

# American Rescue Plan Act: Provisions of Interest to Cities

March 22, 2021

**In addition to \$130.2 billion to local governments, the law includes numerous provisions that may help cities recover from COVID-19.**

In addition to the \$350 billion to help state and local governments address economic impacts related to COVID-19, the federal American Rescue Plan Act includes other funding programs and policy changes in an effort to further mitigate the damage the pandemic has done.

Below is a categorized summary of many of the provisions of interest that may help inform cities as determinations are made of where best to dedicate funds and where to access other federal funding programs to bolster local efforts. ([For information about the state and local aid provisions, read a previous article.](#))

## Economic assistance to individuals and families

For individuals and families, the act provides:

- Direct payments of \$1,400 for individuals making up to \$75,000 per year, and \$2,800 for couples who file jointly and make up to \$150,000, plus \$1,400 for qualifying dependents.
  - Economic impact payments will go out to 85% of all adults in Minnesota and 82% of all children in the state.
- An increased Child Tax Credit maximum amount of \$3,000 per child and \$3,600 for children under age 6, and an extension of the credit to children age 17.
  - Impacts 1.126 million families in Minnesota and aims to lift 44,000 children out of poverty in the state.
- Additional \$1,000 in Earned Income Tax Credit relief to 289,000 Minnesota workers without children, which includes many in frontline jobs.
- An extension of Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation through Sept. 6, 2021, as well as an extension of full federal financing of extended benefits through Sept. 6, 2021.

## Employee benefits

Employee benefit provisions in the act include:

- A measure that, effective March 31, 2021, makes state and local governments eligible for the paid leave reimbursable tax credits under the Families First Coronavirus Relief Act (FFCRA).

Previously, state and local governments were expressly prohibited from receiving the credit in the FFCRA.

- A federally financed COBRA subsidy that is available for up to six months for eligible individuals. ([Learn more about the COBRA subsidy from consultants at Gallagher.](#))
- Other employee benefits, including temporary increases for dependent care benefits and extension of credits for paid leave when offered on a voluntary basis. ([Learn more about employee benefits from consultants at Gallagher.](#))

## Small business assistance

For small businesses, the act provides:

- Additional \$7.25 billion for the Paycheck Protection Program (PPP) forgivable loans.
  - Expands eligibility for qualified nonprofits eligible to receive assistance from the PPP.
- \$15 billion for targeted Economic Injury Disaster Loan for businesses located in low-income communities that have suffered economic losses.
- \$25 billion for eligible restaurants, bars, and other businesses providing food and drink to cover pandemic-related revenue losses up to \$10 million per entity or \$5 million per location limited to 20 locations.
- \$1.25 billion for shuttered venue operators.

## Public safety

Public safety provisions in the act include:

- \$300 million for assistance to firefighter grants.
- \$100 million via the Emergency Management Performance Grant program to state and local emergency management agencies to assist with vaccine rollout.

## Transportation and infrastructure

For infrastructure, the act provides:

- \$30.5 billion for grants to transit agencies to cover operating expenses and personal protective equipment costs.
- \$1.7 billion for Capital Investment Grants.
- \$281 million to support rural transit agencies in areas with 50,000 or fewer people.
- \$8 billion for airports and airport concessions impacted by the pandemic.

## Health and human services

Health and human service provisions include:

- \$47.8 billion for testing and contact tracing.
- \$8.5 billion for CDC vaccine activities, including additional funding for state, local, and territory vaccine distribution grants.

- \$7.66 billion for state, local, and territorial public health departments to support public health workforce.
- \$3 billion in Substance Abuse and Mental Health Services Administration block grant funding.
- \$800 million for health workforce.
- \$39 billion in total funding for childcare, of which:
  - \$15 billion is for the Child Care Development Block Grant program.
  - \$24 billion is for new childcare stabilization grants.
  - \$1 billion is for Head Start.

## Housing and utility assistance

Housing and utility provisions include:

- \$27.4 billion in Emergency Rental Assistance.
  - The state of Minnesota is estimated to receive \$200 million in Emergency Rental Assistance.
  - Similar to Emergency Rental Assistance authorized in December 2020 and includes homeowner assistance fund of \$9.96 billion.
- \$100 million for rural housing.
- \$4.5 billion for the Low-Income Home Energy Assistance Program.
- \$500 million for Low-Income Household Drinking Water and Wastewater Emergency Assistance Program for assistance with payments for drinking water and wastewater expenses for low-income households.

## Broadband

The act includes a \$7.2 billion Emergency Connectivity Fund to assist schools and libraries with broadband connection, including hotspots, routers, and other connected devices.

## Nutritional assistance

Nutrition provisions in the act include:

- \$400 million to the Emergency Food and Shelter Program.
- A 15% increase to Supplemental Nutrition Assistance Program (SNAP) benefits through Sept. 30 and an additional \$1.15 billion for SNAP administration.
- A USDA reimbursement for emergency shelters under the National School Lunch Program for meals provided to individuals ages 25 and younger receiving services

## Education assistance

The act includes \$1.22 billion for Elementary and Secondary School Emergency Relief. Over \$1.373 billion of relief will be provided to Minnesota K-12 schools.

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