



Government Finance & Administration Policy Committee Meeting

2021 CSAC Legislative Conference

Wednesday, April 21, 2021 | 3 p.m. – 4 p.m.

Via Zoom | [Click here to join](#) or call (669) 900-6833

Meeting ID: 856 838 0674 | Passcode: w48gS3fQ

Chair: Supervisor Bruce Gibson, San Luis Obispo County

Vice Chair: Supervisor Luis Alejo, Monterey County

Vice Chair: Supervisor Janice Rutherford, San Bernardino County

Agenda

- | | | |
|------------------|-------------|--|
| 3:00 p.m. | I. | Welcome and Introductions |
| 3:05 p.m. | II. | Going Big: CSAC's Broadband Advocacy |
| 3:35 p.m. | III. | The Brown Act: Transparency in the Internet Age |
| 3:50 p.m. | IV. | Money and Its Uses: Counties and the American Rescue Plan |
| 4:00 p.m. | V. | Adjourn |

ATTACHMENTS

Going Big: CSAC's Broadband Advocacy

Attachment One CSAC Memo: Broadband Advocacy

The Brown Act: Transparency in the Internet Age

Attachment Two CSAC Memo: Brown Act Update

Money and Its Uses: Counties and the American Rescue Plan

Attachment Three Paragon Memo: Overview of the American Rescue Plan

Attachment Four Article: *From Federal Sources to Local Uses: Maximizing the American Rescue Plan from the Ground Up*
The New Localism



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Ed Valenzuela
Siskiyou County

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Chuck Washington
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Lisa A. Bartlett
Orange County



EXECUTIVE DIRECTOR

Graham Knaus

April 21, 2021

TO: CSAC Government Finance and Administration Policy Committee

FROM: Geoff Neill, Legislative Representative

SUBJECT: Broadband Advocacy

Broadband has become necessary for modern life, as the past year has made uncomfortably clear, yet millions of Californians lack reliable service at their homes and jobs. Recognizing this, the CSAC Board of Directors adopted the expansion of broadband access and adoption as a legislative priority, declaring that “it is long past time for California to ensure access to broadband and the means to adopt it for every Californian. CSAC will advocate for program reforms and funding sufficient to close the digital divide as quickly and completely as possible.”

To that end, President Gore created a Broadband Working Group and appointed as co-chairs Supervisors Washington (Riverside), Alejo (Monterey), and Peters (Mono). The working group has helped direct CSAC’s advocacy on the budget requests and bills detailed below.

COALITION BUDGET PROPOSAL

CSAC recruited and led a strong coalition to request significant, immediate funding to close the Digital Divide. The coalition consists of:

- California Forward Action Fund
- Urban Counties Caucus
- Rural County Representatives
- California Hospital Association
- California Association of School Business Officials
- California School Boards Association
- Small School Districts Association

With these allies, CSAC has asked the Governor and the Legislature to appropriate \$8 billion to build 100 mbps fiber infrastructure to all homes and businesses without it (\$6.8 billion) and to provide funding for programs that increase broadband adoption (\$1.2 billion).

The infrastructure funds would not only build last-mile fiber to buildings that need it (\$4.6 billion), it would also build a new statewide middle-mile network (\$2.2 billion). A statewide network of open-access middle-mile fiber would have enormous benefits, including a lower cost of deployment for new providers, which in turn would result in more competition, lower prices, and better customer service. I would also provide redundancy in case of line breaks, increasing the resilience of the state’s infrastructure.

While ubiquitous access by itself would be transformative, we know that adoption programs are necessary to make the promise of access real for many Californians. The \$1.2 billion we have proposed for this purpose could fund equipment, digital skills training, language access, and other services to those who need them.

CSAC and our coalition partners have met several times with representatives from the Governor’s office, the Department of Finance, and legislators to emphasize the urgency of this request. State general funds and the state’s flexible relief from the American Rescue Plan are available immediately and should be used to

implement these programs as quickly as possible. Other federal funding and possible future bond funds can be used to supplement these efforts, but California cannot continue waiting. This is the year to make the investments we should have made a decade ago. The meetings have been productive and conversations have begun about the details of how funding, if provided, could be deployed most efficiently.

Independently, CSAC Executive Director Graham Knaus has met with Assembly Speaker Anthony Rendon as part of a group his office has convened and which also includes RCRC and a number of broadband advocates. CSAC has advocated for substantial additional funds in that forum as well.

KEY LEGISLATION

Two bills, SB 4, by Senator Lena Gonzalez, and AB 14, by Assembly Member Cecilia Aguiar-Curry, would reform the CASF programs that subsidize broadband infrastructure projects in unserved and underserved communities. CSAC is advocating for these reforms to be approved on the same timeline as the state budget.

Last year, differing visions for these reforms resulted in neither author's bill passing. This year, the two legislators are co-authoring each other's bills and have committed to reaching agreement. The much-needed reforms include:

- Making additional funding available through the CASF programs.
- Authorizing a revenue bond of up to \$1 billion.
- Explicitly allowing counties to build and operate internet access services.
- Developing a model policy for streamlined land use approval and permit processes.
- Prioritizing last-mile projects in unserved areas.
- Limiting the ability for incumbent providers to block other applicants' projects.

AB 34, by Assembly Members Al Muratsuchi, Eduardo Garcia, and Miguel Santiago would put a state general obligation bond on the November 2022 ballot. The bond would provide \$10 billion to build municipally owned fiber networks. Priority would be given to projects that serve unserved and disadvantaged communities, to projects that serve anchor institutions, and projects that are undertaken by a joint powers authority, to incentivize collaboration. The networks would support job creation and economic development, public education, telecommuting, telehealth-telemedicine, emergency response and preparedness, and other public services. The California Department of Technology would distribute the funds upon appropriation by the Legislature.

SB 28, by Senator Anna Caballero, would do two things. First, it would require the state to compile an inventory of state-owned resources that may be available for use in the deployment of broadband networks in rural, unserved, and underserved communities. Secondly, it strengthens the CPUC's oversight of telecommunications companies by requiring franchisees to report granular data about actual locations served and speeds offered and provided and at what prices, adopting customer service requirements and adjudicating complaints, and assessing whether they current serve all locations within their franchise territory.

AB 41, by Assembly Member Jim Wood, would strengthen the state's "Dig Once" policy by requiring Caltrans to install a broadband conduit as part of all projects located in a priority area or an area that connects existing broadband infrastructure to a priority area. It would also require fixed wireless providers entering new areas to notify local residents how to connect or benefit from the service, and to maintain publicly accessible maps of where their broadband infrastructure is deployed.



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EXECUTIVE DIRECTOR

Graham Knaus

April 22, 2021

TO: CSAC Government Finance & Administration Committee

FROM: Geoff Neill, CSAC Legislative Representative
Ada Waelder, CSAC Legislative Analyst

SUBJECT: The Brown Act: Transparency in the Internet Age

Background

Current Law

In 1953, the Legislature enacted the Brown Act, which declared that all meetings of the legislative body of local agencies be “open and public.” Since then, many modifications have been enacted. However, the Act has not been changed to allow local agencies to utilize technology to its fullest extent and the pandemic has raised issues for consideration both for the public and elected officials.

Policy Considerations

Last March, after the state went in to lockdowns due to the COVID-19 pandemic, Governor Newsom signed an [Executive Order](#) allowing for telephonic and electronic public participation to satisfy Brown Act requirements. Many local agencies have found the option to use telephone access and video streaming technology to be a positive development for connecting with the public and would like the flexibility to continue to using it after the requirements for social distancing have ended.

Allowing elected officials to participate remotely can be beneficial to the officials, particularly in remote or rural areas where an elected may otherwise have to spend time, money, and carbon emissions commuting to in-person meetings. The remote options have also been beneficial for appointees to the many commissions and committees counties have, especially when the members of those boards who have disabilities or limited funds or difficulty traveling for meetings.

However, constituents in some areas have found it difficult or impossible to find information about how to participate in remote meetings. Others have raised the specter of public meetings where the members of the public exercising their right to address elected policy-makers find themselves in a room speaking to empty chairs and disembodied voices as decisions are made.

Allowing remote participation by the public and elected officials could help achieve the core purpose of the Brown Act by increasing accessibility. For these same reasons, some groups have shown an interest in requiring those options to be made available to the public. They argue that, for some constituents, these options are not simply a matter of convenience, but determine whether their voice can be heard at all, as the Brown Act envisions. However, providing these options is logistically difficult and expensive, especially if they apply to all Brown Act meetings. The hardware necessary to use these technologies could make it harder to hold meetings in locations outside the Board’s chambers and around the community.

Should public officials be given the option to attend meetings remotely, or does that remove them too far from the public eye? Should remote participation by officials be allowed but limited, for instance, by

requiring the Chair or a quorum of the governing board be present in person? Should public agencies be required to provide remote options to the public, or does the cost outweigh the benefit? Should non-residents be guaranteed equal time to participate remotely as constituents? Would the Board have any recourse, should participation of outside groups become overly time-consuming?

Current Legislation

AB 339 (Lee)

This bill would require that all state and local government meetings subject to open meeting laws offer call-in and internet-based public attendance and comment options, and the internet-based option would need to include closed captioning. All meetings, even those held by teleconference, would need to offer in-person attendance and comment. AB 339 would disallow prioritizing those who attend in person over members of the public participating remotely. It would also require translation of agendas and access instructions, and live translation during meetings, for any language that 5 percent of the constituency speaks.

CSAC opposes AB 339, which will add significant unfunded mandates on local public agencies. The extensive, real-time translation requirements of often technical meeting materials would burden local agencies with enormous costs. There will be an immediate technological and staffing challenge of providing a live mic for public comment and connecting that system to both a teleconferencing and internet-based service. That challenge is only compounded by the resource limitations affecting agencies up and down the state, as compliance with these provisions will require significant one-time equipment expenses in addition to ongoing costs to staff and maintain these services.

AB 339 fails to provide flexibility to local governments to manage their own affairs. For example, what happens if either the teleconferencing service or the internet-based option is not available or has their servers go down during a meeting? How could boards, commissions, or subcommittees hold hearings in different places around the community, if every meeting brings with it extensive equipment needs?

The requirement to employ translators and provide live translation services presents another deep cost requirement. AB 339 places new translation requirements in the Brown Act rather than the Dymally-Alatorre Bilingual Services Act, which governs local government translation services requirements. Moving these requirements allows the state to avoid constitutional reimbursement requirements that do not apply to the Brown Act. Under this bill, local public agencies, regardless of size or financial resources, would be required to employ translators. There are thousands of public agencies in the state governed by the Brown Act and forcing them to schedule their meetings and their work around a workforce, the capacity of which is unknown, raises serious concerns about how are local elected officials are to continue the work that is expected of them.

AB 361 (R. Rivas)

This bill would allow local agencies to use teleconference options for declaring a local emergency or during a state- or county-declared emergency, without the usual requirements to post agendas at all locations, make all locations available to the public, and without a quorum of members being present in person. Agencies using these privileges would still need to post agendas, allow public access and participation, and meet other usual requirements. In addition, the bill would prohibit local agencies from implementing requirements that public comments to be submitted in advance of the meeting. Essentially, the bill would put certain aspects of the Executive Order agencies are currently working under into law, which would go into effect only in certain circumstances, such as another pandemic. CSAC supports AB 361.



AMERICAN RESCUE PLAN ACT OF 2021

COVID-19 Recovery Clearinghouse for California's Counties

On March 11, President Joe Biden signed into law a nearly \$1.9 trillion coronavirus relief bill (HR 1319; PL 117-2). Known as the *American Rescue Plan Act of 2021*, the law represents the sixth COVID-19 recovery measure that Congress has passed since last March. All told, lawmakers have approved over \$5.5 trillion for pandemic response efforts since the onset of the coronavirus in the United States.

In the coming weeks, federal departments and agencies will be working to implement PL 117-2. This will include the development of program guidelines and the release of coronavirus recovery funding to eligible recipients. For its part, the U.S. Department of the Treasury will be developing guidelines for the newly authorized Coronavirus State and Local Fiscal Recovery Funds.

Outlined below is a summary of federal funding available to California's counties under the *American Rescue Plan Act of 2021*. In cases in which estimated funding allocations are available, links are provided. This document will be updated periodically as new agency guidance is released and as final funding allocations are announced.

CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Pursuant to PL 117-2, every county in America will be eligible to receive direct federal fiscal aid via a new Coronavirus Local Fiscal Recovery Fund. Administered by the Treasury Department, the Fund will provide a total of \$65.1 billion to county governments, with dollars allocated based on population. Note: counties that are designated as Community Development Block Grant (CDBG) entitlement communities will receive the larger of the population-based share or the share under a modified CDBG allocation formula.

Based on *preliminary* estimates, California's counties will be receiving over **\$7.6 billion** in federal aid. Click [here](#) to see county-by-county projections.

Municipalities will receive an equal allotment of \$65.1 billion in federal fiscal aid, with funds allocated as follows:

- \$45.57 billion in direct funding to cities with populations of at least 50,000 using a modified CDBG formula.
- \$19.53 billion to cities with populations below 50,000 based on each jurisdiction's percentage of the state's population, not exceeding 75 percent of its most recent budget as of January 27, 2020. Aid to these cities will be distributed through the State.

Allowable Uses of Funds*

Pursuant to the statutory language of PL 117-2, Recovery Fund dollars can be used for the following purposes:

1. **to respond to the COVID-19 public health emergency or its negative economic impacts**, including: assistance to households, small businesses, and nonprofits or to aid impacted industries such as tourism, travel, and hospitality. Note: the aforementioned are *examples* of allowable expenditures and are specifically cited in the statute. Forthcoming guidance from the Treasury Department will provide additional details regarding eligible uses of funds.
2. to provide **premium pay to individuals performing essential work** during the public health emergency or by providing grants to eligible employers that have essential workers;
3. for the provision of **government services to the extent of the reduction in revenue** (i.e. online, property, or income tax) due to the health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or,
4. to make necessary investments in **water, sewer, or broadband infrastructure**.

** As noted above, the Treasury Department is in the process of developing guidelines for the new Recovery Fund, which will include specific direction to localities regarding allowable expenditures. To help facilitate this process and in the interest of ensuring that counties will be able to use federal dollars in the most effective manner, counties in California and across the nation are providing input to the Department. The National Association of Counties (NACo) is serving as a central clearinghouse for the collection of this information.*

Statutory Expenditure Deadline for Recovery Funds: December 31, 2024

Program Administration & Payment Deadlines

Pursuant to PL 117-2, the Treasury Department is required to provide recovery funds to local governments in two equal tranches:

- **First Payment:** 50 percent of the funds must be allocated to each locality not later than 60-days after bill enactment (May 10th).
- **Second Payment:** the remaining 50 percent of funds must be allocated no earlier than 12 months after the first payment.

Coronavirus State Fiscal Recovery Fund

In addition to the Local Recovery Fund, PL 117-2 creates a similar state fund that will provide fiscal relief payments to state governments (\$193.5 billion), tribal governments (\$20 billion), and U.S. territories (\$4.5 billion).

The state of California is expected to receive approximately **\$26 billion**.

Additional Statutory Guidelines

- **States will be prohibited from using funds to either directly or indirectly offset a reduction in the net tax revenue** that results from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax. If a state violates this provision, it will be required to repay the amount of the applicable reduction to net tax revenue. Furthermore, no funds can be deposited into a pension fund.
- The Treasury Department will be permitted to withhold up to half of a **state's allocation** for as long as 12 months based on its unemployment rate and permits the Department to require an updated certification of its funding needs.
- **State and local governments are permitted to transfer funds** to private nonprofit organizations, public benefit corporations involved in the transportation of passengers or cargo, and special-purpose units of State or local government.
- **"Premium pay"** means an additional amount **up to \$13 per hour** that is paid to an eligible worker during the COVID-19 pandemic. The bill imposes a cap of \$25,000 for any single eligible worker.
- Local governments will be required to submit **periodic reports** to the Treasury Department that provide a detailed accounting of the use of COVID-19 funds. If a state or locality does not comply with any provision of PL 117-2, they will be required to repay the U.S. Treasury an equal amount to the funds used in violation of the law.

LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND

The *American Rescue Plan Act* includes **\$1.5 billion for eligible revenue sharing counties** (public land counties that receive Payments-in-Lieu-of-Taxes (PILT)/Secure Rural School (SRS) payments). Pursuant to the law, \$750 million will be allocated to counties in FY 2022 and \$750

million will be allocated in FY 2023. Note: a separate pot of funding totaling \$500 million is available for eligible tribal governments.

The Treasury Department will be responsible for determining the funding formula used to distribute funds to public lands counties. In developing the formula, the Department must take into consideration the economic conditions of each eligible county using measurements of poverty rates, household income, land values, unemployment rates, and other economic indicators over the 20-year period ending with September 30, 2021.

Eligible counties may use the funds for **any governmental purpose**, except for a lobbying activity. The Act also requires counties to submit periodic reports to the Treasury Department providing a detailed accounting of the uses of fund, as well as additional information that the Department may require for program administration.

CORONAVIRUS CAPITAL PROJECTS FUND

PL 117-2 includes a \$10 billion Coronavirus Capital Projects Fund that will allow entities to finance capital projects “directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.” States, territories, and tribal governments will be eligible for the new program; the funding will **not** be directly available to counties and cities.

Under the Act, each state, the District of Columbia and Puerto Rico will receive a minimum allocation of \$100 million, with another \$100 million to be divided among other U.S. territories; \$100 million also is designated for tribal governments and Native Hawaiian use. Of the remaining funds, states will receive an additional allocation based on population (50 percent), the number of individuals living in rural areas as a percentage of the U.S. rural population (25 percent), and the proportion of the state’s population of households living in poverty.

According to the Legislative Analyst’s Office, the state of California is expected to receive approximately **\$550 million**.

PUBLIC HEALTH

Vaccines

PL 117-2 includes \$14 billion to speed up the distribution and administration of COVID-19 vaccines across the country. The funding will support the development of community vaccination centers, as well as mobile vaccination units.

The Act also includes \$7.5 billion for the Centers for Disease Control and Prevention (CDC) to prepare, promote, administer, monitor, and track vaccines. Among other things, this funding

can be used to support state and local public health departments. According to the Legislative Analyst's Office (LAO), California will receive approximately \$700 million for vaccine distribution and supplies. Los Angeles County and several other major urban centers in other parts of the U.S. will receive a direct allocation above that figure due to a Public Health Emergency Preparedness Cooperative agreement established after the September 11 attacks.

Testing

The final legislation includes \$48.3 billion for a national testing strategy, with funding for rapid tests, community-based testing sites, and expanding lab capacity. According to the LAO, California is expected to receive approximately \$3.2 billion.

Public Health Workforce

The legislation provides \$7.66 billion for a public health jobs program that will allow public health departments to hire new, full-time public health workers. The LAO is projecting that California will receive approximately \$800 million.

Defense Production Act

PL 117-2 includes \$10 billion for the *Defense Production Act* (DPA) to help produce tests, masks, personal protective equipment, and vaccines. Under the DPA, the president can require manufacturers to prioritize contracts related to national defense and other emergencies. It also authorizes the president to allocate scarce goods and provide incentives such as loans and contracts to help expand production.

Medicaid

The Act increases the federal contribution for Medicaid by 10 percentage points for state expenditures on home and community-based services provided between April 1, 2021 and March 31, 2022. This increase is in addition to the current 6.2 percentage point increase in the federal financial share for Medicaid that is in place until the public health emergency (PHE) ends. HHS has informed states that it expects to continue the PHE declaration through the current calendar year. The bill also provides a 100 percent FMAP for states that opt to provide coverage to the uninsured for COVID-19 vaccines and treatment without cost sharing. The LAO estimates that California will receive approximately \$200 million for the 100 percent reimbursement of Medi-Cal vaccine administration.

FEMA DISASTER RELIEF FUND

PL 117-2 includes \$50 billion to help replenish FEMA's Disaster Relief Fund. The dollars will be available to reimburse state and local governments for various COVID-19-related costs, including vaccination efforts, deployment of the National Guard, and personal protective equipment. Funding will remain available through September 30, 2025. The funding also can be used to provide financial assistance for pandemic-related funeral expenses with a 100 percent federal cost share.

HUMAN SERVICES

Temporary Assistance for Needy Families

The TANF/CalWORKs program will receive a \$1 billion increase, reflecting an approximate six percent boost to the program. States such as California, which provide relatively higher cash grants, will be given a slightly higher share of the \$1 billion relative to other states.

Elder Justice/Adult Protective Services

Building off the recent \$100 million federal appropriation for APS, the Act guarantees an additional \$100 million in FY 2022. California received nearly \$9.5 million from the COVID-19 legislation enacted this past December.

Child Care

The Act provides a total of nearly \$39 billion in emergency funds for the Child Care Development Block Grant (CCDBG) program, of which nearly \$15 billion is for child care subsidies through FY 2024. The remaining \$24 billion will be available to states to make stabilization subgrants directly to child care providers to assist in maintaining operations.

Senate Democratic leadership estimates show that California will receive a total of \$3.769 billion, of which \$2.319 billion is for stabilization grants and \$1.450 billion is additional appropriations.

Child Abuse Prevention and Treatment

The Child Abuse Prevention and Treatment Act (CAPTA) will receive a \$250 million increase with no state match required. The regular FY 2021 appropriation was nearly \$270 million. These one-time only funds will be available through September 2023.

Low Income Home Energy Assistance Program

LIHEAP will receive a \$4.5 billion boost, with funding available through September 2022. Last year's appropriation was \$3.7 billion. The LAO estimates that California will receive approximately \$200 million in assistance for low-income families to pay for energy and water bills.

Substance Abuse Prevention and Treatment / Community Mental Health

The Act provides \$1.5 billion for the Substance Abuse and Mental Health Services Agency's (SAMHSA) Substance Abuse Prevention and Treatment (SAPT) block grant and \$1.5 billion for the Community Mental Health block grant.

Certified Community Behavioral Health Clinics

PL 117-2 includes \$420 million for Certified Community Behavioral Clinics, which assist counties and other local entities that provide a range of mental health and substance use disorder services to vulnerable individuals.

HOUSING/HOMELESSNESS

Emergency Rental Assistance

The Act provides \$21.55 billion for emergency rental assistance through the Treasury Department. It should be noted that this is in addition to the \$25 billion that Congress appropriated in December 2020. Of this funding, \$2.5 billion is reserved for low-income families that spend more than 50 percent of their income on rent or that live in sub-standard housing. Each state is guaranteed \$152 million, with further allocations based on population. The LAO estimates that \$2.2 billion of emergency rental assistance funding will be reserved for California.

Funds can be used to provide financial assistance to eligible households for up to 18 months for rent, rental arrears, utilities/home energy costs, and other expenses related to housing. Furthermore, states can put up to 10 percent of the funds they receive toward housing stability services and up to 15 percent for administrative costs. While counties with populations greater than 200,000 will receive direct funding from the Treasury Department, counties below the threshold will be eligible to receive funds through the state.

Emergency Housing Vouchers

PL 117-2 provides \$5 billion for incremental emergency vouchers, renewals of vouchers, and fees for administering voucher programs through September 30, 2021. Qualifying individuals include those experiencing homelessness, those at risk of homelessness, those attempting to flee domestic violence/sexual assault/human trafficking, and those that are recently homeless. Public housing agencies will be notified of the number of emergency vouchers they are allocated within 60 days of enactment. The LAO is projecting that California will receive \$500 million.

Homeless Assistance

The Act includes \$5 billion to HUD for homeless prevention and supportive services through the HOME Investment Partnerships program. The LAO estimates that California will receive \$500 million.

Rural Housing

PL 117-2 includes \$100 million for rural housing through the U.S. Department of Agriculture for rental assistance.

NUTRITION

Supplemental Nutrition Assistance Program

The final legislation extends the 15 percent increase in SNAP/CalFresh benefits for an additional three months (to September 30, 2021). Additionally, SNAP administrative reimbursement will receive another \$1.135 billion over the next three years to partially account for the increased workload to process the COVID-19 spike in SNAP applications. The SNAP state administration budget is roughly \$4.9 billion annually. According to the Center on Budget and Policy Priorities, California will receive roughly \$124 million for administrative costs with no match required.

Pandemic EBT Program

The EBT benefit for youth eligible for school meals will continue through any school year during a designated public health emergency and the following summer period. The program has been running on short-term extensions until this time.

Older Americans Act Nutrition

Title III nutrition programs will be increased by \$750 million. The annual appropriation in FY 2021 was \$951 million.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

The Act includes \$880 million in emergency funds, \$490 million of which will enhance benefits for four months and \$390 million of which will support outreach innovation and program modernization funding.

PAID SICK AND FAMILY LEAVE / TAX CREDITS

Credits for Paid Sick and Family Leave

PL 117-2 makes public sector employers (including counties) eligible to receive a dollar-for-dollar payroll tax credit available through September 30, 2021, *should they choose to offer paid leave*. With the exception of the federal government, there is **no** employer mandate to provide such leave. It should be noted that counties were not eligible for the refundable tax credit under the *Families First Coronavirus Response Act* (FFCRA; PL 116-127). Among other things, PL 117-2 increases the amount of wages for which an employer may claim the paid family leave credit in a year from \$10,000 to \$12,000 per employee. It also expands the list of reasons that an employer may provide paid family leave. These provisions generally would be effective for leave taken after March 31, 2021.

Child Tax Credit

The Act temporarily expands the Child Tax Credit (CTC), increasing the amount to \$3,000 for children ages six to 17 and \$3,600 for children under the age of six. The amount is gradually reduced for individuals earning over \$75,000 and couples earning over \$150,000. From July through the end of the year, eligible families will receive periodic payments of up to \$300 per child per month for children under the age of six and \$250 monthly for those six to 17 years of

age. When families file their 2021 taxes, they are eligible for an additional six months of CTC payments through a tax refund. Prior to passage of the *American Rescue Plan*, the CTC was set at \$2,000 per child under 17.

Earned Income Tax Credit

The eligibility and amount of the Earned Income Tax Credit (EITC) will be expanded under PL 117-2. The eligibility age for claiming the “childless EITC” will be lowered from 25 to 19, except for full-time students, and the maximum credit amount will increase from \$543 to \$1,502.

TRANSPORTATION

Transit

PL 117-2 includes \$30.5 billion to help assist with transit operating costs, including payroll and personal protective equipment. The LAO estimates that California will receive approximately \$4 billion in fiscal relief for transit agencies. [Urban Area Transit Estimates](#); [Formula Grants for Rural Areas - State-by-State](#)

Airports

The Act includes \$8 billion in federal assistance for airports. Airports that receive funding will be required to retain at least 90 percent of personnel employed as of March 27, 2020, through September 30. However, the Department of Transportation may provide a waiver from the requirement if it determines that an airport is experiencing economic hardship or the requirement reduces aviation safety or security.

OTHER KEY PROVISIONS OF PL 117-2

Economic Development Administration

The Act includes \$3 billion in grant funding for the Economic Development Administration to address the pandemic’s impact on local economies. It should be noted that 15 percent of the appropriation will be dedicated to assisting communities that have suffered economic injury as a result of job losses in travel, tourism, or outdoor recreation activities.

Economic Impact Payments

PL 117-2 provides individuals earning up to \$75,000 with an economic impact payment of \$1,400; joint filers earning up to \$150,000 will receive a \$2,800 payment, with the payments declining at higher incomes and zeroing out altogether at \$80,000/\$160,000. Notably, the original House-passed bill would have capped the income levels at \$100,000 for individuals and \$200,000 for joint filers. Payments of \$1,400 also will be made for each individual claimed as a dependent. Individuals with social security numbers in mixed immigration status households will also be eligible for a payment.

Unemployment Insurance

The *CARES Act* (PL 116-136) created three major unemployment insurance programs: Federal Pandemic Unemployment Compensation (FPUC), Pandemic Emergency Unemployment Compensation (PEUC), and Pandemic Unemployment Assistance (PUA). The COVID-19 relief package approved in December 2020 created a fourth program – the Mixed Earner Unemployment Compensation (MEUC). The *American Rescue Plan Act* makes important changes to each of these programs:

- **Federal Pandemic Unemployment Compensation:** The FPUC program provides a weekly supplement to the unemployment benefits provided by the state. The benefit, which was set to expire on March 14, has been extended through September 6, 2021 at the current level of \$300 per week.
- **Pandemic Emergency Unemployment Compensation:** The PEUC program, which provides additional assistance to those who have exhausted their state unemployment benefits has been extended through September 6, 2021. PEUC benefits will now be available for up to 53 weeks (up from 24 weeks).
- **Pandemic Unemployment Assistance:** PL 117-2 also expands benefits for self-employed and gig workers through the PUA program. Specifically, the Act extends PUA through September 6. It also provides an additional 29 weeks of benefits, increasing the number of weeks available to 79 weeks (and up to 86 weeks for individuals in states with high levels of unemployment).
- **Mixed Earner Unemployment Compensation:** The MEUC program targets those who are not receiving benefits under the PUA and who are eligible to receive at least one dollar in state unemployment benefits during the time period covered by the program. The new law continues the \$100 in supplemental benefits to eligible individuals through September 6, 2021.

In addition to the unemployment benefit changes outlined above, the *American Rescue Plan Act* also provides a waiver of federal taxes on the first \$10,200 in unemployment benefits received in 2020 for those individuals who earn less than \$150,000.

Finally, acknowledging that states may need time to modify their computer systems to accommodate the extensions and modifications, the Department of Labor expects many states will need until the middle of April or later to implement the new provisions and begin notifying individuals.

Additional guidance from the Labor Department can be accessed [here](#).

Distance Learning

The Act establishes a \$7.17 billion Emergency Connectivity Fund, which will provide support to eligible schools and libraries to provide, among other things, eligible connected devices, internet service, and hotspots to students and teachers for internet use at home.

Paycheck Protection Program

PL 117-2 expands eligibility and increases funding for the Paycheck Protection Program. Specifically, the measure will increase the program's lending authority by \$7.25 billion.

Economic Injury Disaster Loan Program

The Act provides an additional \$15 billion for the Economic Injury Disaster Loan (EIDL) program, which is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19. EIDL grants will be exempt from taxation.

Restaurant Revitalization Fund

PL 117-2 includes \$25 billion for a new grant program that will provide assistance to restaurants and bars based on pandemic-related losses. The final legislation sets aside \$5 billion to be targeted to businesses with less than \$500,000 in revenue in 2019. Funding will be available for a wide variety of expenses, including payroll, mortgage, rent, utilities, maintenance, supplies, food and beverage expenses, paid sick leave, operational expenses, etc.

Elementary and Secondary School Emergency Relief Fund

PL 117-2 includes \$122 billion for schools nationwide to support their efforts to reopen safely. On March 17, the Department of Education announced the amount that each state will receive from the Elementary and Secondary School Emergency Relief (ESSER) Fund, with California schools expected to receive over \$15 billion. The Department will begin to make these dollars available to state educational agencies (SEAs) this month, and the funds may be used to address the impacts of COVID-19 on pre-K through 12 education, including:

- Investing in resources to implement the Centers for Disease Control and Prevention's (CDC) K-12 operational strategy for in-person learning (improving ventilation; purchasing personal protective equipment; and obtaining additional space to ensure social distancing in classrooms);
- Avoiding layoffs and hiring additional educators to address learning loss, providing support to students and existing staff, and providing sufficient staffing to facilitate social distancing;
- Implementing strategies to meet the social, emotional, mental health, and academic needs of students hit hardest by the pandemic, including through evidence-based interventions and critical services like community schools;
- Funding summer, afterschool, and other extended learning and enrichment programs;

- Hiring additional school personnel, such as nurses and custodial staff, to keep schools safe and healthy;
- Providing for social distancing and safety protocols on buses;
- Funding for Wi-Fi hotspots and devices for students without connectivity for remote learning and supporting educators in the effective use of technology; and,

States will be required to sub-grant at least 90 percent of their allocation to local educational agencies (LEAs) (including charter schools that are LEAs). The State must allocate these funds to LEAs on the basis of their respective shares of funds received under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) in fiscal year (FY) 2020.

The Department also committed to providing technical assistance, guidance, and best practices to states as they work to utilize these funds. Additional information, including a Fact Sheet and allocation tables, can be found at [here](#).

Finally, the CDC will provide a total of \$10 billion to states to support COVID-19 screening testing for K-12 teachers, staff, and students in schools.



From Federal Sources to Local Uses: Maximizing the American Rescue Plan from the Ground Up

BY BRUCE KATZ, COLIN HIGGINS, KARYN BRUGGEMAN, VICTORIA OROZCO AND PAIGE STERLING · APRIL 2, 2021

NEWSLETTER

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On March 11, President Biden signed the \$1.9 trillion American Rescue Plan (ARP) into law. The legislation makes historic investments intended to steer people and places across the country out of the worst economic and public health shock in a hundred years. It strives to make the large-scale impact that the moment demands. To do so, though, the federal government [must harness the full capacities of local](#) state, city, and county governments. As we move from policy design to deployment of the ARP, cities and counties must be in the driver's seat.

Put simply: local leaders must first understand the totality of federal **sources** in the American Rescue Plan and in short order establish a clear set of local **uses** to drive the deployment of these funds.

While the media's attention has been [directed at the flexible funds](#) cities and counties will receive, local leaders must understand and utilize the full array of federal resources at their disposal to maximize the ARP's impact. This means understanding who in the city, county or state will decide how federal funding can be allocated or activated and what must be done to deploy funds for common aims and long-term capacity building. Earlier in March, [we laid out five principles for ARP fund deployment](#) to ensure the package is greater than the sum of its parts.

The Nowak Metro Finance Lab at Drexel University has created the [American Rescue Plan Federal Investment Guide](#) and [a database to accompany it](#) with our partners at Accelerator for America and the U.S. Conference of Mayors as the first step towards operationalizing these principles. **This document catalogues \$1.85 trillion of investments over 84 unique programs that will receive ARP money, distributed across 19 federal agencies.** More than half of the programs are distributed through three agencies — the Departments of Treasury, Health and Human Services and Agriculture. Each program involves different funding products distributed through different channels to a unique combination of governments, institutions, businesses, and individuals.

In short, this bill is large and complex. City Halls and County executives will play many different roles in delivering funding streams within the bill –program manager, grant applicant, coordinator, collaborator, and communicator- depending on how investments reach a program's intended recipients. To simplify this otherwise complicated package for local leaders, we categorized federal investment using three criteria. These criteria are action-oriented and approach the ARP from the bottom-up, i.e., taking the perspective of local public, private and sector actors who are actually tasked

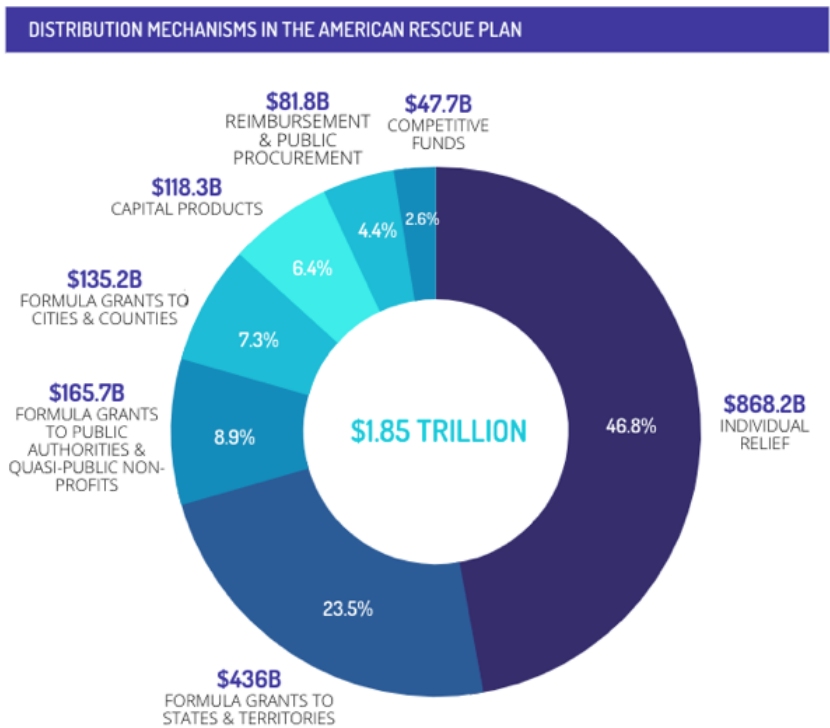
with delivery:

- **Distribution:** This criterion focuses on how the funds move out of their sources in federal agencies (e.g., by an established formula? through the tax code? through a competitive grant application?). The details of these distribution mechanisms determine the processes for accessing federal funds and, relatedly, how quickly investments can be expected.
- **Decisionmaking:** This criterion focuses on the institutions and entities that receive the funding, or which must apply. This has significant bearing on who must be engaged in order to guide a holistic recovery, since the recipient of the funds have a large amount of discretion over spending. For example, school districts will receive a large investment from the ARP for summer school and infrastructure improvements; using these funds to drive inclusive outcomes (e.g., growing the supply of diverse vendors) will require close coordination with Mayors, entrepreneurial support organizations and financial institutions.
- **Deployment:** This criterion focuses on how funds move into their final end-uses (e.g., how soon must the funding be spent? what clear red lines are drawn for ineligible uses? what are the application windows and requirements for competitive funds?). The variability in specific requirements for funding products must be untangled in order to deploy the investments in a time-sequenced, non-duplicative, and holistic way. We provide a [dynamic database alongside](#) the Investment Guide to allow local leaders to easily sort through the funds so they can maximize their deployment.

These criteria lead us to organize the ARP into seven categories that reflect how federal funds will reach local communities. This approach differs from the national media coverage to date, which has approached the ARP by agency-defined issue-area (a siloed approach that often doesn't align with the way cities and metros operate). The Federal Investment Guide's seven categories strive to make sense of the ARP in a way that supports local action:

1. **Individual Relief (\$868.2 B):** These funds are distributed *to* individuals or individual firms *through* the tax code or a public system. Some funds are distributed automatically; others require an application. They constitute the bulk of the ARP (e.g., \$1,400 payments, Child Tax Credit, unemployment insurance).
2. **Formula Funds to States & Territories (\$436 B):** These funds are distributed *to* state and territorial government accounts *through* existing federal formulas. They are then formulaically or competitively allocated to local governments, non-profits, or private organizations (e.g., Child Care and Development Block Grant funds, Title I Funds for schools, Low Income Home Energy Assistance Program (LIHEAP) funding).
3. **Formula Funds to Public Authorities & Quasi-Public Non-profits (\$165.7 B):** These funds are distributed *through* existing federal formulas *to* designated entities that operate adjacent to the state, city, or county government but do not immediately answer to the government executive (e.g., public transit funds, Airport Improvement Program funds, Section 8 voucher funding)

4. **Formula Funds to Cities & Counties (\$135.2):** These funds are distributed *to* city and county general purpose governments *through* federal formulas.
5. **Capital Products (\$118.3 B):** These funds are provided *by* the federal government mostly as a loan, a guarantee, or a credit enhancement that encourages private capital markets to achieve a desired policy aim (e.g., Paycheck Protection Program, State Small Business Credit Initiative).
6. **Reimbursement & Public Procurement (\$81.8 B):** These funds are distributed *through* a reimbursement application or competitive bid *by* the federal government. They require eligible businesses, individuals, or other units of government to apply (e.g., FEMA disaster reimbursement, Commodity Credit Corporation purchases, AmeriCorps hiring).
7. **Competitive Funds (\$47.7 B):** These funds are *capped* and public, private, or non-profit organizations *must apply* within a certain timeframe. Their applications will be evaluated along certain criteria (e.g., EDA economic adjustment assistance grants, USDA community facilities grants).



Note: because we are predominantly focused on federal-to-local funding streams that reach cities and their residents this chart includes all funding in the ARP except appropriations to Tribal Governments or Agency appropriations focused on program operations at the federal level with no further sub-allocation. All amounts are rounded to the nearest decimal point (the nearest hundred million).

The key point that emerges from this categorization is that there are a wide variety of pathways to braid and blend together public investments in the ARP (to say nothing of the private or philanthropic

investments these can leverage). The flexible funding received directly by cities and counties is a relatively small portion of the package that's received a large amount of attention. But there is nearly \$900 billion — larger than all of the 2009 American Recovery and Reinvestment Act!— remaining once individual relief and flexible city and county funds have been accounted for. Cities and counties must develop a vision for how they want to use the rest of the money — otherwise, we fear that it may amount to a missed opportunity.

Next Steps: Connecting Local Uses to Federal Sources

We have three suggested next steps for local leaders who are urgently trying to make sense of the ARP and deploy it to serve the un-ending amount of local needs facing them.

1. Try to solve *something* well, don't try to solve *everything*

The ARP is a large plan, but it could be spread very thin across a set of uncoordinated priorities and actors on the local level. With the sheer amount and variety of federal funding it is tempting for local leaders to get overwhelmed. It is equally tempting to try and focus on pulling down every last bit of federal funding from every nook-and-cranny of the federal government. With limited staff time and unlimited local needs, this is a recipe for failure.

Rather than trying to do everything, local leaders should establish a clear set of three-to-five priority goals they hope to achieve with ARP funding. These can draw from previous strategic plans or gap assessments that emerged from the crises of the past year. Priorities can take a wide variety of forms: dramatically increasing the [number, size, and sector of Black-, Latino- and Asian-owned businesses](#); increasing affordable housing stock and addressing the rise in homelessness; building neighborhood community wealth as cities emerge from the pandemic; stabilizing downtown business districts; decreasing health inequities across the city; and the list goes on.

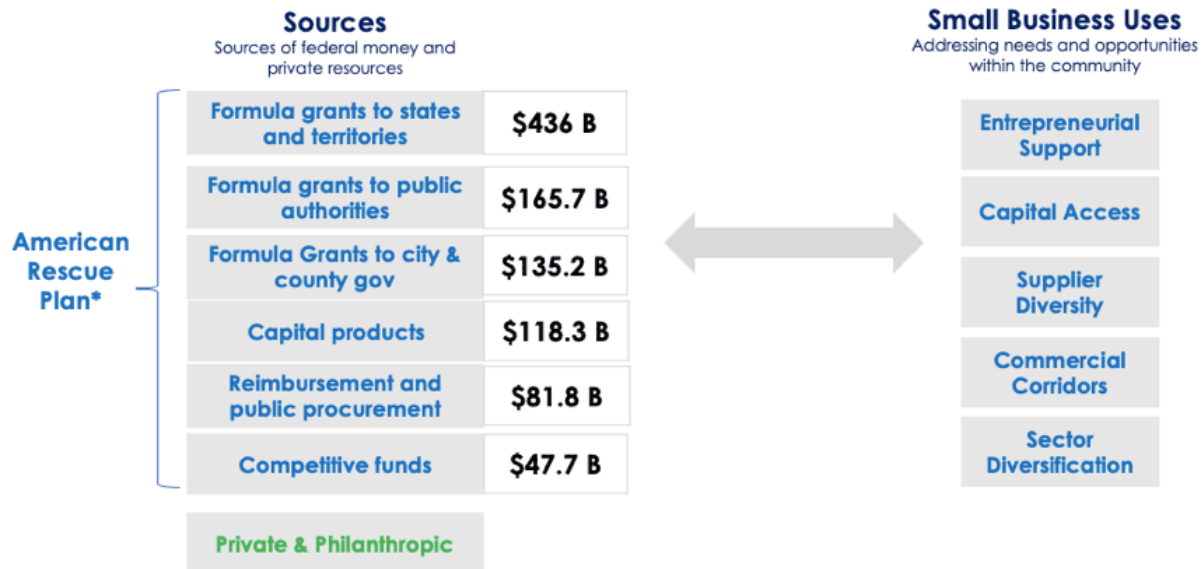
The key point is that local leaders must pick a few priorities to focus on and then design, fund, and execute strategies well. This will also aid in communicating the impact of the ARP locally.

2. Once you have clear priorities, connect local uses to federal sources The beauty of the ARP is that it has a wide array of flexible investments — and even more investments that, while less-flexible, can be leveraged to achieve local goals. The challenge with the ARP is that there is *so much* in it that it is easy to lose sight of the local North Star (and it is now even easier to lose sight of imminent goals with the recently announced [American Jobs Plan](#)).

We think the best way to deploy the ARP is to declare a clearly defined set of local priorities. From these priorities, local leadership should define sub-priorities and end uses. These are the ultimate discrete deliverables that the federal investments will be used for (e.g., using HVAC systems in K-12 schools in the service of a broader plan to equalize education access coming out of the pandemic, for example). **Local leaders should then work backwards to connect these local end uses to the federal sources of funds, taking care to engage the key institutions/recipients that the funds will pass through as they move from source to use. Ultimately, this should take the form of a sources**

and uses spreadsheet.

For example, if a city decides that it wants to prioritize Black-, Latino-, and Asian-owned business growth (which we've been writing about as a key cross-cutting priority), they should think about sources and uses in a way that follows the schematic below.



* Federal to-local funding streams that reach cities and their residents. It does not include appropriations to Tribal Governments or Agency appropriations which are not then distributed out to state and local governments.

To fund these uses (which would require further specificity), localities would need to examine a wide variety of sources in the ARP. These sources include explicitly designated small business programs run out of the SBA --like the PPP, Economic Injury Disaster Loans, and the Shuttered Venues fund-- and the agency's new [Community Navigator pilot](#) to fund intermediaries that help individual businesses navigate resources available to them. It would include leveraging capital products, like the [State Small Business Credit Initiative](#), which is administered through state programs and federally funded at nearly 10X its original funding in 2010.

But truly maximizing a vision for MBE business recovery and growth would require thinking about sources more broadly. Operationalizing the small business sources in the ARP could take a variety of forms, including:

- Working with state agencies, local advocates, partners, families, and minority-owned child care providers to align and deploy the [Child Care Stabilization Fund](#) and the Child Care and Development Block Grant to upgrade child care supply as demand increases, ensuring an equitable recovery that unlocks opportunities for businesses, especially those run by women of color;
- Working with local arts and humanities organizations in tandem with small business intermediaries to ensure that community cultural organizations and artists receive relief funding

through the National Endowment for the Arts and the National Endowment for the Humanities;

- Working with regional economic development intermediaries and the business community to apply for EDA funding to support a broader inclusive entrepreneurship recovery; and
- Working with school districts, local chambers, and MBE [construction firms to develop a pipeline of contracts to diverse firms](#) for the series of K-12 school capital projects that are funded through the ARP.

The lesson is clear. As with all things federal, it is best not to judge a program solely by its label or the administering agency. The notion that “small business” [received \\$50 billion](#) in the American Rescue Plan is misleading. Given the flexibility inherent in the legislation and the extent to which multiple programs have the potential to support small businesses, if purposefully and intentionally implemented, the explicit support for small business is clearly a floor, rather than a ceiling.

These are just a few examples of how these funds work for small businesses. But one could undertake a similar exercise for a variety of other priorities. The key is for City Hall and associated stakeholders to develop a clear focus and as soon as possible, drill down into the *specific uses* of funds so that local leaders can organize a concerted approach to ARP deployment.

3. Convene key actors through Stimulus Command Centers based on priorities

We have previously written that local leaders should [establish stimulus command centers](#) to guide the [deployment of ARP funding](#). We are more convinced than ever that such organizing must take hold.

As we’ve had conversations with city leaders across the country it’s become clear that a narrower focus is needed to supercharge these command centers. We believe that Mayors and County executives should convene working groups in stimulus command centers around key local priorities. These working groups --of recipients of funding, key community stakeholders, civic and business leaders-- can then get to work on establishing clear strategies to draw down and deploy ARP funding in a way that leads to an inclusive recovery.

This *modus operandi* will serve cities well as the country cycles from rescue to recovery and other forms of funding – for infrastructure, innovation and human capital – are, potentially, authorized and appropriated through subsequent pieces of federal legislation. Such investments will implicate an even broader group of public, private and civic institutions locally as well as offer possibilities for leveraging other sources of capital and expertise. To that end, managing the delivery of the American Rescue Plan *now* is a dry run for what comes *next*.

The bottom line: To effectively, efficiently and equitably deploy the ARP, local leaders must develop an action plan with three-to-five clear priority *uses* and connect these to the wide array of federal *sources* in the ARP. This will help deploy the funds in locally impactful ways and also clearly communicate the way the package is improving residents’ lives. We have put together the Federal Investment Guide and dynamic ARP database to help in this aim.

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