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COVID-19 LEGISLATIVE UPDATE FOR MARCH 8 – APRIL 4, 2021

March 8, 2021 Update

- **Coronavirus Relief Package Passes Senate:** Over the weekend, the Senate passed the $1.9 trillion "American Rescue Plan Act" with coronavirus relief and stimulus. There are many changes to the House version, so we have attached an updated summary[1] with Senate-changed provisions in red.

  The House is slated to take up the bill again and approve the Senate's changes on Tuesday or Wednesday. After that, the President should sign it quickly.

  Here are a few new provisions we wanted to highlight:

  - **State and Local Funding:** An additional $10 billion for local funding, restored at the last minute from a cut designed to create a state-run infrastructure slush fund. The infrastructure fund remains, and the local cut has been restored. The Senate also added eligible uses of funds, including some infrastructure and premium pay to essential employees.
  - **Shuttered Venues:** Congress eliminated the provision that forced eligible venue operators and museums to choose between the PPP and the Shuttered Venue Operators Grant (SVOG). They could now apply for both and just have their PPP deducted from the larger SVOG.
  - **Firefighter Grants:** The Senate added $300 million in firefighter grants.
  - **Health Insurance:** The bill would allow individuals who receive unemployment compensation in 2021 to qualify for reduced cost-sharing under the ACA, and would subsidize 100% of premiums for individuals eligible for COBRA continuation coverage if they lose their job.

  And not new to the bill, but worth noting are:

  - **Homeless Grants**
    - The House Financial Services Committee estimates that the City is slated to get $1,628,000 from the homeless assistance funding in the bill, separate from the total city funding, out of $5 billion total for the nation. Permitted expenditures would include acquiring non-congregate shelter units, such as hotel rooms, that could be converted to permanent housing.
    - The bill also has an additional $5 billion for emergency Section 8 Housing Choice Vouchers. The Housing and Urban Development Department would have to provide the vouchers through public housing agencies to

[1] Summary of Senate-passed Coronavirus Relief Reconciliation Package can be found after the legislative updates.

individuals and families who are currently or recently homeless, and to those who are fleeing domestic violence, sexual assault, or human trafficking. Public housing agencies couldn't reissue the vouchers after Sept. 30, 2023.

  - **Restaurant Support**
    - $29.6 billion for a Restaurant Revitalization Fund to be administered by the SBA.
    - Eligible recipients would include restaurants, bars, food trucks, and caterers, including businesses in airport terminals and tribally owned entities.
  - **Homeowner Assistance**
    - $9.96 billion to establish a Homeowner Assistance Fund at the Treasury Department.
  - **Disaster Relief**
    - The measure would provide $50 billion for the Federal Emergency Management Agency's Disaster Relief Fund to respond to Covid-19 and other major disasters and emergencies declared by the president. Funding would remain available through September 30, 2025.
    - The funding could also be used to provide financial assistance for pandemic-related funeral expenses with a 100% federal cost share.
  - **Airport Support**
    - $8 billion for public agencies and private owners of public-use airports.
  - **Employee Retention**
    - The measure would extend through Dec. 31 an employee retention credit established by the CARES Act.
  - **Child Care**
    - $24 billion for grants to child care providers to use for payroll, rent, personal protective equipment, mental health support, and other needs
    - $15 billion to the Child Care and Development Block Grant
    - $600 million increase to the Child Care Entitlement to States
    - An additional $1 billion to Head Start
  - **Broadband**
    - Creates an "Emergency Connectivity Fund" in the U.S. Treasury and appropriate $7.17 billion into it to cover the purchase of broadband service and devices by schools and libraries for use by students, staff, and patrons at other locations.
  - **Child Tax Credit**
    - Expands the Child Tax Credit from $2000 per child to $3,600 for each child younger than 6 and $3,000 for other children.
    - Makes the CTC fully refundable
    - Allows the CTC to be received on a periodic basis

- **CDC Guidance:** Today, the CDC released guidance on how vaccinated people can socialize with other individuals, vaccinated and unvaccinated. They make the following recommendations:
  - Vaccinated people can visit indoors without masks but should still wear them in public and avoid large gatherings when around those who aren't immunized or are at high risk for contracting Covid-19.
  - You can review the guidance here: https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated.html

March 10, 2021 Update

- **Governor's State of the State Address:** Last night, Governor Newsom issued his State of the State address at Dodger Stadium, one of California, and the Nation's, largest community COVID-19 vaccination sites.
  - The full text, as prepared, of the Governor's speech can be viewed HERE
  - The Governor's comments included key statistics as well as major actions taken over the course of the pandemic. These included:
    - California's death rate has remained one of the lowest per capita in the nation: 134 per 100,000, compared to 158 nationally, 153 in Texas and 247 in New York.
    - California now ranks sixth in the world for vaccine distribution, ahead of many major countries.
    - The positivity rate is down from a high of 14 percent to 2.1 percent today. Hospitalizations are down more than 80 percent since their peak. ICUs are down 77 percent.
    - The Governor also touched on aid that has gone out to small businesses, school reopening efforts, and work on housing the homeless.
    - In addition to the above comments, the Governor outlined on proposals that have been included in his January Budget proposal to further invest in revitalizing California's economy.

- **County Tier Movement:** Yesterday, Department of Health Director Dr. Ghaly announced that nine counties moved into less restrictive tiers as COVID-19 spread drops and vaccinations increase. Alameda, Butte, Calaveras, Imperial, Santa Cruz and Solano counties moved into the red tier. Mariposa and Plumas counties joined the orange tier. Alpine County is the first county in months to enter the least restrictive yellow tier.
  - Currently, there were 34 counties in the Purple (widespread tier), 20 counties in the Red (substantial tier), 3 counties in the Orange (moderate tier), and 1 county in the Yellow (minimal tier).

- **Coronavirus Relief Bill Passes House:** Today, the House voted to approve the Senate changes to the "American Rescue Plan Act," the $1.9 trillion covid-19 relief bill, on an 220-211 vote.
  - No Republicans voted for the bill, and one Democrat, Rep. Jared Golden from Maine, voted against the bill.
  - Congress will process the final bill and send it to President Biden, a process that will take a few days.
  - President Biden is expected to sign the bill into law on Friday.

March 12, 2021 Update

- **Recovery Blueprint and County Tier Update:** The California Department of Public Health (CDPH) announced today that 2 million doses of COVID-19 vaccine have been administered to Californians in some of the state's hardest-hit communities. This milestone triggers a shift in the recovery blueprint that allow for less stringent standards for when counties can move tiers. Most notably, the case rate for a county to move out

the most restrictive (purple) tier is increased from 7 cases per 100,000 residents to 10 cases per 100,000 residents.
  - Using the new recovery blueprint thresholds, 13 counties are now eligible move to a less restrictive tier, from Purple (widespread) to Red (substantial): Amador, Colusa, Contra Costa, Los Angeles, Mendocino, Mono, Orange, Placer, San Benito, San Bernardino, Siskiyou, Sonoma and Tuolumne.
    - These changes will take effect on Sunday, March 14th.
  - CDPH also anticipates that on at the weekly blueprint update, Sacramento, San Diego and 11 additional counties (Kings, Lake, Monterey, Riverside, San Joaquin, Santa Barbara, Sutter, Tehama, Tulare, Ventura and Yuba) will shift from Purple to Red based on current data and projections.
    - These tier adjustments will be assigned on Tuesday and take effect on Wednesday, March 17.

- **Coronavirus Relief Bill Signed:** President Joe Biden signed into law the $1.9 trillion "American Rescue Plan Act," the sweeping aid package that includes state and local funding, direct payments, and jobless benefits.

- **USDA School Lunches**: Yesterday, USDA announced that it would ensure free meals are offered to all school children over summer 2021, through Sept 30. The waivers extended allow for safe meal distribution sites that serve all children for free, regardless of income. In addition, the waivers:
  - Allow meals served through the Summer Food Service Program (SFSP) and Seamless Summer Option (SSO) – collectively known as "summer meal programs" – to be made available in all areas at no cost;
  - Allow meals to be served outside of the normally required group settings and meal times; and
  - Allow parents and guardians to pick-up meals for their children, including bulk pick-up to cover multiple days of feeding children.

- **PPP:** We got word today that the House is planning to vote next week on a two-month extension for PPP, through May 31.
  - As of March 7, nearly $120 billion remained in the program
  - March 31 is currently the last day for the SBA to approve all new PPP loans
  - Banks have already begun winding down their PPP operations in preparation of the deadline
  - The looming deadline is also a problem for businesses affected by recent changes to the program, including a March 3 regulatory change to the way the self-employed, sole proprietors, and independent contractors calculate how large of a loan they are eligible to receive. And the $1.9 trillion stimulus bill, signed into law Thursday, expands loan eligibility to small news organizations and more nonprofits.

- **State Updates Blueprint on Bars, Breweries, Wineries, Distilleries, and Overnight Sleepaway Camps:** Today, the California Department of Public Health (CDPH) updated public health guidance in the Blueprint for a Safer Economy to allow for additional safe and sustainable reopening activities in the state.
  - Beginning March 13, **breweries, wineries and distilleries** that do not serve meals may open outdoors only with modifications in the Purple (widespread) and Red (substantial) tiers.

- In the Orange (moderate) Tier, indoor operations may begin with 25 percent of maximum capacity or 100 people, whichever is fewer. In the Yellow (minimal) tier, indoor operations may increase to 50 percent of maximum capacity or 200 people, whichever is fewer.
- The updated guidance does not apply to breweries, wineries and distilleries that provide meals. Those establishments should continue to follow the restaurant guidance.
- Beginning March 13, **bars** that do not serve meals remain closed in the Purple (widespread) and Red (substantial) tiers. In the Orange (moderate) tier, bars may begin outdoor operations with modifications. In the Yellow (minimal) tier, bars may begin indoor operations with modifications of 25 percent maximum capacity or 100 people, whichever is fewer.
- Beginning June 1, **overnight sleepaway camps** will be allowed to resume with modifications in the Red, Orange and Yellow tiers.

March 17, 2021 Update

- **PPP: Last night,** the House voted 415-3 to approve a two-month extension of the popular Paycheck Protection Program. The three 'No' votes were Rep. Thomas Massie (R-KY), Rep. Tom McClintock (R-CA), and Rep. Marjorie Taylor Greene (R-GA). The bill now goes to the Senate.

- **USDA Food Purchase Program:** The U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) is seeking comments on the development, coordination, and implementation of a food purchase and distribution program intended to provide additional aid to nonprofits serving Americans in need of nutrition assistance.
  - If implemented, the program will serve as a successor to the temporary food box purchase program created in April 2020 in response to the rapidly developing crisis within the food supply chain and increased joblessness due to COVID-19.
  - While the food box effort served some communities well, it faced challenges in others.
  - Comments can be submitted through midnight ET on March 31, 2021, via online portal or by email to AMSCOVIDStimulus@usda.gov.
  - In addition, AMS will host a listening session to provide groups and individuals an opportunity to share their views on how USDA can best serve people in need of food assistance as well as the industry through this program. The session will be March 22, 2021 from 11 a.m. to 2 p.m. PT

- **County Tier Updates:** Yesterday, the California Department of Public Health updated county tier assignments with many counties making progress in the Recovery Blueprint. The Department also indicated that, based on current trends, additional movement is likely in the coming weeks.
  - The counties that advanced yesterday in the state's reopening framework, moving from the most-restrictive Purple tier to the Red tier are: Sacramento, San Diego, Santa Barbara, Riverside, Monterey, Sutter, Lake, Tehama, Tulare, and Ventura Counties.
  - Additionally, San Mateo County advanced from the Red tier to the less restrictive Orange tier, allowing many indoor activities such as dining to increase indoor capacity, while also allowing music and sports venues to resume outside operations with restrictions.

        - All other Bay Area counties remain in the red tier, with San Francisco expected to join San Mateo County in the Orange tier next week based on current metrics.

- **School Outbreak Data:** The state has updated its schools reopening maps on the Safe Schools for All Hub to include outbreak data by school district. View the data for public schools by selecting a specific district on the School Districts Reopening Map.
    - The map includes reported outbreaks since January 1, 2021.

- **Youth and Adult Recreational Sports FAQ:** Yesterday, CDPH released an updated Youth and Adult Recreational Sports Questions & Answers document.
    - With case rates and hospitalizations declining across California, the California Department of Public Health (CDPH) is allowing outdoor high- and moderate-risk sports competition to begin while counties are in the Purple or Red tier, with modifications and steps to reduce risk in counties with a case rate at or below 14 per 100,000 population.
    - Which sports are allowed: (see Table in guidance).

March 23, 2021 Update

- **County Tier Status Updates:** Counties continue to make progress through the State's Blueprint for a Safer Economy, with several updates today.
    - Three counties moved from the Purple Tier to the Red Tier: Kern, Nevada, and Stanislaus
    - Six counties moved from the Red Tier to the Orange Tier: Lassen, Marin, San Francisco, Santa Clara, Trinity, and Yolo.
    - The current tier status numbers are as follows:
        - **Purple Tier: 8 counites**
        - **Red Tier: 39 counties**
        - **Orange Tier: 9 counties**
        - **Yellow Tier: 2 counties**

- **American Rescue Plan State and Local Funding:** The House Oversight & Government Committee released a fact sheet (attached)[2] that lays out details of state and local funding allocations included in ARPA. The fact sheet describes key aspects of the recovery funds, describes the intent of the legislation, and a preliminary understanding of how the Treasury will carry out the legislation. In the coming weeks, Treasury will issue guidance detailing the interpretation and implementation of the funding.

- **SNAP:** This week, the Department of Agriculture announced a 15% increase in Supplemental Nutrition Assistance Program (SNAP) benefits through September 2021.
    - This provides an estimated $3.5 billion to households experiencing food insecurity during the COVID-19 pandemic.
    - The additional funding is allocated from the "American Rescue Plan Act", which invests federal resources to reduce hunger across the country, strengthen the food supply chain, invest in rural America, and provide long awaited support to underserved, socially disadvantaged communities.

[2] ARP State and Local Fiscal Recovery Funds Information Sheet can be found after the legislative updates.

    - The 15 percent increase in SNAP benefits will provide about $28 more per person, per month, or more than $100 more per month for a household of four, in additional SNAP benefits.

- **International Travel:** Last week, WHO officials announced they are working on the development of a “smart vaccination certificate” for people who have received a coronavirus vaccine.
    - WHO Regional Director for Europe emphasized that this effort is simply a method of documenting vaccination status and not a “vaccine passport.”
    - The vaccination certificate should not be mandatory for international travel.
    - Senior Advisor for the White House COVID Response Team, Andy Slavitt, suggested that the government should not be involved in verifying individuals’ vaccination status nor in issuing certification. Though Americans will need a way to document vaccination, Slavitt indicated that the process should be private, secure, free, available digitally and on paper, and available in multiple languages.

- **CDC School Guidance:** The CDC published updated guidance for physical distancing in K-12 classrooms, which reduces the recommended physical distancing in some settings from 6 feet to 3 feet as long as mask use is universal.
    - The CDC continues to recommend 6-foot physical distancing between adults, in common areas (eg, lobbies, auditoriums), when masks cannot be worn (eg, when eating), and during activities that involve “increased exhalation” (eg, singing, band practice/performance, sports practice/competition).
    - Reducing the recommended physical distancing separation to 3 feet aims to make it easier for schools to resume in-person classes while continuing to mitigate transmission risk.

March 26, 2021 Update

- **State and Local Funding Guidance:** TPA was on a call with Biden Administration officials today, who reported that the Department of Treasury is still working hard on the issuing guidance for states and local governments.
    - They shared with us that Treasury is trying to issue just one guidance, as opposed to the CARES Act, where there was rolling guidance. They think we are still a couple weeks away from getting the guidance.

- **Creative FTA Funding Usage:** On a call with the Department of Transportation, DOT expressed interest in better leveraging FTA dollars to meet vaccine needs. The Department indicated that eligible entities can use FTA dollars to set up vaccine sites at FTA supported facilities or for free rides to vaccination sites.

- **National Eviction Moratorium:** The US government is weighing an extension of a federal policy prohibiting landlords from evicting tenants who have fallen behind on paying rent during the COVID-19 pandemic.
    - The extension would impact an estimated 10 million families and could run through at least July.
    - Without an extension, the ban is set to expire at the end of this month.
    - The recently passed stimulus bill, known as the American Rescue Plan, included more than $40 billion to help homeowners and renters behind on their mortgage

and rent payments. However, due to implementation delays, many people have not yet received the assistance, putting pressure on the government to extend the ban.

- **PPP Extension:** On Thursday, the Senate passed a two-month PPP extension by a vote of 92-7, after the House passed it earlier. It now goes to President Biden's desk for signature, which is expected imminently. This will make the PPP deadline the end of May, instead of the end of March. PPP still has about $79 billion to distribute.

- **California Vaccine Eligibility:** As vaccine supply is expected to significantly increase in the coming weeks, yesterday the state announced expanding vaccine eligibility to more Californians.
    - Starting April 1, individuals aged 50+ will be eligible to make an appointment to be vaccinated.
    - Starting April 15, all individuals aged 16+ will be eligible to make an appointment.
    - The State expects to be allocated approximately 2.5 million first and second doses per week in the first half of April, and more than 3 million doses in the second half of April.
        - With these anticipated allocation umbers, the end goal is to administer 4 million vaccines on a weekly basis by the end of April.
    - In an effort to vaccinate the state's hardest hit populations, before eligibility expands to all people 16+, the state will be:
        - Partnering with organizations to vaccinate essential workers
        - Supporting community based organizations to provide scheduling assistance for appointments
        - Prioritizing currently eligible populations and allowing providers the discretion to vaccinate those who live in high-impact areas

April 1, 2021 Update

- **Infrastructure/COVID Stimulus:** Yesterday, President Biden announced his "American Jobs Plan," a $2.25 trillion proposal designed to build on the actions taken to address COVID-19 and provide significant investments in that nation's infrastructure. The White House is describing this as the first of two stimulus plans -- the White House will describe the second part of the economic plan, which will include health care and child care proposals, later in April.

    - **Quick Highlights:**
        - $2.25 trillion over eight years, with new taxes that cover the cost in 15 years
            - This includes an increase in the corporate tax rate from 21% to 28%, plus a "global minimum tax" that would increase the minimum tax on U.S. corporations to 21 percent and calculate it on a country-by-country basis so it hits profits in tax havens.
            - Corporate inversions to tax havens will also be made more difficult.
            - Tax breaks and subsidies for the fossil fuel industry will end.
            - Biden is also promising stepped-up IRS enforcement on corporations.

- $621 billion for **transportation**
    - $174 billion to the electric vehicle market
    - $115 billion to improve bridges, highways, roads
    - $20 billion for road safety, which will upgrade 20,000 miles of roads and highways
    - $85 billion to modernize public transportation systems
    - $17 billion for ports, inland waterways, and ferries
    - $80 billion for Amtrak
    - $25 billion for airports
    - $25 billion for transportation projects for disadvantaged communities.
    - $20 billion for repairing neighborhoods divided by highways
    - $50 billion in infrastructure resilience investments
- $400 billion for expanding access to quality, affordable home- or community-based care for **aging relatives and people with disabilities**.
- $300 billion initiative to **boost American manufacturing**, including
    - $30 billion over the next four years to help **prevent the next pandemic** – with funding for the Strategic National Stockpile, the development of tests and treatments for emerging diseases and prototype vaccines, and improving health infrastructure
    - $31 billion in small business incubators and innovation hubs
- $213 billion to **affordable housing**, including
    - Using targeted tax credits, formula funding, grants, and project-based rental assistance to produce, preserve, and retrofit more than a million affordable housing units
    - $20 billion in tax credits to build and rehabilitate 500,000 for low- and middle-income buyers
    - $40 billion in public housing infrastructure
- $180 billion to upgrade the country's research infrastructure and **labs at universities and federal agencies**
- $137 billion for **schools and child-care**, including
    - $12 billion to improve **community college facilities and technology**
    - $25 billion to upgrade **child care facilities** and increase the **availability of child care** in areas most in need – including by expanding a tax credit for businesses to build child care at places of work
    - $100 billion to upgrade **public schools** - $50 billion in direct grants and $50 billion leveraged through bonds
- $111 billion for **safer drinking water**, including
    - reducing lead exposure in 400,000 schools and child care centers and 6 to 10 million homes
    - $45 billion to replace 100% of the nation's lead pipes and service lines through the Drinking Water State Revolving Fund
    - $56 billion in grants and low-cost loans to states, tribes, territories and disadvantaged communities to improve water systems
    - $10 billion to address PFAS in drinking water and rural/small water systems

        - $100 billion for **high-speed broadband**, prioritizing support for broadband infrastructure in underserved areas and networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives, and removing red tape for municipally-owned providers
        - $100 billion to upgrade the **U.S. electric/power infrastructure**
            - $5 billion in brownfield and superfund sites
            - Investment in public works programs at EDA, USDA, and HUD
        - $100 billion for **workforce development**, including
            - $5 billion to support **community violence prevention programs**
            - $7 billion for opportunities in **underserved communities**
            - $40 billion for **dislocated workers**
            - $48 billion in workforce development infrastructure and workforce protection, including **apprenticeships**
        - $10 billion would be spent on a **Civilian Climate Corps** that employs Americans in conservation work on public lands and waters

    - **Context and Analysis:** President Biden has released the broad details of a plan, but ultimately Congress will have to write the bill language, which may look different from the plan announced.
        - Rep. Peter DeFazio (D-OR), the chairman of the House Transportation and Infrastructure Committee, is putting a bill together in the next month or so.
        - This bill will almost certainly be done under budget reconciliation rules, which will allow Democrats to bypass the Senate filibuster but limit what provisions can be included.
        - There will be a fine line to walk in the House as well – with several House members joining Biden's cabinet, Democrats can't lose many Democratic votes before bill passage is in jeopardy. Rep. Alexandria Ocasio-Cortez (D-NY) has said the package is too small, while several other Democrats have said they won't vote for any tax code changes without a SALT cap repeal (which was not specifically listed in Biden's plan)
        - Speaker Nancy Pelosi said she wants to see the House pass a package along these lines by July 4.

- **Higher Education:**
    - **Student Loan Freeze Expanded:** Over 1 million borrowers who defaulted on certain privately held student loans may get a freeze on debt collections and interest, the Education Department announced earlier this week. This step will ensure 1.14 million borrowers whose loans were backed by the federal government don't have tax refunds or Social Security payments seized to pay back the debt.
    - **Financial Aid Grants:** The IRS announced that students who received emergency financial aid grants related to the coronavirus pandemic won't owe taxes on that money. Students also do not have to reduce the total of their tuition and related expenses by the amount of an emergency financial aid grant, which is important because that total could qualify for tax breaks.

- **National Eviction Moratorium Extended:** The CDC has announced an extension to its national ban on evictions through to the end of June. The national moratorium was slated to expire at the end of this month.

- **California County Tier Updates:** Earlier this week, the California Department of Public Health announced thirteen counties would be moving to a less restrictive tier, although local public health departments may implement policies that are more restrictive than the state.
    - From Purple (widespread) to Red (substantial): Fresno, Glenn, Kings, Madera, and Yuba.
    - From Red (substantial) to Orange (moderate): Alameda, Butte, Colusa, Los Angeles, Modoc, Orange, Santa Cruz, and Tuolumne.
    - No counties moved to a more restrictive tier.

SENATE-PASSED CORONAVIRUS RELIEF RECONCILIATION PACKAGE

Updated March 8, 2021

New or changed provisions from the House bill are in red.

STATE AND LOCAL AID

Overview

- The measure includes $360 billion to help state, local, tribal, and territorial governments mitigate fiscal effects tied to the Covid-19 emergency, including:
    - $195.3 billion for states and Washington, D.C.
    - $130.2 billion for local governments.
    - $20 billion for federally recognized tribal governments.
    - $4.5 billion for territories.
- The measure would distribute $25.5 billion equally among states and the District of Columbia. Other funds would be allocated based on each state's share of unemployed people.
- The measure would set 60-day deadlines to distribute most funds to state and local recipients. A second tranche of funds would be distributed to localities 12 months after the initial allocation. The Treasury Department could also withhold up to half of a state or territory's allocation for as long as 12 months based on its unemployment rate and require an updated certification of its funding needs. Each state plus the District of Columbia would receive at least $500 million.
- The measure also would provide funds to compensate D.C. for the money it would have received as a state under the CARES Act, which grouped it in with territories. Democrats estimated that a similar provision in a Covid-19 relief package from the 116th Congress would have resulted in an additional payment of $755 million.
- Remaining state funds would be allocated based on the number of unemployed people.
- Funding for local governments would include $65.1 billion for counties, $45.6 billion for metropolitan cities, and $19.5 billion for towns with fewer than 50,000 people.
- The Treasury Department would have to make most payments within 60 days of receiving certification from state and local recipients describing their need and intended use for the funds.
- States would have to distribute funds to smaller towns within 30 days of receiving a payment from the department, with extensions permitted. States that miss the deadline would have to pay back any undistributed funds. A town couldn't receive more than 75% of its budget as of Jan. 27, 2020.

Use of Funds

- State and local recipients could the funds to cover costs incurred by Dec. 31, 2024, to:

- 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 during the pandemic.
- Make investments in water, sewer, and broadband infrastructure.

- State and local recipients could transfer funds to private nonprofit groups, public benefit corporations or multistate entities involved in passenger or cargo transportation, and special-purpose units of state or local governments.
- State and local recipients cannot deposit the money into a pension fund. States and territories also couldn't use their allocation to offset revenue resulting from a tax cut enacted since March 3.

Capital Projects

- The measure includes $10 billion for the Treasury Department to make separate payments to states, territories, and tribal governments to carry out capital projects to support work, education, and health monitoring during Covid-19.

Additional Local Aid

- The measure would provide an additional $2 billion for eligible tribal governments and "revenue sharing counties" to use for general government spending, with the exception of lobbying.
- Eligible recipients would include counties that are the main providers of government services in their area and that lost revenue due to changes in federal programs, as well as the District of Columbia and several U.S. territories.

SMALL BUSINESS AID

Paycheck Protection Program

- The measure would increase funding and expand eligibility for the Paycheck Protection Program, and would allow forgiveness for additional expenses.
- **Program Funding:** The measure would increase the program's lending authority by $7.25 billion, to $813.7 billion, and appropriate the same amount for the Small Business Administration (SBA) to guarantee additional loans.
- **Tax-Exempt Groups:** The measure would expand the eligibility rules to cover most other types of tax-exempt groups, including 501(c)(5) labor organizations, 501(c)(7) social and recreation clubs, and 501(c)(8) fraternal benefit societies. Religious educational groups that might otherwise be barred under SBA rules would be permitted. 501(c)(4) social welfare groups, such as AARP, the ACLU, Americans for Prosperity, and the National Rifle Association, would still be prohibited.
- The additional tax-exempt groups couldn't employ more than 300 employees per location or spend more than $1 million annually or 15% of their time on lobbying activities.
- **Larger Nonprofits:** Some nonprofits that currently qualify for PPP loans, such as 501(c)(3) groups, can't have more employees than the SBA's size standards for the relevant industry and are subject to the agency's restrictions for affiliated entities.
- The measure would replace those rules, allowing 501(c)(3) groups with as many as 500 employees per physical location to participate without further restrictions.

- **Online News Publishers:** Internet-only news publishers that were previously ineligible could receive PPP loans if they have 500 or fewer employees or a size set by the SBA per location. They would have to certify that the funds will be used to support local news.
- SBA affiliation rules and a ban on publicly traded companies would be waived for online news outlets seeking loans.
- **Loan Forgiveness:** The measure would expand PPP loan forgiveness to include payments made for premiums on behalf of individuals who qualify for COBRA health insurance continuation coverage. The change would apply to loan forgiveness applications received following the measure's enactment.

Restaurant Grants

- The measure would provide $28.6 billion for a Restaurant Revitalization Fund to be administered by the SBA.
- Eligible recipients would include restaurants, bars, food trucks, and caterers, including businesses in airport terminals and tribally owned entities.
- Disqualified businesses would include those run by state or local governments, companies that manage more than 20 locations including affiliates, live venues seeking grants under the year-end Covid-19 relief package, and publicly traded companies.
- For 60 days following the measure's enactment, $5 billion would be set aside for eligible entities with gross revenue of $500,000 or less in 2019. The SBA would also have to prioritize awards for small businesses owned by women, veterans, and socially or economically disadvantaged individuals during an initial 21-day award period.
- Other grant funds would be awarded on a first-come, first-served basis.
- Grant amounts would cover the difference between an entity's revenue in 2020 compared with 2019. Awards would be reduced by amounts received through the Paycheck Protection Program. Aggregate awards made to an entity and its affiliates couldn't exceed $10 million and would be limited to $5 million per location.
- Eligible expenses generally would include payroll costs, mortgage and rent payments, supplies, normal food and beverage costs, and paid sick leave. Grants couldn't be used to pay fees exceeding 10% of a company's annual net operating profits to investment advisers of certain private funds with an ownership stake.
- Funds could be used through Dec. 31, or a date set by the SBA that's no later than two years after the measure's enactment.

Disaster Loans

- Additional funding also would be made available for advance payments to eligible entities under the SBA's Economic Injury Disaster Loan (EIDL) program.
- The reconciliation measure would provide $15 billion for additional advance payments on a staggered schedule, as follows:
    - SBA would have to allocate $10 billion to covered entities that didn't receive their full eligible advance payments under the year-end relief package. Those entities include recipients with 300 or fewer employees and economic losses of at least 30% over eight weeks compared with a similar period before the pandemic.
    - The remaining $5 billion would be set aside to make new supplemental payments of $5,000 to covered entities with 10 or fewer employees that had economic losses of more than 50% during the covered period.

State Initiative

- The reconciliation measure would provide $10 billion for the State Small Business Credit Initiative. The Treasury Department would have to set aside:

    - $1.5 billion for states to support businesses owned by social and economically disadvantaged people.
    - $1 billion for an incentive program to boost funding tranches for states that show robust support for such businesses.
    - $500 million to support small businesses with fewer than 10 employees.
- The department could set aside an additional $500 million for states to provide legal, accounting, and financial advisory services. It could also transfer the funds to the Commerce Department's Minority Business Development Agency to provide similar technical assistance.
- The Treasury Department could establish a multistate participation program. Covered states could automatically approve small business entities that are already participating in a similar state's program.
- The department would have to complete all disbursements by Sept. 30, 2030. Any remaining amounts would be rescinded

Other SBA Funding

- $1.25 billion in additional funding for SBA grants to live venues and other cultural institutions under a program in the year-end relief package. Removes the provision that prevented receiving both Paycheck Protection Program funds and Shuttered Venue Operator Grant funds, and changes it so that grant amounts would be reduced by any loans received through the Paycheck Protection Program following the enactment of the year-end package.
- $840 million in additional administrative funds for the SBA to carry out the Paycheck Protection Program and other initiatives to aid small businesses during Covid-19.
- $390 million to administer the SBA's disaster loan program and $70 million for the cost of additional loans.
- $100 million for the SBA to establish a community navigator pilot program for small businesses and $75 million for the SBA to promote community navigator services to small businesses.

HOUSING AID

Rental Assistance

- The reconciliation measure would provide $21.6 billion for rental assistance payments through the Treasury Department.
- Funds would be allocated to states and to localities with at least 200,000 people. Each state plus the District of Columbia would receive at least $152 million. The measure also would set aside $305 million for several U.S. territories and $2.5 billion for "high-need grantees" based on their population of low-income renter households, rental market costs, and employment changes since February 2020.
- The Treasury Department would have to ensure each grantee receives at least half of its allocation within 60 days of the measure's enactment.
- Grantees would have to use the funds to provide financial assistance to eligible households, including for rental and utility payments. Total assistance provided to a household under the measure and the year-end package couldn't cover more than 18 months.
- Households would qualify for rental assistance if they have qualified for unemployment benefits, received an eviction notice, or have household income that doesn't exceed 80% of the area median income, among other criteria.

- Funds provided to grantees under the measure would remain available through Sept. 30, 2025. The measure also would extend the use of rental assistance funds under the year-end package through Sept. 30, 2022.

Homeowner Assistance

- The measure would provide $9.96 billion to establish a Homeowner Assistance Fund at the Treasury Department.
- The department would allocate funds to states, territories, and tribes to prevent homeowner mortgage defaults, foreclosures, and displacements. Funds could be used to Funds could be used to reduce mortgage principal amounts, assist homeowners with mortgage and other housing payments, and reimburse state and local governments for money spent to prevent housing losses due to Covid-19.
- Covered mortgages would include those with an unpaid principal balance at the time of origination that was less than a loan limit set by the Federal Housing Finance Agency.
- Each state, along with the District of Columbia and Puerto Rico, would receive at least $40 million. Additional amounts would be set aside for other U.S. territories and tribes.
- Funding recipients would have to set aside at least 60% of their allocation to assist homeowners who make less than 100% of the local or national median income, whichever is greater.

Emergency Housing

- The measure would provide $5 billion for emergency Section 8 Housing Choice Vouchers.
- The Housing and Urban Development Department would have to provide the vouchers through public housing agencies to individuals and families who are currently or recently homeless, and to those who are fleeing domestic violence, sexual assault, or human trafficking.
- Public housing agencies couldn’t reissue the vouchers after Sept. 30, 2023.
- An additional $5 billion would be allocated to state and local governments to provide supportive services for homeless and other at-risk individuals.
- Permitted expenditures would include acquiring non-congregate shelter units, such as hotel rooms, that could be converted to permanent housing.

Other Housing Funds

- $750 million to provide housing assistance and community development services through tribal grant programs.
- $100 million to support individuals living in rural Agriculture Department-subsidized properties who have experienced income loss but aren’t receiving federal rental aid.
- $100 million for grants to housing counseling groups, including through NeighborWorks America.

FEMA

Disaster Relief

- The measure would provide $50 billion for the Federal Emergency Management Agency’s Disaster Relief Fund to respond to Covid-19 and other major disasters and emergencies declared by the president. Funding would remain available through September 30, 2025.
- The funding could also be used to provide financial assistance for pandemic-related funeral expenses with a 100% federal cost share.

Emergency Food and Shelter Program

- The measure would provide $510 million, with $110 million set aside to provide humanitarian relief to families and individuals encountered by the Homeland Security Department.

Firefighter Grants

- The measure would provide a combined $300 million for FEMA's firefighter grant programs.

Emergency Management Performance Grants

- The measure would provide $100 million for FEMA's Emergency Management Performance Grants.

TRANSPORTATION

Transit Aid

- The measure would provide $35 billion for grants to transit agencies, which could use the money for operating expenses including payroll costs and purchasing personal protective equipment.
- The funding would include:
  - $26.1 billion for Urbanized Area Formula Grants.
  - $2.21 billion for urban area and rural area grantees that need additional assistance because of the pandemic.
  - $1.7 billion for Capital Investment Grants.

Airport Assistance

The bill would provide $8 billion in fiscal 2021 for airport sponsors, which generally refers to public agencies and private owners of public-use airports.

- The bill would provide $8 billion in fiscal 2021 for airports, including airport concessions.
- Airports that receive funding would be required to retain at least 90% of personnel employed as of March 27, 2020, through Sept. 30.
- The Transportation Department could provide a waiver for the requirement if it determines that an airport is experiencing economic hardship or the requirement reduces aviation safety or security.

Aviation Manufacturers Payroll Support

- The measure would provide $3 billion to create a payroll support program for aviation manufacturers.
- The measure would allow a 50% federal cost-share to cover wages and benefits for eligible employees for a maximum of six months. Employers would cover the other 50% and would have to maintain compensation at their April 1, 2020, levels. It would apply to a maximum of 25% of employees earning less than $200,000 a year. Employers couldn't use funds to provide backpay for returning rehired or recalled employees.
- Eligible employers would be required to demonstrate that they have involuntarily furloughed or laid off at least 10% of their workforce or experienced a 15% decrease in revenue in 2020 compared to 2019. They also would have to agree not to conduct layoffs or reduce pay for eligible employees until Sept. 30 or the duration of the agreement, whichever is later. Employers receiving other pandemic assistance, such as through the Payroll Protection Program, wouldn't be eligible.

Airline Payroll Support

- The measure includes $15 billion for the airline industry, to help cover employee wages and benefits. It would include similar terms from the previous tranches of airline payroll support.
- Participating airlines and contractors couldn't lay off workers until Sept. 30 or when the assistance is exhausted, whichever is later. They'd also have to continue complying with restrictions on stock buybacks, dividend payments, and executive pay.

Rail Funding

- The measure would provide $1.7 billion for Amtrak in fiscal 2021, including funds to restore the frequency of long-distance routes.

FAA and TSA Employee Leave

- The measure would provide $13 million for an Emergency TSA Employee Leave Fund and $9 million for an Emergency FAA Employee Leave Fund.
- Money would be used to cover paid leave for Federal Aviation Administration and Transportation Security Administration employees, including those who: must quarantine or care for family members due to Covid-19-related concerns, must care for children due to school closures, or are receiving a Covid-19 vaccine.
- Employees would be eligible for paid leave based on their hourly rates through Sept. 30, 2021.
- Full-time employees couldn't receive more than 600 hours of paid leave. Part-time and seasonal employees would be eligible for the proportional equivalent of 600 hours of paid leave as long as funding is available for reimbursement.
- The Covid-related leave wouldn't be provided if biweekly payments would exceed $2,800. It would be in addition to other paid leave and couldn't be taken concurrently. Paid leave taken would reduce the total service used to calculate any retirement benefit.

EDUCATION

- The measure would provide $122.8 billion for grants to states to support local educational agencies in addressing learning loss.
- Local agencies would have to use at least 20% of the funding for summer learning or enrichment, after-school programs, or extended-day or extended-year programs. The rest could be used for a number of education-related expenses, including inspection and improvement of school facilities to ensure adequate air quality, providing mental health services, and technology purchases.
- The bill would direct the Education Department to use at least $800 million of the total to identify homeless children and provide them with wrap-around services and other assistance to facilitate school attendance.
- States that receive the grants couldn't reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019. Restrictions would also apply to per-pupil spending reductions in high-need and high-poverty school districts, compared with the state overall.
- School districts would have to publish a plan within 30 days of receiving funds to safely return to in-person learning.
- The measure also would provide $39.6 billion for emergency financial aid grants at higher education institutions. Funds could also be used to monitor and suppress the coronavirus

and for outreach to financial aid applicants regarding potential adjustments related to the pandemic.

- The Education Department would also receive:
  - $850 million for support to outlying U.S. territories.
  - $100 million for research on addressing learning loss related to the pandemic.
  - $3.03 billion for grants and programming under the Individuals with Disabilities Education Act.
  - $2.75 billion for support to non-public schools.
  - $190 million for grants to educational organizations serving American Indians, Native Hawaiians, and Alaska Natives.

- Outside of the Education Department, the measure would provide:
  - $850 million to the Bureau of Indian Education for support to schools and programs it funds or operates and for tribal colleges and universities.
  - $200 million to the Institute of Museum and Library Services for library improvements.
  - $135 million for grants through the National Endowment for the Arts.
  - $135 million for grants through the National Endowment for the Humanities.

- **Student Loans:** The bill would exclude from taxable income any student loans discharged between Dec. 31, 2020 and Jan. 1, 2026.

- **For-Profit Institutions:** The measure would also modify the “90/10” rule, under which for-profit institutions that obtain more than 90% of their revenue from federal student aid become ineligible for federal support. It would expand the rule to include additional programs, including veterans’ benefits. The change would take effect for institutions for their fiscal years beginning after Jan. 1, 2023.

VETERANS AFFAIRS

Funding for the Veterans Affairs Department would include:

- $14.5 billion for health care, which would include as much as $4 billion for veterans to receive care outside the VA.
- $750 million for State Veterans Homes.
- $272 million for claims and appeals processing.
- $100 million for supply chain modernization initiatives.

Copayments and Cost Sharing

- The measure would provide $1 billion for the VA to waive health insurance copayments and other cost-sharing expenses incurred by veterans from April 6, 2020, when the department first paused medical billing, through Sept. 30, 2021.
- The VA would be directed to reimburse veterans for copayments made during that period.

Job Training

- The measure would also provide $386 million to create a rapid retraining program for veterans who are unemployed because of the pandemic and who haven’t received VA educational assistance or unemployment payments.

- The program would provide no more than 12 months of assistance for eligible veterans to receive training for high-demand jobs or in high-technology programs. The program would be limited to 17,250 veterans and would end after 21 months.
- The VA would provide monthly benefit payments directly to eligible programs and a monthly housing stipend to veterans. Programs would receive 50% of funding when the veteran starts, 25% when they complete the program, and 25% when they find a job.
- The VA would also have to contract with a nonprofit organization to facilitate employment for participants.

Employee Leave Fund

- The measure would create and provide $80 million for an Emergency Department of Veterans Affairs Employee Leave Fund in the Treasury.
- Money would be used to cover paid leave for Veterans Health Administration employees, including those who must quarantine or care for family members due to Covid-19-related concerns, must care for children due to school closures, or are recovering because of complications from immunizations.
- Employees would be eligible for paid leave based on their hourly rates through Sept. 30, 2021.
- Full-time employees couldn't receive more than 600 hours of paid leave or $2,800 in a biweekly pay period. It would be in addition to other paid leave and couldn't be taken concurrently. Any paid leave provided would reduce total service used to calculate retirement benefits.

TAX PROVISIONS

Direct Payments

- The bill would provide another round of direct payments of as much as $1,400 for an individual, $2,800 for joint filers, and $1,400 for each qualifying dependent.
- The payments would begin to phase out for individuals with adjusted gross incomes of $75,000 and would be zero for AGIs of $80,000 or more. Those amounts would be doubled for joint filers.
- Dependents would include full-time students younger than 24 and adult dependents. Individuals who died before Jan. 1, 2021, wouldn't be eligible for the payments.
- Payments would be based on 2019 or 2020 tax returns. The Treasury Department could provide payments to individuals who haven't filed based on return information available to the department.
- It would direct the Treasury Department to pay U.S. territories to cover the costs of providing the payments.

Earned Income Tax Credit

- The measure would expand the earned income tax credit for taxpayers without children for 2021 by increasing the credit percentage and phase out thresholds.
- It also would allow taxpayers ages 19 and older without children to qualify, eliminating the 25 to 64 age range for the year. Individuals who are homeless or were in foster care could claim the credit beginning at age 18, and full-time students could claim it beginning at age 24.
- Other changes to the EITC that would apply beginning in 2021 include:
    - Eliminating a rule that bars individuals who have children without Social Security numbers from claiming the childless EITC.

    - Allowing individuals who are separated from their spouses to claim the EITC on a separate return if they live with their child for more than half of the year.
    - Increasing the limitation on the EITC for individuals with a certain amount of investment income to $10,000, from $3,650 in 2021, and adjusted for inflation.
- The measure would direct the Treasury Department to make payments to U.S. territories for their EITC costs. The department would match up to three times the cost of the EITC in Puerto Rico if it increases its current credit.

Child Tax Credit

- The measure would expand the child tax credit, which provides a credit of as much as $2,000 for each child younger than 17, for 2021.
- The bill's changes to the CTC would include:
    - Making it fully refundable, meaning the entire credit could be provided as a refund if it exceeds an individual's income tax liability, instead of partially refundable under current law.
    - Increasing the maximum credit to $3,600 for each child younger than 6 and $3,000 for other children.
    - Allowing it to be claimed for 17-year-olds.
- The increased credit amount would be phased out beginning at an adjusted gross income level of $75,000 for individuals and $150,000 for joint filers. Once the credit reaches $2,000, the current law phase-outs levels, $200,000 for individuals and $400,000 for joint filers, would apply.
- The Treasury Department would have to establish a program to advance CTC payments on a periodic basis beginning on July 1. The department would be directed to establish an online portal to allow individuals to opt-out of receiving the advanced payments.
- The department would also have to make payments to U.S. territories to cover their CTC costs, except for Puerto Rico, whose residents would file directly with the IRS.

Dependent Care

- The bill would temporarily increase the value of the child and dependent care tax credit, which covers 35% of care expenses of as much as $3,000 for one dependent or $6,000 for two or more dependents.
- The measure would, during 2021:
    - Make the credit refundable.
    - Increase the maximum allowable expenses to $8,000 for one dependent and $16,000 for two or more.
    - Allow the credit to cover 50% of expenses.
    - Begin phasing out the credit at $125,000, instead of $15,000.
- The measure would also exclude as much as $10,500 in employer-provided dependent care from tax in 2021, instead of as much as $5,000.

Employee Retention Credit

- The measure would extend through Dec. 31 an employee retention credit established by the CARES Act.
- It was expanded and extended to July 1 a previous law.
- The measure also would expand eligibility for the credit to new startups that were established after Feb. 15, 2020, and companies if their revenue declined by 90% compared to the same calendar quarter of the previous year. The credit would be capped at $50,000 per calendar quarter for startups

Paid Leave Credits

- The bill would extend through Sept. 30 tax credits for employer-provided paid sick and family leave, which were established under the Families First Coronavirus Response Act.
- The value of the credits would be increased to match the employer's share of contributions to defined benefit plans and registered apprenticeship programs.
- The measure also would:
  - Increase the wages covered by the paid family leave credit to $12,000 per worker, from $10,000.
  - Cover as many as 60 days of paid family leave for self-employed individuals instead of 50.
  - Expand the paid leave credits, including for self-employed individuals, to cover Covid-19 vaccinations or wait times for test results or diagnoses.
  - Bar employers from receiving credits if their paid leave favors highly compensated employees, full-time workers, or employees based on tenure.

Corporate Interest Expenses

- The measure would eliminate the ability of companies to allocate interest expenses on a worldwide basis beginning in 2021. The election allows corporations to claim additional foreign tax credits against their U.S. tax liability, according to a Congressional Budget Office estimate.

Small Business Grants Exclusion

- Advance funds provided through the Small Business Administration's Economic Injury Disaster Loan program and restaurant grants created by the bill would be excluded from gross income for tax purposes.

Business Losses

- The measure would extend rules relating to limitations on "excess business losses" for noncorporate taxpayers for one additional year, through 2026.
- Under the Republicans' 2017 tax overhaul, taxpayers were allowed deductions for business-related losses up to a certain amount, which was later modified by the CARES Act.

Executive Compensation

- Beginning in 2027, the limitation on deducting compensation for publicly traded companies' five most highly paid executives would be expanded to include the next five additional highly compensated employees.

Third Party Transactions

- The measure also would lower the threshold below which third party settlement organizations don't need to report certain transactions to $600, from $20,000.

LABOR PROVISIONS

The Senate version removed the provisions that would have raised the national minimum wage to $15 per hour by 2025.

Unemployment Extensions

- The measure would modify and extend several pandemic-related unemployment benefits created under the CARES Act and extended under the year-end spending and aid package.
- It would extend the extra $300, the Federal Pandemic Unemployment Compensation, through Sept. 6. The House-passed version of the package would have increased the payments to $400 and extended them through Aug. 29.
- The bill would extend through Sept. 6 other CARES Act jobless benefits slated to expire on March 14, with changes that would include:
  - Increasing the duration of Pandemic Unemployment Assistance (PUA) benefits to as long as 79 weeks, from 50 weeks, for individuals who don't qualify for regular benefits.
  - Extending to 53 weeks, from 24 weeks, benefits for those who've exhausted regular benefits under the Pandemic Emergency Unemployment Compensation program.
- The first $10,200 of unemployment benefits received would be excluded from certain taxpayers' adjusted gross income beginning in 2020. The provision would apply to taxpayers with income that's less than $150,000.
- It also would extend through Sept. 6:
  - Federal payments to nonprofits and government agencies for 75%, increased from 50%, of the costs of providing unemployment benefits.
  - Interest-free federal loans for state unemployment trust funds.
  - Full federal funding to qualifying states for the Extended Benefit and work-sharing programs.
  - Full, instead of partial, federal funding for states to provide regular unemployment benefits without a waiting period.
- The measure would provide $2 billion for the Labor Department to address fraud and access to unemployment benefits. Funds could be used to provide grants to states and territories to develop tools for identity verification and fraud detection and to accelerate claims processing.
- It would exclude the additional $100 weekly jobless benefit for self-employed individuals who weren't eligible for PUA benefits, created under Public Law 116-260, from income for eligibility purposes under Medicaid and the Children's Health Insurance Program.
- The bill would modify and extend similar additional unemployment benefits for railroad workers.

Workplace Safety

- The measure would provide $200 million for the Labor Department to carry out worker protection activities related to the Covid-19 pandemic.
- Of that amount, at least $100 million would be allocated to the Occupational Safety and Health Administration (OSHA). Funding would support OSHA enforcement in high-risk sectors, such as meat processing and health care, and the Susan Harwood grant program, which promotes workplace safety in higher education institutions and nonprofit organizations.

Federal Employee Leave

- The measure would provide $570 million for an Emergency Federal Employee Leave Fund to be administered by the Office of Personnel Management.
- The fund could be used to reimburse federal agencies for emergency leave taken by civilian employees and postal workers, including if they have or are caring for someone

with Covid-19, are looking after children during virtual classes, or are obtaining a Covid-19 vaccine.

- Paid leave under the measure couldn't exceed 600 hours per employee and would have to be used by Sept. 30. The measure would cover some District of Columbia employees and exclude military personnel.
- The measure also would extend through Sept. 30 reimbursements for federal contractors that provide paid leave to employees or subcontractors who can't work because of Covid-19. The authority is set to expire on March 31.

Other Labor Provisions

- The bill would establish a presumption that a Covid-19 diagnosis is work-related and would authorize benefits, including disability, medical, and survivor benefits for federal and postal employees. It would cover employees who worked and contracted Covid-19 during a three-year period starting Jan. 27, 2023, including federal workers who had engaged with patients or members of the public.
- The provision wouldn't apply to full- or part-time employees teleworking.

HEALTH CARE

Medicaid Expansion

- **Covid-19 Coverage:** Covid-19 vaccines and treatments would be covered until a year after the pandemic ends at no cost to beneficiaries under Medicaid and the Children's Health Insurance Program. The federal medical assistance percentage (FMAP) would be increased to 100% for vaccine costs during that period.
  - Vaccines and treatment would also be covered for the uninsured. Outpatient drugs used for Covid-19 treatment would be included in the Medicaid Drug Rebate Program.
- **Coverage Expansions:** The measure would increase a state's FMAP by 5 percentage points for two years if it expands Medicaid to cover the newly eligible adult population under the Affordable Care Act. The provision is intended to encourage the 12 states that haven't expanded the program to do so.
  - The measure also would allow states, for five years, to provide full Medicaid benefits to eligible pregnant women for a year after giving birth.
  - It also would increase the FMAP for various services, including:
    - Providing an 85% FMAP for the first three years of covering mobile crisis intervention services for mental health or substance use disorders, which would expire after five years.
    - Providing a 100% FMAP for two years for services received through an Urban Indian Organization or Native Hawaiian Health Center.
    - Increasing a state's FMAP by 10 percentage points for home and community-based services for one year.
- **Drug Rebates:** The measure would end, in 2024, a cap on the rebate that drug companies provide to Medicaid, which is currently limited to 100% of the average manufacturer price. Once that cap is reached, drug makers can raise their prices without increasing the net rebates that must be paid.

Health-Care Funding

- Funding for the Health and Human Services Department to respond to the pandemic would include:

- $47.8 billion for testing and tracing activities.
  - $8.5 billion for vaccine activities at the Centers for Disease Control and Prevention.
  - $7.66 billion to expand the public health workforce, including grants to state, local, and territorial health departments.
  - $7.6 billion for community health centers.
  - $6.09 billion for tribal health programs.
  - $6.05 billion to support manufacturing and purchasing vaccines.
  - $3 billion for block grant programs under the Substance Abuse and Mental Health Services Administration.
  - $1.75 billion for genomic sequencing and surveillance.
  - $800 million for the health workforce.
  - $750 million for CDC global health activities.
  - $500 million for the Food and Drug Administration to continue evaluating Covid-19 vaccines and therapeutics.
  - $500 million for CDC data modernization and forecasting.
  - The measure also would provide $8.5 billion for rural health-care providers for expenses and lost revenue related to Covid-19, $250 million for "strike teams" to assist skilled nursing facilities and $200 million for infection control support at those facilities.
- The measure removed a provision that would have allocated $1.8 billion for testing and mitigation activities in congregate settings, such as prisons, long-term care facilities, and residential treatment facilities.

Medicare Changes

- The measure would allow the Centers for Medicare and Medicaid Services to waive a requirement during the pandemic that ambulance services include transportation to a hospital to receive Medicare payments, if they didn't transport the patient because of Covid-19-related protocols.
- It also would require CMS to reinstate a rural floor for the wage index that applies to hospitals in all-urban states. It wouldn't be applied in a budget-neutral manner.

ACA Tax Credits

- The measure would expand the Affordable Care Act's premium tax credits for health insurance purchased through an exchange.
- The law provides refundable credits for households with income that's 100% to 400% of the federal poverty level (FPL). The law caps premium costs based on a percentage of income, and the credit covers any amount above that cap up to the cost of a "benchmark" plan.
- For 2021 and 2022, the bill would eliminate premiums for individuals at 150% of the FPL or less, and reduce premiums for all other households. It also would make households above 400% of the FPL eligible, with a premium cap of 8.5% of income. The premium caps currently range from about 2% to 9.8%, and are adjusted annually for inflation.
- The measure would also allow taxpayers who receive unemployment compensation in 2021 to be eligible for the credit without any premiums, by disregarding any income above 133% of the FPL.
- The measure also wouldn't allow excess premium credits to be recaptured in 2020.

Cost-Sharing Subsidies

- The bill would allow individuals who receive unemployment compensation in 2021 to qualify for reduced cost-sharing under the ACA. The law requires insurers to reduce out-of-pocket

costs, such as copays and deductibles, for enrollees whose income is between 100% and 400% of the FPL and who enroll in a silver plan through the law's exchanges.
- The measure would disregard income that exceeds 133% of the FPL for purposes of determining the cost-sharing reduction amounts.

COBRA Coverage

- The measure would subsidize 100% of premiums for individuals eligible for COBRA continuation coverage if they lose their job.
- The individual wouldn't have to pay any premiums, and the employer or health plan could claim a refundable tax credit against its Medicare payroll tax liability for the cost of the premiums.
- The premium assistance under the measure would be available through Sept. 30 for individuals who were involuntarily separated from their jobs or had their hours reduced.
- It wouldn't be available once an individual becomes eligible for coverage under another group health plan or Medicare. A $250 penalty could be imposed if individuals don't notify the plan when they are no longer eligible, or as much as 110% of the premium assistance due after they were no longer eligible for a fraudulent failure to notify.

TANF Funding

- The measure would provide $1 billion for a Pandemic Emergency Assistance Fund under the Temporary Assistance for Needy Families (TANF) program.
- The bulk of the funding would be allotted to states and Washington, D.C., based on the number of children in the state and its spending for assistance in 2019. States could use a maximum of 15% of funding for administrative purposes.
- The remaining 7.5% would be allotted to territories and American Indian tribes. Funding would be exempt from the cap on total TANF payments to the territories.

Child Care

- The measure would provide about $24 billion for grants to child care providers to use for payroll, rent, personal protective equipment, mental health support, and other needs. They would have to provide tuition relief to families and couldn't furlough or reduce pay for employees.
- The Child Care and Development Block Grant, a discretionary program that subsidizes child care for low-income families, would receive $15 billion. The bill would allow funds to be used for essential workers regardless of income.
- Funding for the Child Care Entitlement to States, a mandatory program that subsidizes child care for low-income families, would be increased to $3.55 billion per year, from $2.92 billion.
- Head Start, which supports preschool for low-income children, would receive an additional $1 billion.

Defense Production Act

- The measure would provide $10 billion to use the Defense Production Act to purchase, produce, and distribute medical supplies and equipment related to Covid-19. That would include tests, face masks, personal protective equipment, and drugs and vaccines to treat or prevent Covid-19.
- Under the DPA, the president can require manufacturers to prioritize contracts related to national defense and other emergencies. It also authorizes the president to allocate scarce goods and provide incentives such as loans and contracts to help expand production.

Other HHS Programs

- $4.5 billion for the Low-Income Home Energy Assistance Program.
- $1.43 billion for programs under the Older Americans Act, including $750 million for nutrition programs.
- $852 million for the Corporation for National and Community Service, including $620 million for AmeriCorps.
- $450 million for programs under the Family Violence Prevention and Services Act, including $198 million for grants to support survivors of sexual assault.
- $425 million for programs under the Administration for Children and Families that provide direct services to children as needed for pandemic-related costs.
- $350 million for programs under the Child Abuse Prevention and Treatment Act
- $50 million for the Title X Family Planning program.

AGRICULTURE & NUTRITION

- The measure would extend a 15% increase to monthly benefits under the Supplemental Nutrition Assistance Program (SNAP) through Sept. 30. Created by the year-end spending and coronavirus response package, the increase is scheduled to lapse on June 30.
- The package also would provide $1.15 billion to states for SNAP administration, as well as $1 billion for grants for nutrition assistance programs in U.S. territories.
- The measure would provide $490 million to the Agriculture Department to increase the amount of the cash-value voucher provided under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to as much as $35 during the pandemic. Participating states could apply the increase for as long as four months after opting in. The increased authority for both states and the department would end on Sept. 30.
- The measure also would provide $390 million to increase participation in WIC through outreach and program modernization.
- It would direct the Agriculture Department to reimburse emergency shelters under the National School Lunch Program for meals provided to individuals younger than 25 who receive services there.
- It would extend the Pandemic Electronic Benefit Transfer (EBT) program, established by the Families First Coronavirus Response Act, through any school year or summer period following an academic year during a designated public health emergency. The program, which allows for food aid to be provided to families during school closures, had been limited to fiscal 2020 and 2021 and to school year 2020-2021. It would also include Puerto Rico, American Samoa, and the Northern Mariana Islands in the program.

Other USDA Programs

- The measure would appropriate $4 billion to the Agriculture Department to purchase and distribute food and agricultural commodities, including seafood, and to make grants and loans to small and midsized food processors and distributors.
- From that total, the department would use:
  - $300 million for monitoring and surveillance of animals susceptible to Covid-19 transmission.
  - $100 million to reduce the amount of overtime meat, poultry, and egg inspection costs at small establishments.
- The measure would provide $500 million for an Agriculture Department emergency pilot grant program, supporting organizations providing Covid-19-related services in low-income rural areas.

- The package also would appropriate such sums as may be necessary for loan modifications and payments to address "longstanding and widespread discrimination against socially disadvantaged farmers and ranchers" in Agriculture Department programs. The department could pay as much as 120% of each such farmer or rancher's debt on loans it made or guaranteed.
- It would provide $1.01 billion for grants and loans to improve land access for socially disadvantaged farmers, ranchers, and forest landowners, as well as scholarships, outreach, financial training, and other technical assistance.
- The measure would also provide $800 million for Food for Peace grants.

PENSION PROVISIONS

Multiemployer Pensions

- The measure would establish a fund for the Pension Benefit Guaranty Corporation (PBGC) to provide financial assistance to struggling multiemployer pension plans. It would appropriate "such amounts as are necessary" from the general fund to cover the costs of the assistance, which plans wouldn't have to repay.
- The assistance would cover all benefits due from the bill's enactment through 2051, with generally no reduction to a beneficiary's accrued benefit.
- A plan would be eligible for assistance if it meets any of the following:
    - Is in critical and declining status, the most severe of several "zones" used to classify plans' financial distress, in any plan year beginning in 2020 through 2022.
    - Is certified to be in the critical zone in any of those years with additional markers of distress, such as the ratio of assets to liabilities and active to inactive participants.
    - Is insolvent and hasn't been terminated as of the bill's enactment.
    - Has been approved to suspend benefit payments as of enactment.
- Applications for assistance would have to be submitted by Dec. 31, 2025.
- The bill would also:
    - Allow plans to retain their 2019 funding zone designation for 2020 and 2021, with an exception for some plans that enter the critical zone in that period. Plans in endangered or critical status in 2020 or 2021 to extend their rehabilitation periods for an extra five years.
    - Permit plans to amortize investment and other losses incurred after Feb. 29, 2020, over 30 years instead of 15.
    - Set plan premiums at $52 per participant beginning in 2031. The rate would be adjusted using the national average wage index after that.

Pension Smoothing

- The measure would extend and modify "pension smoothing," which increases the interest rates used to calculate pension fund liabilities, allowing companies to contribute less money to pension plans in the short term. The contributions are tax deductible, so lower payments would increase taxable income and federal revenue.
- The tactic has been used to help pay for previous laws, including the 2015 Bipartisan Budget Act (Public Law 114-74), which imposed higher rates through 2021 that were phased down by 2023.
- The bill would extend the higher rates through 2026, after which they would phase down by 2030. The measure would also impose a 5% floor on the interest rates used in the calculation.

Other Pension Provisions

- The measure would set previous funding shortfalls in single-employer plans to zero and extend to 15 years, from seven, the amortization periods for shortfalls beginning in 2020. The measure would allow plan sponsors to apply the extended period for the 2019 plan year.

ADDITIONAL PROVISIONS

- $3 billion for the Economic Development Administration's Economic Adjustment Assistance Program was removed from the bill.
- **Broadband:** The measure would create an "Emergency Connectivity Fund" in the U.S. Treasury and appropriate $7.17 billion into it to cover the purchase of broadband service and devices by schools and libraries for use by students, staff, and patrons at other locations.
- **Consumer Protection:** The measure would provide $50 million for additional consumer product safety inspectors at U.S. ports of entry during the pandemic, with a particular focus on products related to Covid-19.
- **EPA Programs:** The legislation includes $100 million for the Environmental Protection Agency, which would be split among grants to promote environmental justice and grants under the Clean Air Act.
- **GAO:** The Government Accountability Office would receive $77 million.
- **Oversight Committee:** The Pandemic Response Accountability Committee would receive $40 million to oversee the use of Covid-19 relief funds. The panel is part of the Council of the Inspectors General on Integrity and Efficiency and includes IGs and acting IGs from around the government.
- **NIST:** $150 million would be provided for the National Institute of Standards and Technology to fund research, development, and testbeds. There would be no cost-sharing requirements.
- **CPB:** It would provide $175 million to the Corporation for Public Broadcasting to maintain services and preserve small and rural stations, including for grants to public telecommunications entities.
- **Fish & Wildlife:** The measure would provide $95 million to the U.S. Fish and Wildlife Service, which would be used for wildlife inspections, care of captive endangered species, and research related to wildlife disease outbreaks.
- **Consumer Protection:** The measure would provide $50 million for additional consumer product safety inspectors at U.S. ports of entry during the pandemic, with a particular focus on products related to Covid-19.
- **Customs User Fees:** The measure would extend certain customs user fees and rates for merchandise processing fees to Sept. 30, 2030, from Oct. 21, 2029.
- **Cybersecurity & IT Funds:** The package would provide:
    - $1 billion for the General Services Administration's Technology Modernization Fund, which was established to upgrade federal agency IT systems.
    - $650 million for the Homeland Security Department's Cybersecurity and Infrastructure Security Agency to mitigate cybersecurity risks.
    - $200 million for the U.S. Digital Service, a White House unit that provides IT support to federal agencies.
    - $150 million for the GSA's Federal Citizen Services Fund, which is used to support public access to federal information and services.

FOREIGN ASSISTANCE & STATE DEPARTMENT

The measure's funding for foreign assistance and the State Department would include:

- $3.75 billion for State Department HIV/AIDS prevention programs to address Covid-19, most of which would go to the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- $3.09 billion for U.S. Agency for International Development Covid-19 response and disaster relief.
- $930 million for Covid-19 prevention and response, including activities to address the economic effects of the pandemic.
- $905 million for USAID global health activities, including a contribution to a multilateral vaccine development partnership.
- $580 million for multilateral assistance, including the United Nations' Global Humanitarian Response Plan for Covid-19. $500 million for migration and refugee assistance.

American Rescue Plan Act of 2021
Coronavirus State and Local Fiscal Recovery Funds Fact Sheet

Summary

The American Rescue Plan Act of 2021 creates new Coronavirus State and Local Fiscal Recovery Funds to keep first responders, frontline health workers, teachers, and other providers of vital services safely on the job as states, local governments, Tribes, and territories roll out vaccines and fight to rebuild Main Street economies. Funds are available until December 31, 2024.

Now that the legislation has been cleared by Congress, all matters of execution—including allocations of funding, regulations prescribing eligible uses of payments, and resolving matters of statutory ambiguity—will be determined by the guidance and regulations promulgated by the Secretary of the Treasury, which will be determinative.

What follows is a summary of the key aspects of the recovery funds, and describes the intent of the legislation, along with a preliminary understanding of how the Treasury will execute the proposals.

- States and the District of Columbia: $195.3 billion

  - $25.5 billion will be equally divided.
  - $755 million will be allocated to make the District of Columbia whole after it did not receive a fair allocation under the CARES Act.
  - The remaining funds will be distributed based on the share of total unemployed workers.
  - If a state's combined state and local funding total is less than what they received under the CARES Act, the difference will be allocated to the state (this guarantees a minimum of $1.25 billion for each state).
  - To the extent practicable, states and the District of Columbia will receive allocations from the Department of Treasury (Treasury) within 60 days of submitting a Certification of Need.
  - If Treasury decides that a payment to a State requires additional justification, the Secretary could choose to withhold up to 50% of the allocation to each state for up to 12 months from the date the certification of need is received. Such a withholding would not be required, and if the State submits a second certification of need, the Secretary would be required to release the withheld amount by the 12-month deadline.

- Local governments: $130.2 billion divided evenly between cities and counties

  - $65.1 billion will be allocated to metropolitan cities.
    - $45.57 billion will be allocated to municipalities with populations of generally at least 50,000 using a modified Community Development Block Grant formula and sent directly from Treasury to the city.

    - $19.53 billion will be allocated to municipalities with populations of generally fewer than 50,000 in states and territories, with allocations capped at 75% of the locality's most recent budget as of January 27, 2020. Funds will be sent to the state to distribute to the local community based on population within 30 days of receipt unless an extension is granted. Even if granted an extension, States must distribute the funds to the local community not later than 120 days after they receive this funding for distribution or face monetary penalty, and <u>cannot</u> change the allocations or impose additional requirements.
  - $65.1 billion will be allocated to counties based on population and sent directly from the Department of Treasury to the counties.
  - Funding will be distributed by Treasury in two tranches—one within 60 days of enactment to the extent practicable, and the second one year after the disbursement of the first tranche.

- Territories: $4.5 billion

  - $2.25 billion will be divided equally.
  - $2.25 billion will be allocated based on population.
  - To the extent practicable, territories will receive allocations from Treasury within 60 days of submitting a Certification of Need.
  - If Treasury decides that a payment to a territory requires additional justification, the Secretary could choose to withhold up to 50% of the allocation to the territory for up to 12 months from the date the certification of need is received. Such a withholding would not be required, and if the Territory submits a second certification of need, the Secretary would be required to release the withheld amount.

- Tribes: $20 billion to federally recognized Tribal governments.

  - $1 billion will be divided equally.
  - $19 billion will be divided as determined by Treasury, which is expected to engage in Tribal consultation and to make use of data previously collected from Tribes to improve the distribution formula used in the CARES Act.
  - To the extent practicable, funding will be distributed by Treasury within 60 days of enactment.

In addition to these Funds, the law creates a new $10 billion **Coronavirus Capital Projects Fund** for "critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease." To implement this Fund, Treasury is required to establish a process of applying for grants within 60 days of enactment. The Fund will provide:

- $100 million for each state, the District of Columbia, and Puerto Rico;
- $100 million split equally between the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Marshall Islands, Micronesia, and Palau;

- $100 million split equally between Tribal governments and Hawaii, with each receiving a minimum of $50,000; and
- The remaining $4.7 billion will be distributed to states, the District of Columbia, and Puerto Rico as follows:
    - 50% based on population
    - 25% based on rural population
    - 25% based on household income that is below 150% of the poverty line

The law also creates an additional $2 billion **Local Assistance and Tribal Consistency Fund** that will allocate $750 million to eligible revenue sharing counties (defined to include the District of Columbia, Puerto Rico, Guam, and the Virgin Islands) and $250 million to eligible Tribes for any government purpose other than lobbying. These funds will be distributed based on economic conditions of the recipient entities in fiscal years 2022 (beginning October 1, 2021) and 2023 (beginning October 1, 2022). Among other things, this fund is intended to assist counties currently reliant on the Payment in Lieu of Taxes (PILT) and Secure Rural Schools (SRS) programs, among other revenue sharing programs, but based on their real economic conditions rather than historic payments.

Frequently Asked Questions

How can recipient governments use relief allocations from the State and Local Fiscal Recovery Funds?

The Department of Treasury will issue guidance detailing its interpretation and implementation of eligible uses, but the statutory language specifically authorizes use of the funds. Each of the following is a separate allowable use of the funds for the recipient:

- To respond to the pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- For premium pay to eligible workers performing essential work (as determined by each recipient government) during the pandemic, providing up to $13 per hour above regular wages;
- For the provision of government services to the extent of the reduction in revenue due to the pandemic (relative to revenues collected in the most recent full fiscal year prior to the emergency);
- To make necessary investments in water, sewer, or broadband infrastructure;

In addition, a recipient may transfer its allocation to a private nonprofit organization, Tribal organization, public benefit corporation involved in the transportation of passengers or cargo, or special-purpose unit of State or local government, if the recipient government so chooses. The recipient entity would need to use the funds consistent with the purposes listed above.

The recipient government must send Treasury periodic reports with a detailed accounting of the uses of the funds (States and territories must also provide all modifications to tax revenue sources since March 3, 2020).

The language explicitly prohibits funds from being deposited into a pension fund.

States and territories are also prohibited from using the funds to offset, either directly or indirectly, a tax cut made since March 3, 2021.

While the State and Local Fiscal Recovery Fund eligible uses are broader than those of the CARES Act Coronavirus Relief Fund, guidance previously released for the Coronavirus Relief Fund may provide insight into how Treasury may interpret and implement these American Rescue Plan provisions.

How will state and local governments receive the relief allocations?

States and territories will receive their allocations within 60 days of submitting to Treasury a certification signed by an authorized officer that the funds are needed to respond to the pandemic and will be used in compliance with the eligible uses. If Treasury decides that a payment to a state requires additional justification, the Secretary could choose to withhold up to 50% of the allocation to each state and territory for up to 12 months from the date the certification of need is received. Such a withholding would not be required, and if the state or territory submits a second certification of need, the Secretary would be required to release the withheld amount by the 12-month deadline.

Funding for counties, metropolitan cities, and nonentitlement units of local government (generally those under 50,000 inhabitants) will be separated into two tranches. To the extent practicable, Treasury is required to send out the first tranche (equal to 50% of the recipient's allocation) within 60 days of enactment, and the second tranche (the remaining 50%) not earlier than one year after the first disbursement. Counties, metropolitan cities, and nonentitlement units of local government are not required to submit a signed certification of need to Treasury.

Because it could take a full year for Treasury to calculate and disburse the allocations for nonentitlement units of local government, Treasury is instead required to send the amounts intended for those recipients to each state (including territories) within 60 days. States and territories would then have 30 days to disburse the funds to the nonentitlements based on population. Because of the potential administrative burden of evaluating the eligibility for all of these smaller localities, a state could, if necessary, ask Treasury for up to three extensions for distributing one or more of those allocations. The state or territory would need to justify why the extension is warranted, and would have **<u>no</u>** authority to change the amount of, or attach additional requirements to, the payments allocated to the intended local government recipients.

Why have the allocations on the estimates spreadsheet changed over time?

- **<u>States</u>**: The bill was amended in the Senate to replace the minimum base payment to states of $500 million with a total state- and local-level combined allocation equal to what the states received under the CARES Act, guaranteeing a minimum of $1.25 billion for each state.
- **<u>Counties</u>**:
    - A correction was made to an error in the way the CDBG allocations were weighted across counties. This resulted in a greater number of urban counties receiving the CDBG markup (up to 14, from 11 previously) and a subsequent reduction in the amounts received by other counties.
    - A correction was made to a data sorting error that resulted in the wrong population inputs being used for roughly 3% of all counties.
- **<u>Metropolitan Cities</u>**:
    - A correction was made for an error in the way the CDBG allocations were weighted across metro cities. This resulted in increases in the projected assistance to each metropolitan city by about 9%.
    - Eligible metropolitan cities that did not receive a FY2020 CDBG award and were therefore left off initial runs were manually identified and added when possible.
- **<u>Nonentitlement Units of Local Government</u>**: The estimates gained more precision over time based on updates to how Treasury will calculate the nonentitlement allocation for each state, as well as a change to the definition of "nonentitlement unit of local government" to more accurately cover active local governments performing the functions of municipalities, as had been the intent. For example, the prior definition would have inadvertently made non-governmental entities eligible for allocations, which while

appropriate for the CDBG program, was not the policy intent of the state and local funding in the American Rescue Plan.

What will cause final allocations to differ from the estimates spreadsheet?

- Interpretation and implementation decisions by the Department of Treasury, including the possibility of using the FY2021 CDBG formula for metro cities or 2020 population data for counties and nonentitlements (that data was not available at the time that the Congressional Research Service's preliminary estimates were calculated).
- The cap on nonentitlement allocations at 75% of the entity's most recent budget as of January 27, 2020. Congressional Research Service analysts do not have local budget information sufficient to calculate this cap, so it is not reflected in the estimates.
- Redistribution of funds from inactive counties to the local governments within the county.
- Potential addition of eligible metro cities that did not receive a FY2020 CDBG award and were therefore not included on the spreadsheet.
- Projected amounts for nonentitlements may be divided between more than one nonentitlement government to the extent that eligible nonentitlement governments have overlapping populations (for example, residents of a village government and town government in New York). In cases where an eligible government does not appear on this list but another government representing some or all of its population is listed, the total estimate provided represents all of the nonentitlement funding attributable to the government's underlying population. Treasury guidance on how to distribute amounts for overlapping government will be determinative.

What if a city, town, village, or township is not included on the estimates spreadsheet?

The updated spreadsheet is <u>not</u> a comprehensive list of eligible nonentitlement units of local government; rather, it uses publicly available data to estimate how Treasury might interpret the law.

The legislation defines "nonentitlement unit of local government" as either:

(1) Any "municipality" (as defined by the Census) that is a city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions that, except as provided in section 5306(d)(4) of this title, is recognized by the Secretary; and the District of Columbia.

or,

(2) any non-municipality (as defined by the Census) that is a town or township and which:

(i) possesses powers and performs functions comparable to these associated with municipalities,

(ii) is closely settled, and
(iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census which have not entered into cooperation agreements with such town or township to undertake or to assist in the undertaking of essential community development and housing assistance activities.

The Treasury Department will determine how this will be interpreted and implemented.

In cases where an eligible government does not appear on this list but another government representing some or all of its population is listed, the total estimate provided represents all of the nonentitlement funding attributable to the government's underlying population. Treasury will determine how such amounts are divided among such overlapping units of government.

What about cases where a local government appears more than once?

The legislation provides for funding to cities (including both metro cities and nonentitlements) and counties to be separate and distinct. In cases where cities are also incorporated as counties, those governments should expect to receive funding both as a city and as a county.

However, any case where a local government is listed once as a city – either as both a metro city and a nonentitlement government, or twice as a nonentitlement government – is likely the product of error inherent in the estimating process. For any government that is listed as both a metro city and a nonentitlement government, the metro city estimate is likely to be more accurate. In cases where a government is listed more than once as a nonentitlement, any duplication should be ignored and the estimate should only be counted once, keeping in mind that some states have governments with identical names in different counties.