



Initial Summary of the American Rescue Plan Act

ISSUE BRIEF

Overview

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion stimulus bill, signed into law on March 11, 2021, that provides a third round¹ of fiscal relief to states, local governments, businesses, and individuals in an effort to speed the country’s recovery from the health and economic ramifications of the COVID-19 pandemic. The following summary provides information as to the allocation of funds and allowable uses for Utah and its local governments and individuals. This information is subject to change as the Department of the Treasury issues additional guidance. More details related to time constraints on use of funding, matching requirements, and maintenance-of-effort requirements may be found in the companion Excel workbook.

Total Estimated Stimulus Dollars to Utah

- \$2.74 billion to state and local governments
- \$1.89 billion to specific agency grants and funding
- \$3.76 billion to individual stimulus payments
- \$8.39 billion total funding

Estimated American Rescue Plan Funding to Utah	
<i>State/Local Funding</i>	
State Fiscal Relief Fund	\$ 1,516,673,000
Local Fiscal Relief Fund	\$ 1,090,987,000
Capital Projects	\$ 135,986,000
<i>Subtotal</i>	\$ 2,743,646,000
<i>Agency-Specific Grants and Funding</i>	
Education	\$ 1,182,171,000
Health and Human Services	\$ 519,230,000
Agriculture	\$ 2,970,000
Transportation	\$ 174,205,000
FEMA (emergency management/emergency food and shelter)	\$ 3,754,000
Other independent agencies	\$ 4,303,000
<i>Subtotal</i>	\$ 1,886,633,000
<i>Direct Individual Payments</i>	
Direct Individual Stimulus Payments	\$ 3,764,534,000
<i>Total</i>	\$ 8,394,813,000

Source: FFIS, based on currently known estimates for select grants. Additional funding is expected as allocations are made by federal agencies.

¹ The ARPA follows the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Families First Coronavirus Response Act (~\$2 trillion total, ~\$13.6 billion to Utah) and the Consolidated Appropriations Act (~\$900 billion total, ~\$4.3 billion to Utah).

State Fiscal Recovery Fund

- Utah est.: \$1.52B
- Funds allocated within 60 days of certification²

Allowable Uses:

- Respond to the COVID-19 public health emergency and cover costs related to it, including assistance to households, small businesses, non-profits, and affected industries such as tourism, travel, and hospitality
- Provide premium pay (up to \$13 per hour in addition to base pay, up to a \$25,000 cap) to state, territory, or tribal government workers who perform essential work during the public health emergency, or provide grants to employers with employees who perform essential work (defined as work needed to maintain continuity of operations of critical infrastructure and other sectors designated by the governor as critical to protect the health and well-being of residents)
- Provide government services to the extent of lost revenue from the public health emergency, relative to revenues in the fiscal year prior to the pandemic
- Make investments in water, sewer, or broadband infrastructure
- Funds may be transferred to private non-profits, tribal organizations, public benefit corporations

Restrictions:

- May be allocated in two 50% tranches or as a lump sum, depending on forthcoming Treasury guidance
- May not be used for direct or indirect tax reductions or pension payments between March 3, 2021 and the last day of the fiscal year in which all funds received have been spent or returned

Local Fiscal Recovery Fund

- Utah est.: \$1.1B total
 - \$281M to metro cities, \$189M to other non-counties, \$622M to counties
- First tranche of funds (50%) allocated within 60 days of enactment (mid-May 2021) ; second tranche (50%) at least 12 months after first payment
- Funds allocated directly to metropolitan cities and counties; funds to other non-counties are to be distributed by the state, but in specified amounts and on a specified timeline (see Excel)
- Same allowable uses as for State Fiscal Recovery Fund

Coronavirus Capital Projects Fund

- Utah est.: \$136M
- For “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency”

Elementary and Secondary School Emergency Relief Fund

- Funds pass through the state
- At least 90 percent of funds must be distributed to LEAs
- 20 percent of LEA funding must address learning loss
- Remaining funds are flexible; uses could include needs related to ventilation systems, smaller class sizes, social distancing, PPE, support staff

² The Department of the Treasury will provide a process for states to submit a certification stating that they require the funds and will use them as specified. The 60-day timeline begins once a state submits its certification; the deadline will likely be in May.

- LEAs required to create and publish plans for returning to in-person instruction within 30 days of funds receipt
- USBE must use part of its allocation in the following way: five percent to address learning loss, one percent for afterschool activities, and one percent for summer learning programs

Higher Education Emergency Relief Fund

- Funds allocated directly to institutions
- Institutions must spend at least 50 percent of funds on emergency financial aid grants provided directly to students
- Additional funds may be used for revenue replacement, emergency expense reimbursement, etc.

Direct Effects for Citizens

- \$1,400 stimulus checks
 - Est. amount - \$3.8B / 87% of households benefit (1,191,708 households)
 - \$1,400 per individual and qualifying dependent (full-time students under age 24 and adult dependents), \$2,800 for joint filers
 - Phaseout begins at \$75K (single) / \$150K (MFJ) / \$112,500 (HoH) and is fully phased out at \$80K (single) / \$160K (MFJ) / \$120K (HoH)
- Unemployment insurance
 - Extends Pandemic Unemployment Assistance program through 9/6/21
 - Increases total number of weeks of benefits available from 50 to 79
 - Maintains additional federal unemployment benefit of \$300 per week
 - Exempts first \$10,200 in 2020 unemployment benefits from federal income tax for households with incomes below \$150,000
- Health insurance
 - Subsidizes 100 percent of premiums for certain individuals' health insurance
 - Provides refundable credits for households with income between 100 percent and 400 percent of FPL
 - Eliminates insurance premiums for individuals with incomes below 150 percent of FPL in 2021 and 2022
- Extends 15 percent increase to monthly SNAP benefits through 9/30/21
- Tax credits
 - Raises maximum EITC for adults without children from \$543 to \$1,502
 - Increases child tax credit maximum from \$2,000 to \$3,000 per child and \$3,600 per child under age six
 - Makes child tax credit fully refundable
 - Lowers phaseout threshold, from \$200K/\$400K MFJ to \$75K/\$150K MFJ
 - Est. \$1.2B total to Utah residents / 45% of households benefit
 - Temporary increases child and dependent care tax credit, from a maximum of \$3,000 for one dependent/\$6,000 for two or more dependents, to \$8,000 for one dependent/\$16,000 for two or more dependents
 - Increases percentage of expenses covered, from 35 percent to 50 percent
 - Makes credit refundable

Additional Items of Note

- Provides another \$7.25B in Paycheck Protection Program forgivable loans
- Makes more non-profits eligible to receive loans
- Temporary, two-year, five-percentage-point increase in Medicaid FMAP for states with Affordable Care Act Medicaid expansion

FAQs

- Will the ARPA's prohibition on using federal funds for new tax reductions affect the tax relief provisions passed during the 2021 General Session?
 - We are seeking additional guidance on this question. However, because Utah had ongoing revenue set aside for these tax cuts prior to the passage of the ARPA and has continued to experience revenue growth during the pandemic, it is unlikely that these provisions would affect Utah's ability to enact the tax cuts.
- Are there implications for state revenue from the passage of the ARPA?
 - The ARPA exempts the first \$10,200 in unemployment payments received in 2020 from federal income tax for households with incomes under \$150,000. As that money would otherwise have been considered taxable income for state income tax purposes, the state will forego some income tax revenue as a result of this provision. We do not yet have an estimate of this amount.

Additional Resources

- [Federal Funds Information for States \(FFIS\)](#)
- [National Conference of State Legislatures \(NCSL\)](#)