

On March 11, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act (ARPA), one of the largest stimulus bills in legislative history. ARPA expands on the \$908 billion COVID-19 package, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) that was enacted on December 27, 2020, and extends many CRRSAA provisions through the end of federal FY21 (September 30, 2021). Unlike the CRRSAA, however, ARPA provides significant direct and flexible state and local aid.

State and Local Government Funding

Similar to, but much larger than the Coronavirus Relief Fund in the CARES Act passed by Congress in March 2020, the ARPA allocates \$360 billion in Coronavirus State and Local Fiscal Recovery Funds “to mitigate the fiscal effects stemming from the public health emergency with respect to the Coronavirus Disease (COVID-19).”

Of the \$360 billion allocated, \$350 billion is broken into two categories: (1) states, territories, and tribal governments (states); and (2) metropolitan cities, counties and nonentitlement units of local government (local governments). Funds provided by this legislation will remain available until December 31, 2024. One significant distinction between the funding for states and local governments is that the former may receive their funding all at once, while the latter will receive it in two equal tranches. The first (or, for some states, the only) tranche will be deposited within 60 days of ARPA enactment; as applicable, the second tranche will be provided no sooner than one year after the first deposit was made.

Broadly, funding for both states and local governments can be used to:

- “Respond to the public health emergency with respect to the Coronavirus Disease (COVID- 19), 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 up to \$13 an hour to eligible municipal or county workers performing essential services to respond to COVID-19. This provision is capped at a maximum benefit of \$25,000 per eligible worker.
- Provide “government services to the extent of the reduction in revenue [...] due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year [...] prior to the emergency.”
- “Make necessary investments in water, sewer, or broadband infrastructure.”

The term “eligible worker” is defined as “those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors.” The legislation notes that it allows each governor or municipal leader to designate its employees that qualify as critical to protect the health and well-being of their residents.

The remaining \$10 billion is allocated for funding for states, territories and tribal governments to carry out capital projects “directly enabling work, education, and health monitoring, including remote options, in response to” COVID-19.

How does this affect Ohio? While much is to be determined on a state level, Ohio is currently projected to receive approximately \$11 billion, with approximately \$5.7 billion going directly to the state and \$5.3 billion headed to local governments. Depending on the type of local governmental entity, funds are distributed based on a combination of factors, including population and the existing Community Development Block Grant formula. There are projections and estimates of distributions to each local government available from various sources, but they are only estimates at this point in time.

For the most part, Ohio local governments should receive at least a portion of these funds between now and June 9.

Other Provisions of Interest

While ARPA is a very large and all-encompassing stimulus bill, a few other high-level provisions of interest include:

- \$7.17 billion Emergency Connectivity Fund to provide funding to eligible schools or libraries for the purchase of eligible equipment or advanced telecommunications and information services (or both). These funds will remain available until September 30, 2030.
- \$6.492 billion for primary airports and certain cargo airports “for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments,” distributed via the Airport Improvement Program formulas. Any remaining amounts will be distributed based on enplanements.

- \$4.5 billion for FY21 and FY22, collectively, for the Low-Income Home Energy Assistance Program (LIHEAP), and \$500 million, to be used until expended, for the new Low-Income Household Drinking Water and Wastewater Emergency Assistance Program. This new program provides funds to assist low-income households that are paying a high proportion of their household income for drinking water and wastewater services during the COVID-19 pandemic.

Stay Tuned!

More information and guidance is to become available as distribution dates near. Squire Public Finance will make available any helpful information as soon as we receive it. In the meantime, please feel free to reach out to your Squire Public Finance contact or any of the contacts listed.

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