



American Rescue Plan March 2021

American Rescue Plan Overview

Objectives

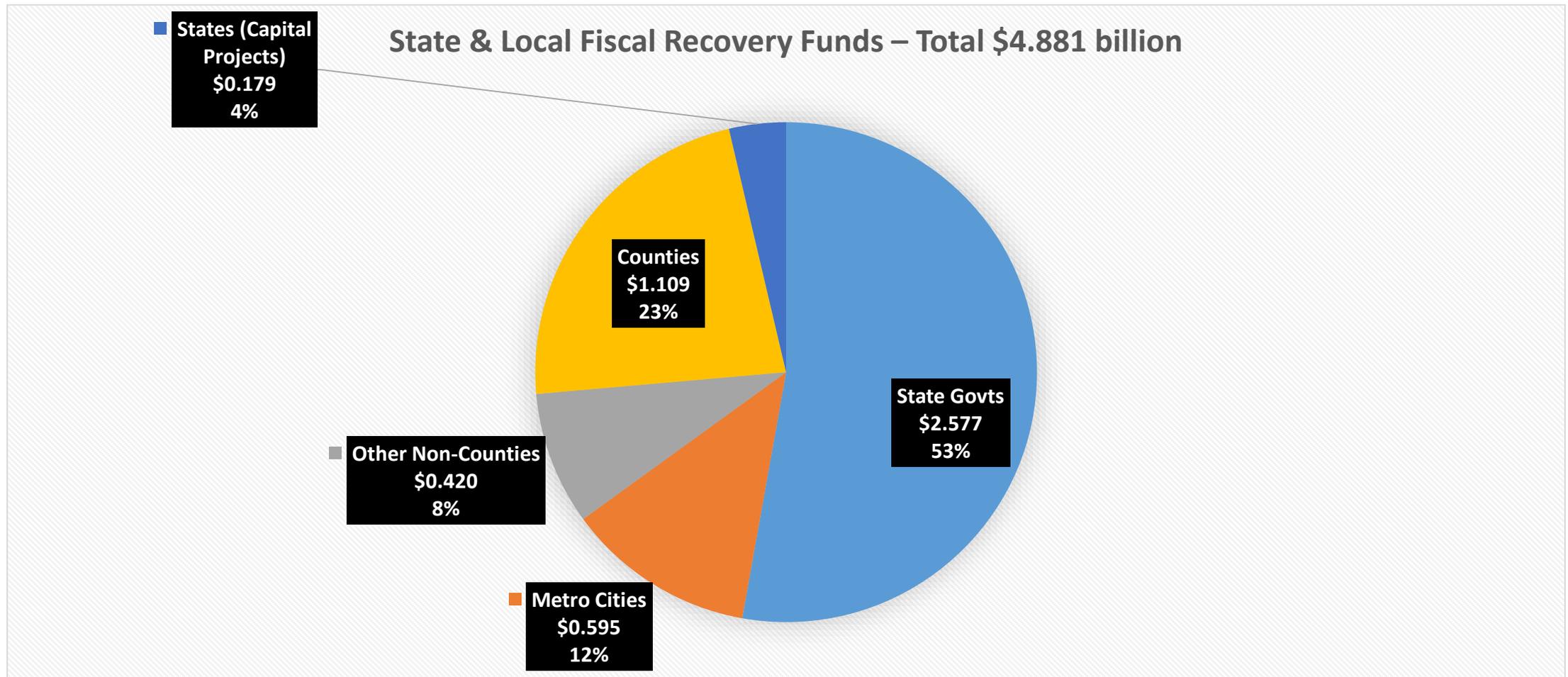
- Provide an orientation to the types of funding included in the American Rescue Plan;
- Review preliminary estimates for funding and purpose; and
- Highlight the need for caution in developing proposals for spending as the state has not yet received the awards or guidance for most funding streams.

Estimated Minnesota Allocations

Based on Federal Funds Information for States Analysis

Federal Program (\$ in thousands)			
State Fiscal Relief fund	2,577,400	Supportive Services	7,490
Local Fiscal Relief Fund	2,125,195	Congregate and Home Delivered Meals	12,327
Capital Projects	178,855	Preventive Services	727
Elementary and Secondary School Emergency Relief	1,320,646	Family Caregiver	2,338
Assistance to Non-Public Schools	37,734	Title VII Long-Term Care Ombudsman	165
Higher Education Emergency Relief	552,250	Mental Health Block Grant*	21,622
Individuals with Disabilities Education Act	49,741	Substance Abuse Block Grant*	20,367
Child Care Development Block Grant	203,222	WIC Cash Value Vouchers Increase*	8,084
Child Care Stabilization Grant	325,033	Transit - Urbanized Area	337,524
Child Care Entitlement to States	9,219	Transit - Nonurbanized Area	11,064
Head Start	11,755	Enhanced Mobility of Seniors and Persons with Disabilities - State	348
Low Income Home Energy Assistance Program	109,986	FEMA	6,994
Pandemic Emergency Assistance*	14,327	Institute for Museum and Library Services - State Agencies*	3,232
Community-Based Child Abuse Prevention*	4,370	National Endowment for the Arts - State Arts Agencies	836
Child Abuse State Grants	1,758	National Endowment for the Humanities - State Councils	954
		Total	7,955,564

State and Local Fiscal Recovery Funds



State and Local Fiscal Recovery Funds

Lead: MMB/Revenue

- State of Minnesota Allocation: \$2.577 billion / Local Allocation: \$2.125 billion
- Available Uses:
 - **Respond to the public health emergency** or its negative economic impacts, including assistance to households, small businesses and nonprofits or aid to impacted industries such as tourism, travel and hospitality.
 - **Provide premium pay** for essential government workers, as well as provide grants to eligible employers so that they may offer premium pay to essential workers.
 - **Replace revenue losses** “due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the state, territory, or Tribal government prior to the emergency”.
 - Necessary investments in **water, sewer, or broadband infrastructure**.

State and Local Fiscal Recovery Funds

Lead: MMB/Revenue

- Restriction of Use:
 - A state or territory shall not use the funds provided under this section or transferred pursuant to section 603(c)(4) to either directly or indirectly offset a reduction in the net tax revenue of such state or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase.”
 - There is also a restriction on funds being deposited into any pension fund.
- Funds will be available 60 days after certification.
- Funds are for costs incurred March 3, 2021 through December 31, 2024.

Minnesota Allocation: \$179 million

- Funding is for "critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency."
- The Department of Treasury will have an application process to access the funds within 60 days of bill passage.

Minnesota Allocation: unknown

- Vaccination - MDH estimate \$85 million
 - Enhance, expand, and improve COVID-19 vaccination distribution and administration
 - Technical assistance or grants to local public health
 - Supply chain funding for vaccines, therapeutics, and medical supplies
 - Vaccine confidence activities
- Testing – MDH estimate \$751 million
 - Implement a national, evidence-based strategy for testing, contact tracing, surveillance, and mitigation
 - Provide technical assistance or grants to local public health
 - Support the development, manufacturing, procurement, distribution, and administration of tests to detect or diagnose COVID
 - Enhance IT to support data modernization and sharing of information with local public health
- Genomic sequencing – MDH estimate \$17.5 million

Housing

Lead: Housing Finance/Human Services

State Administered

- Emergency rental assistance
 - MHFA Estimate - \$150 million state/\$50 million local
 - Obligated by 10/1/2022, but available until 2025
- HOME - Homelessness assistance and supportive services programs (until 9/30/2025)
 - MHFA Estimate - \$31 million
- Homeowner assistance fund to prevent homeowner mortgage delinquencies or foreclosures due to financial hardship (9/30/2025)
 - MHFA Estimate - \$55 million
- Housing counseling funds
 - MHFA Estimate 5 million

Federally Administered

- Emergency Sec. 8 housing vouchers
- Emergency assistance for rural housing (until 9/30/2022)

State Administered

- Community Navigator Pilot Program to assist eligible businesses and improve access to assistance programs - DEED estimates \$3.5 million
- State small business credit initiative, with a portion allocated to support those owned by socially and economically disadvantaged individuals – DEED estimates they will receive \$50 million

Federally Administered

- Paycheck Protection Program, expands eligibility for additional nonprofit entities
- Economic Injury Disaster Loan payments
- Establishes the Restaurant Revitalization Fund at the Treasury Department
- Shuttered venue operators

Unemployment Provisions

Lead: DEED

- Unemployment provision extensions through September 6, 2021.
- Provides \$2 billion for UI fraud prevention, equitable access and timely payment to eligible workers; grants to states and territories is an eligible use of funds.
- Makes the first \$10,200 in UI received in 2020 non-taxable for households with incomes under \$150,000.

Federally Administered

- FFIS Estimates that \$6.331 billion will flow to people in Minnesota through the direct stimulus checks
- Additional relief through tax changes:
 - Child tax credit improvements for 2021 including advance payment
 - Earned income tax credits for individuals with no qualifying children
 - Refundability and increase in value of child and dependent care tax credit
 - Exempt UI benefits received in 2020 up to \$10,2000 from income tax for incomes less than \$150,000
 - Exempt student loan forgiveness from income tax in 2021 – 2025
 - Provides COBRA premium assistance which is not included in federal income for coverage through Sept 2021

Administration of the New ARP Funds

- MMB submitted information to the Legislature for the 20-day LAC submission on March 19, 2021.
- Timeline for US Treasury distribution to states is unknown. Requirement is within 60 days of state certification.
- No Treasury guidance is available for the flexible funding sources (state, local, capital projects) and we do not anticipate it will be for several weeks.
- Capital project funds require direct application to Treasury, process is unknown.
- As with the CRF, there are new reporting requirements which will require significant new processes and procedures within state agencies and at MMB.
- Some of the funds, including the state and local fiscal relief and capital project funds, are available for multiple years - through CY 2024.