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American Rescue Plan Funds

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On March 11, 2021, President Biden signed the [American Rescue Plan Act of 2021 \(H.R. 1319\)](#) (ARP) into law. The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. As a part of the ARP, the government has allocated \$350 billion for “Coronavirus State and Local Fiscal Recovery Funds.” This includes:

- \$195 billion for states, (a minimum of \$500 million for each State);
- \$130 billion for local governments (a minimum of \$1.25 billion per state is provided by the statute inclusive of the amounts allocated to local governments within the state);
- \$20 billion for tribal governments; and
- \$4.5 billion for territories

State and local government recipients could use ARP funds to cover costs incurred by December 31, 2024. The funds will be distributed in two tranches, with 50% delivered to cities, counties and states by May 11, 2021 (no later than 60 days from the date of enactment) and the remainder to be delivered no earlier than one year after the first payment.

Under the legislation, funds may be used:

1. To respond to the public health emergency with respect to 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;
2. For the provision of government services to the extent of the reduction in revenue (i.e. online, property or income tax) due to the public health emergency;

3. To make necessary investments in water, sewer or broadband infrastructure; and
4. To include premium pay for eligible workers performing essential work (as determined by each state or tribal government) during the pandemic.

States are not allowed to deposit funds into any pension fund or use the funds to offset a reduction in net tax revenue.

The State of Ohio's portion is approximately \$5.7 billion, while Ohio's largest 36 cities will get \$2.24 billion, county governments are to receive \$2.27 billion, and the remaining local governments have been allocated \$0.81 billion.

Recipients (and sub-recipients) of this funding must provide periodic reports and comply with federal regulations, including 31 CFR Part 35 (Interim Final Rule dated May 17, 2021), 2 CFR Part 200 (the Super Circular) and various other regulatory provisions. Failure to comply with the use restrictions may result in the recoupment of funds (31 CFR §35.10).

With this large tranche of federal funding, there may be a wide range of opportunities for interested parties to receive assistance or participate in providing services supporting new investments. It is important that recipients of these federal funds, at any level, understand the regulatory framework and that the grantee must administer its projects with the transparency and accountability needed for success. Vorys team members have advised state agency directors, political subdivision boards of directors, city councils, and municipal elected and appointed officials with respect to: (i) their obligations under state and federal law; (ii) interpreting regulations and guidelines to successfully implement new programs; (iii) preparing and updating compliance procedures to address the changing regulatory environment and incorporate best practices; and (iv) helping create effective and compliant new programs that advance the client's goals while ensuring the grantees and sub-grantees follow the grantor's requirements.