



### **American Rescue Plan (H.R. 1319)**

On March 11, 2021, President Biden signed into law the [American Rescue Plan \(ARP\) Act of 2021](#). The American Rescue Plan provides \$350 billion in assistance to state, local, tribal, and territorial (SLTT) governments through newly established **Coronavirus State and Local Fiscal Recovery Funds (FRF)**.

Funding will be distributed as follows:

- **State governments** and the **District of Columbia (DC)** are set to receive \$195.3 billion. Each state will receive at least the amount they received under the CARES Act's Coronavirus Relief Fund<sup>1</sup> and DC at least \$1.25 billion. This funding is largely distributed based on the state's share of recently unemployed individuals.
- **Local governments** will receive \$130.2 billion, with \$45.6 billion for metropolitan cities based on the Community Development Block Grant (CDBG) formula, \$65.1 billion to counties based on population, and \$19.5 billion to municipalities with populations under 50,000 based on population.
- **Tribal governments** will receive \$20 billion.
- **U.S. territories** will receive \$4.5 billion.

Early estimates of funding allocations can be found [here](#), but will change once the U.S. Department of the Treasury (Treasury) finalizes the distribution formulas. Variables for these allocations include Q4 unemployment rates, population, and the jurisdiction's recent budget.

**Funding conditions:** FRF resources can be used to "respond to public health emergency or its economic consequences." Prior Treasury guidance has interpreted similar legislative language as encompassing "expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions," and "any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria." We expect Treasury will provide similar guidance for the FRF. Under such an approach, the FRF could fund code department virtual capability needs so long as those needs relate to the ongoing COVID-19 pandemic. Additional guidance from Treasury will be made available [here as it is developed and posted](#).

Additionally, unlike the CARES Act funding, the FRF may be used "to provide government services to the extent necessary because revenues have declined due to the pandemic," so long as the funds are not used to replace revenues lost because of tax cuts tied to the receipt of State or Local Fiscal Recovery Funds. Per a prior Code Council [survey](#), roughly 4 in 10 code departments experienced or expected budget cuts. Jurisdictions facing revenue downturns may be able to use FRF resources for code department staff salaries and operations.

**Prioritization of Funding:** Individual SLTTs receiving funds will prioritize how the funds are to be used based on identification of needs to respond to the public health emergency and its economic

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<sup>1</sup> Enacted in March 2020, CARES Act provided \$150 billion to SLTT governments responding to the coronavirus pandemic through the Coronavirus Relief Fund (CRF). These funds were accessible to building and fire prevention offices for hardware and software investments that aided departmental operations and remote work during the pandemic. Testimonials on code departments utilizing CRF funds can be found [here](#) and [here](#).

consequences. The SLTT receiving funds will also determine the timeline for distributing the funds to departments. In the past, funding announcements have been made through [press releases](#) and [executive orders](#).

**Timeline:** Local governments will receive funds in two tranches, with 50% provided in the first tranche, while states and territories will receive funds in one or two tranches, with up to 50% withheld from the first tranche at the discretion of the U.S. Treasury. Treasury must make the first payment to recipients by May 10, 2021. Municipalities with populations less than 50,000 will receive payments through their states by June 9. The second payment will be made no earlier than 12 months after the first.

**What you can do:** Depending on need, Code Council members, partners, and allies are encouraged to advocate to their state, county, city, or other local government that FRF resources be provided to assist code departments in developing virtual capabilities and in maintaining operations. The best time to shape the scope of what activities an individual SLTT will fund is prior to that SLTT's developing initial guidance or receiving its initial allocation. Talking points are available [here](#).

Advocacy should be directed to the office charged with overseeing distribution of the SLTT's relief funding. Cities and counties have assigned this responsibility to their finance or budget offices. States have assigned this responsibility to their [department of emergency management](#), [department of commerce](#), [department of revenue](#), or a newly established dedicated COVID-relief [administrative entity](#). If the office charged with administering the funds is not clear, advocacy should be directed to the executive branch (e.g., Governor or County Executive). Staff in your jurisdiction with experience accessing federal, state, or county funding may be able to provide additional insight into how to best direct funding requests. We encourage you to coordinate your efforts with [your Government Relations staff liaison](#).