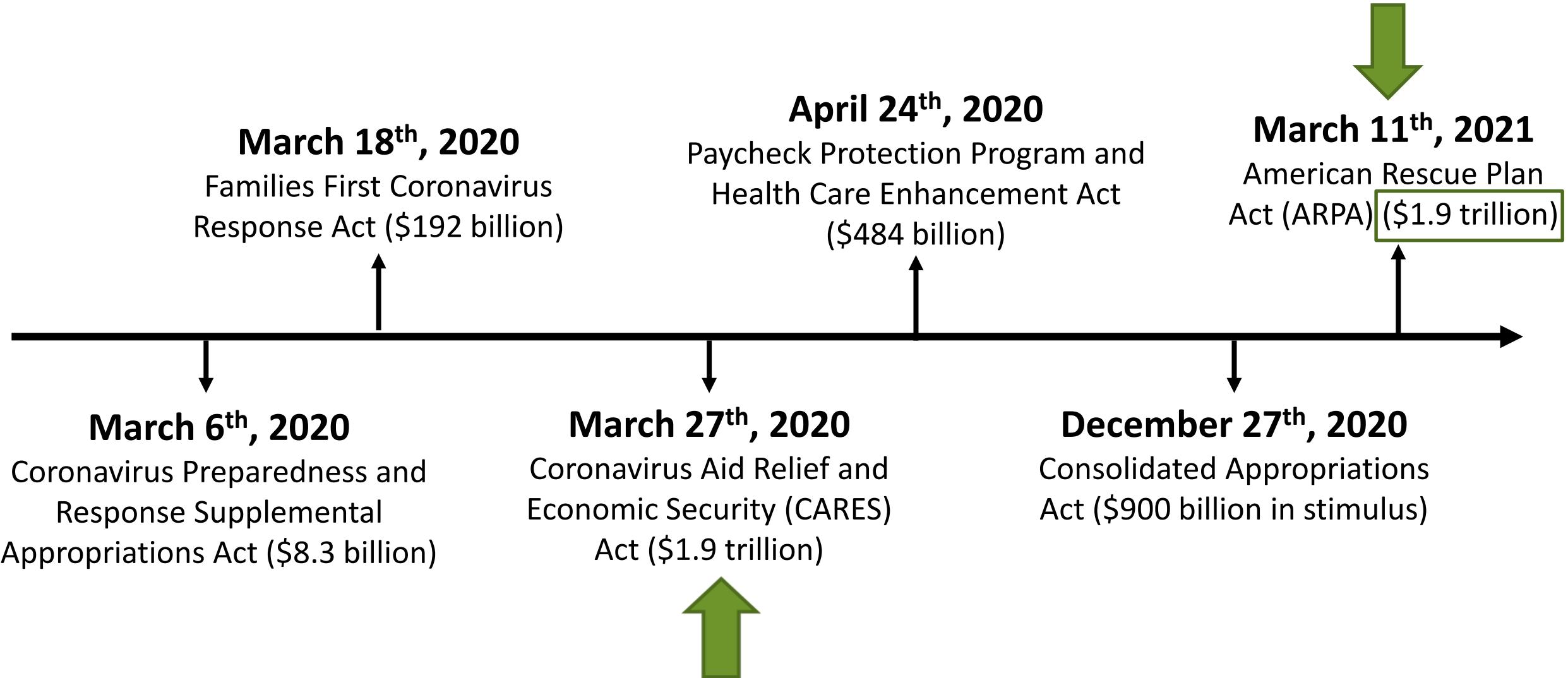


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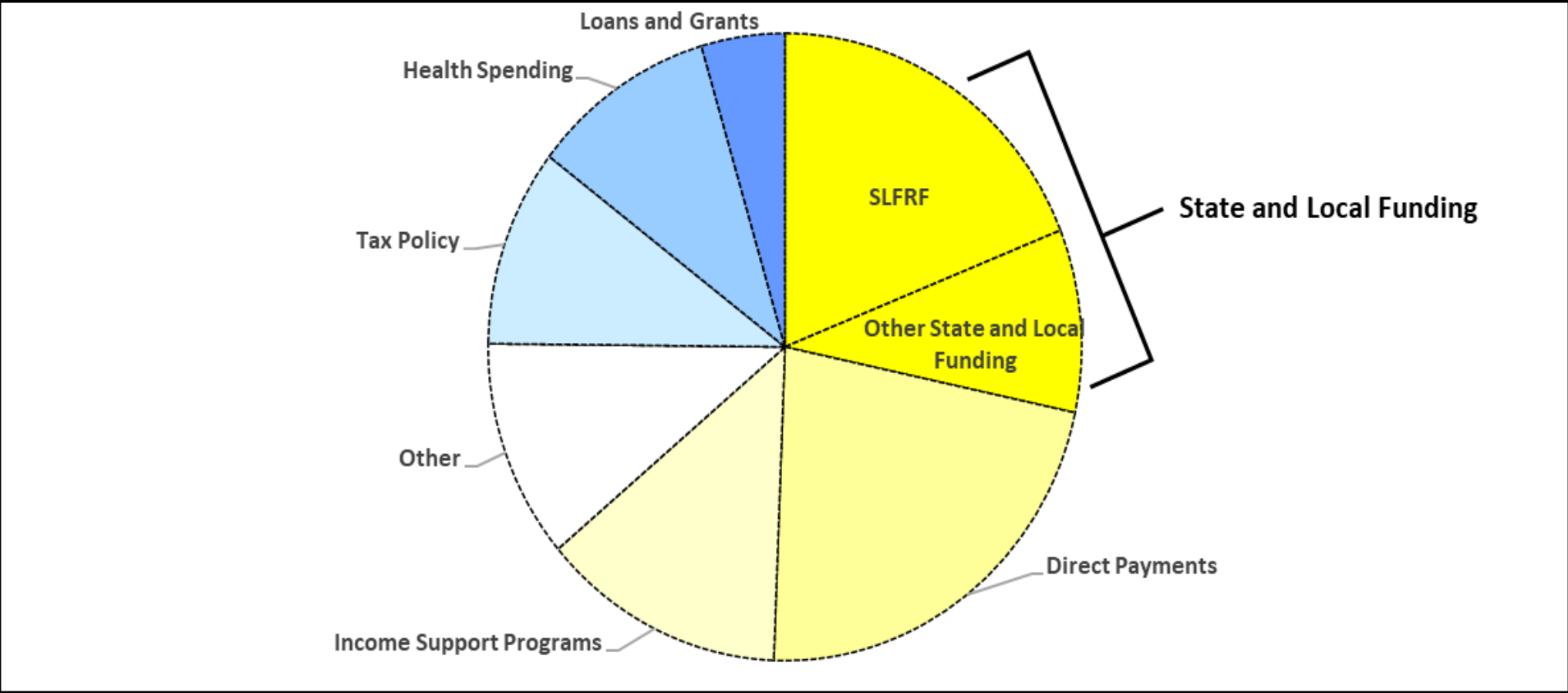
The American Rescue Plan State and Local Fiscal Recovery Fund

Laura Pontari
Fiscal Federalism Initiative
July 2022

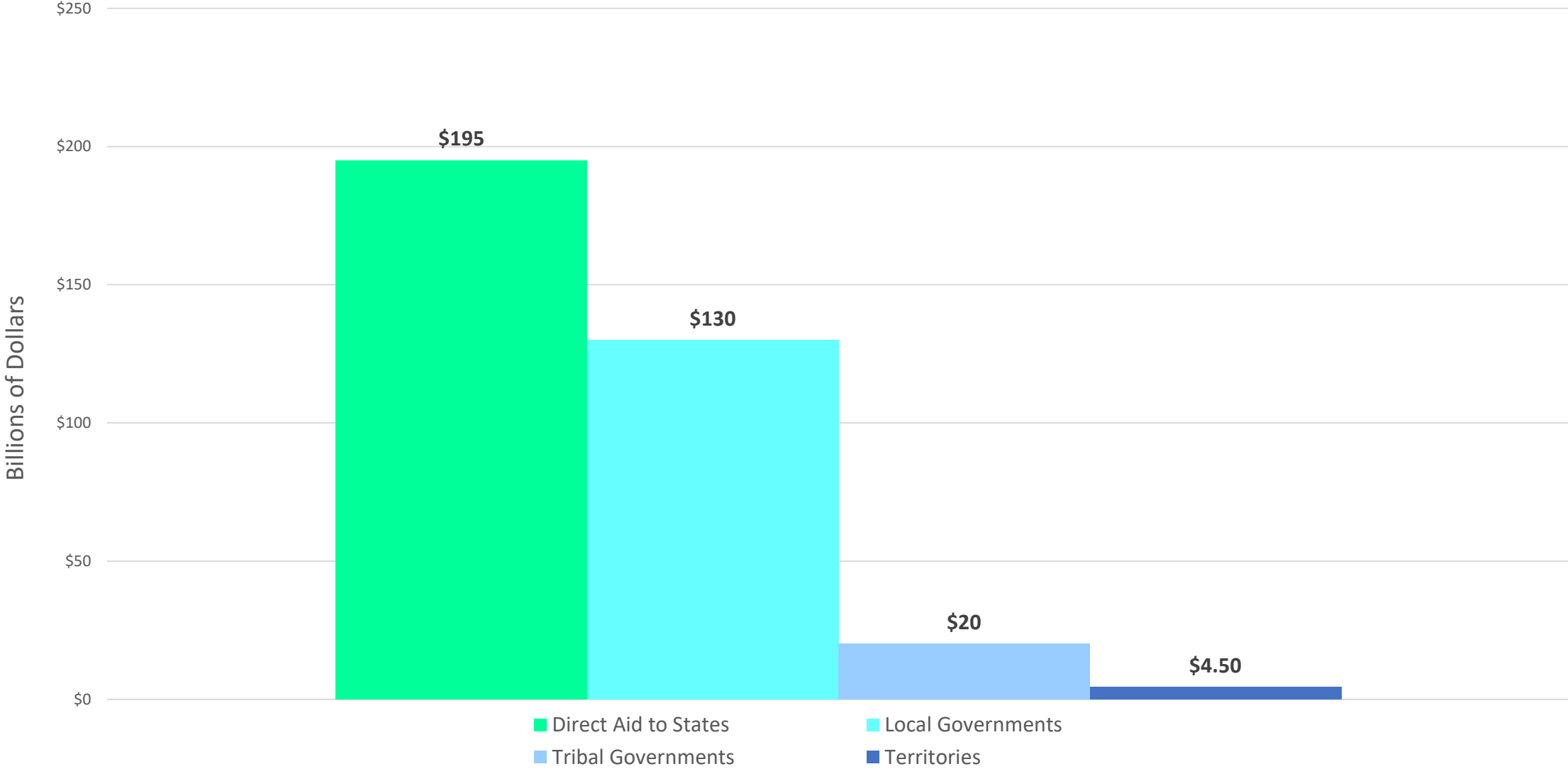
Federal Response to COVID-19



American Rescue Plan Act



State and Local Fiscal Recovery Fund (SLFRF)



Allowable Uses of SLFRF



- Revenue replacement
- Public health and economic impacts
- Pay for essential workers
- Water, sewer, and broadband infrastructure



Revenue replacement



- Provided fiscal relief by replacing revenue lost due to the pandemic
- States could report exact loss or choose \$10 million standard allowance
- State uses of revenue replacement:
 - Connecticut: \$35 million to the University of Connecticut healthcare system
 - Colorado: \$36.5 million for the Highway Users Tax Fund

Public Health and Economic Impact



- Allowable categories of spending:
 - Public health
 - Assistance to households
 - Assistance to small businesses and nonprofits
 - Aid to impacted industries
 - Public sector capacity
- State examples:
 - Colorado: Investments in mental health worker training and service provision
 - Tennessee: \$51 million for cybersecurity services for state and local governments
 - Vermont: \$2 million to universities to provide courses for individuals with impacted employment



Essential Worker Premium Pay



- States could use funds to pay essential workers premium pay up to an additional \$13/hour
- State examples:
 - Michigan: enacted permanent \$2.35/hour raise for essential workers in the home and nursing health care sector
 - Massachusetts: Essential Worker Premium Pay program provided two rounds of \$500 bonuses to qualified workers

Water, sewer, and broadband infrastructure

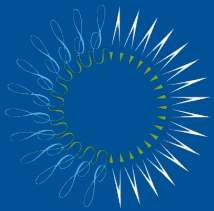


- Broad range of allowable uses for infrastructure projects
- State examples:
 - Wyoming: dedicated funds to create three new water transmission pipelines
 - Florida: \$50 million for beach and inlet management projects
 - Tennessee: \$500 million to expand broadband access statewide

State Considerations



- States were in a better fiscal position than originally anticipated
 - Bill passed under assumptions that did not occur
- States aware of one-time nature of funds
 - In some instances incorporated this into their spending plan



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For additional questions or information, contact:

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