What’s in the American Rescue Plan Act?

- Historic expansions of the Child and Earned Income Tax Credits
- $1,400 stimulus checks to most
- Enhanced Unemployment Insurance
  - Including a $300 federal supplement to normal benefits
- COVID response and $160 billion for vaccine production and distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal support to state governments</td>
<td>$220</td>
</tr>
<tr>
<td>Vaccination efforts</td>
<td>160</td>
</tr>
<tr>
<td>Fiscal support to local governments</td>
<td>130</td>
</tr>
<tr>
<td>K-12 education</td>
<td>123</td>
</tr>
<tr>
<td>Higher education</td>
<td>40</td>
</tr>
<tr>
<td>Businesses</td>
<td>39</td>
</tr>
<tr>
<td>Transit</td>
<td>30</td>
</tr>
<tr>
<td>Rental aid</td>
<td>22</td>
</tr>
<tr>
<td>Assisting homeless people</td>
<td>10</td>
</tr>
<tr>
<td>Assisting homeowners</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Brookings analysis of American Rescue Plan Act
American Rescue Plan Act – fiscal support

• States receive $220 billion
  • Allocated based on unemployment in 2020 Q4

• Cities and counties receive $130 billion
  • Split equally between cities and counties
  • Distributed on either per-capita or CDBG basis

• Funds can be used to backfill revenue losses, respond to COVID, and invest in water, sewer, and broadband infrastructure
American Rescue Plan Act – schools and child care

• K-12 schools receive $123 billion
  • Distributed like ESEA grants, mostly based on the number of low-income students
  • 90% to school districts, 20% of that must be used to address “learning loss”

• Higher education institutions receive $40 billion
  • Higher education grants based 75% on enrollment of Pell Grant students

• Maintenance of effort requirements prevent states from shrinking schools’ share of the state budget

• $15B increment to Child Care Development Fund, plus $24B for states to subgrant directly to providers
American Rescue Plan Act – transit and businesses

• Transit agencies receive $30 billion
  • Allocated based on operating cost
  • Can be used to meet payroll, backfill lost revenue, and respond to COVID

• Businesses receive $39 billion
  • Mostly for restaurants
  • Distributed by SBA
American Rescue Plan Act – housing

• Housing aid receives $39 billion

• Allocated to states mostly by population, although small states get more

• Also included: $10 billion for housing homeless people and $10 billion for assisting homeowners pay mortgages
The next package: stimulus to ‘Build Back Better’

- Possible categories and rough magnitudes
  - **Infrastructure**: transportation, water, broadband ($1,400B)
  - **Clean energy**: grid upgrades, energy efficiency, electric car ($600B)
  - **Manufacturing and workforce support**: Buy American, labor/safety standards ($400B)
  - **Innovation/R&D**: federal R&D, regional growth centers, minority businesses ($300B)
  - **Caregiving economy**: medical homes, childcare subsidies, universal pre-K ($775B)

- Will likely need to use **reconciliation**
  - So, no changes in law that don’t primarily affect spending; would likely proceed under a new FY22 budget resolution
Organizing for success

• Understand your local fiscal baseline
• Learn from CARES experiences
• Identify local opportunities to advance racial and geographic equity

<table>
<thead>
<tr>
<th>Small businesses</th>
<th>Critical infrastructure</th>
<th>Public health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>Job creation</td>
<td>College and universities</td>
</tr>
</tbody>
</table>