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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 Fund¹ 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 (referred to as non-entitlement units of local government, or NEUs). Distributions to these governments cannot exceed 75 percent of their most recent budget as of January 27, 2020.
- **Tribal governments** will receive \$20 billion.
- **U.S. territories** will receive \$4.5 billion.

The U.S. Department of the Treasury (Treasury) has finalized funding allocations for all government types. Those allocations, and Treasury's methodologies, can be found [here](#).

Funding conditions: According to [Treasury guidance](#) and its [FAQ](#), FRF resources can be used to for activities in the following core areas:

1. Response to the COVID-19 public health emergency. This includes payroll and benefits for "the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency," "funding uses eligible under [the CARES Act's Coronavirus Relief Fund] as a response to the direct public health impacts of COVID-19," and "[h]ousing services to support healthy living environments" that "address disparities in public health that have been exacerbated by the pandemic." Prior Treasury guidance on Coronavirus Relief Fund uses permitted "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

¹ 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](#).

function of government that satisfy the Fund’s eligibility criteria.” Consequently, governments will be able to use FRF resources to fund code department virtual capability needs so long as those needs relate to the ongoing COVID-19 pandemic.

2. Response to negative economic impacts. This includes “payroll, covered benefits, and other costs associated with rehiring public sector staff, up to the pre-pandemic staffing level of the government,” as well as “[a]ffordable housing development to increase supply of affordable and high-quality living units.”
3. Provide premium pay to “eligible workers” who perform “essential work.” “Eligible workers” refers to workers who “maintain continuity of operations of essential critical infrastructure sectors,” which includes “any work performed by an employee of a State, local, or Tribal government.” “Essential work” involves regular in-person interactions or regular handling of items handled by the public.
4. Provide government services. Unlike the CARES Act funding, the FRF may be used for the “provision of government services to the extent of the reduction in revenue... due to the COVID-19 public health emergency,” 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. Government services can include, for example, “the provision of police, fire, and other public safety services.” Per a prior Code Council [survey](#), roughly 6 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.
5. Invest in Infrastructure. Funding can be used to address needs for and make improvements to water, sewer, and broadband infrastructure.

States and territories may not place additional conditions or requirements on distributions to NEUs, beyond those required by the ARP and Treasury’s implementing regulations and guidance.

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 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. States with higher unemployment rates [will receive](#) 100% of their allocation in one tranche while other states [will receive](#) 50% in the first tranche. . Treasury must make the first payment to local government recipients beginning in May 2021 and to states and territories not more than 60-days from their certifying they require the funding and will use it consistent with the American Rescue Plan’s stipulations. Municipalities with populations less than 50,000 will receive payments through their states in June 2021. The second payment will be made no earlier than 12 months after the first for local governments and up to 12 months after certification for states and territories. SLTT recipients have until December 31, 2024 to incur eligible costs. The period of performance for funds can extent until December 31, 2026.

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](#).