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# The American Rescue Plan Act and Economic Development

## Friday, April 2, 2021

# Speakers

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President & CEO  
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International Economic  
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Washington, DC



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# Road Map

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- A brief overview of the law
- Deeper dives and program specifics
- What else is going on?



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The Power of Knowledge and Leadership

# American Rescue Plan Act (ARPA)

**\$28 Billion**

Restaurant Revitalization  
Fund

**\$1.9 Trillion**

In direct spending, grants,  
loans and loan guarantees

**\$3 Billion**

For EDA

**\$350 Billion**

for State & Local  
governments - flexible



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# American Rescue Plan Act (ARPA)

**\$1.9 Trillion**

In direct spending, grants,  
guarantees and loans

**\$1,400**  
for Direct Payments

**\$30 Billion**  
for Public Transit

**\$40 Billion**  
Higher Education

**\$300/week**  
for Enhanced  
Unemployment  
Insurance



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# Economic Development Administration (EDA)

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- **\$3 billion in ARPA, on top of \$1.5 billion from CARES**
  - Plus regular annual appropriations puts EDA at roughly \$5 billion
  - Commerce-wide budget is about \$8 billion, about half of which is NOAA
- **Most, if not all, of the CARES money is spoken for already**
  - EDA received unprecedented requests for funding, several times more than what was available
  - A large portion of the funds were pushed out quickly in non-competitive grants to existing partners



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# Economic Development Administration (EDA)

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- **25% of EDA's ARPA allocation is set aside for tourism communities impacted by the pandemic**
  - No word yet on how this will be administered or what the criteria will be to be eligible
- **No timeline for the Notice of Funding Opportunity**
  - Do not delay talking to your EDRs and regional offices
  - Begin collaborating with local stakeholders
  - Maximize partnerships in applications to the greatest degree plausible



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# State and Local

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- **\$350,000,000,000 in total funding for this bucket**
  - Cover lost revenue and increased spending, mitigate economic impact of the pandemic
  - Funding goes to state, local, tribal and territorial governments
  - \$169,000,000,000 to be divided between states and DC based on share of total unemployed workers
  - \$25,500,000,000 divided between states and DC to give each a minimum payment of \$500,000,000



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# State and Local

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- **Funding for local governments**
  - About \$130 billion total
  - \$19 billion for communities with less than 50,000 people
  - \$46 billion for metros
  - \$65 billion for counties
  - \$4.5 billion for territories
  - \$20 billion for tribal governments



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# State and Local

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- **Funding will be distributed in two tranches**
  - 50% must be delivered within 60 days of certifying funding need
  - The balance would be delivered not less than 1 year later
  - Treasury may require recertification of need for the second half
  - States are required to expedite funding for smaller communities; within 30 days of Treasury certification – Treasury could rescind if funds aren't distributed



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# Education, Arts, Humanities

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- **\$38,584,570,000 for Higher-Ed**
  - Same terms and conditions as CARES
  - Wide-array of uses ranging from COVID-19 supplies to aid for students experience economic hardship due to COVID-19
- **National Endowment for the Arts and National Endowment for the Humanities**
  - \$135,000,000 to each
  - 40% to state and regional arts agencies and organizations
  - 60% direct grants to arts organizations



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# Small Business Assistance

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- **Paycheck Protection Program Updates**
  - Extended through May 31<sup>st</sup>; was set to expire on March 31<sup>st</sup>
  - Roughly \$100,000,000,000 remains available; nearly \$1 trillion in the life of the program
  - 2<sup>nd</sup> draws are available to some borrowers
  - Larger loans may be available to independent contractors and sole proprietors
- **Targeted EIDL Advance**
  - \$15,000,000,000
    - \$10,000,000,000 for covered entities that did not previously receive their full entitlement
    - \$5,000,000,000 for covered entities experiencing economic loss greater than 50% and employs less than 10 people
  - New SBA regs expand EIDL period from 6 months to 24 and raise the maximum loan amount from \$150,000 to \$500,000



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# Small Business Assistance

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- **Restaurant Revitalization Fund**

- \$28,600,000,000 in grant funding is available
- Covered period is from 2/25/20 to 12/31/21
- Pretty much covers anyone/anything serving food except state-owned enterprises, businesses with more than 20 locations, and publicly traded companies
- Previous participation in an SBA-administered COVID-19 program may impact eligibility
- Amount of grant is equal to the amount of pandemic related revenue loss
- Can be used for pretty much anything
- Grant shall not exceed \$10,000,000 in aggregate; not more than \$5,000,000 per location
- \$5,000,000,000 set aside for covered entities with less than \$500,000 in gross receipts



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# Small Business Assistance

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- **Community Navigator Pilot Program**
  - \$100,000,000 in grant funding available until 12/31/25; additional \$75,000,000 for SBA outreach
  - Make grants, enter contracts or cooperative agreements with private non-profits, state/local/tribes, and units of local government to:
    - Provide free navigator services to business owners and perspective owners to improve access to federal, state, and local resources
- **Shuttered Venue Operators Grant (SVOG)**
  - \$1,250,000,000 in grant funding available to venue operators impacted by COVID-19
  - Applicants receiving a PPP loan on or after 12/27/20 will have the amount of their SVOG reduced by the amount of the loan; PPP loans received prior to 12/27/20 will not impact SVOG



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# SBA's Cross-Eligibility Table

	PPP Applicant	Shuttered Venue Operators Grant Applicant	COVID-19 EIDL Applicant
<u>PPP recipient</u>	First Draw PPP borrowers may be eligible to apply for Second Draw PPP loans	May apply if received a PPP loan <b>prior</b> to applying for SVOG.  If PPP loan received on or after Dec. 27, 2020, the amount will be deducted from SVOG.	May apply for EIDL, but cannot be used for the same purpose/costs as PPP
<u>Shuttered Venue Operators Grant recipient</u>	May not apply for PPP loan <b>after</b> receiving SVOG	May be eligible to receive a supplemental SVOG award	May apply for EIDL, but cannot be used for the same purpose/costs as SVOG
<u>COVID -19 EIDL recipient</u>	May apply for PPP, but cannot be used for the same purpose/costs as EIDL	May apply for SVOG, but cannot be used for the same purpose/costs as EIDL	The same business cannot apply for more than one EIDL



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# State Small Business Credit Initiative (SSBCI)

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- **Originally created in response to the Great Recession in 2010**
  - Included \$1.5 billion in available funding, which states were required to apply for from Treasury
  - \$1.5 billion was used to leverage nearly \$9 billion in additional private capital for small businesses
  - Run out of Treasury
- **Capitalizes new funds or recapitalizes existing funds that support small businesses**
  - Supports locally designed capital access programs, including revolving loan funds, venture capital funds, and loan guaranty programs



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# State Small Business Credit Initiative (SSBCI)

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- **ARPA includes \$10 billion in new SSBCI funding**
  - \$500,000,000 for tribal governments
  - \$1,500,000,000 for programs that support businesses controlled or owned by socially and economically disadvantaged individuals
  - \$1,000,000,000 in additional funding beyond a state's allocation to support robust programming targeting socially and economically disadvantaged individuals
  - \$500,000,000 for technical assistance, including transfers to MBDA for technical assistance to minority businesses seeking funding through SSBCI funded state programs
  - \$500,000,000 for very small businesses
    - 10 or fewer employees
    - Includes independent contractors and sole proprietors



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# State Small Business Credit Initiative (SSBCI)

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- **Allocation based on unemployment numbers and disbursed in thirds**
  - Allocation based on states proportion of unemployment compared to the aggregate unemployment for all states
  - First 1/3 distributed 60 days after bill becomes law (March 11)
  - Second 1/3 distributed after 80% of first allocation is obligated, expended or transferred
  - Final 1/3 distributed after 80% of first allocation is obligated, expended or transferred
  - Note: separate \$1 billion set-aside for programs supporting businesses owned or controlled by socially or economically disadvantaged individuals would be in addition to these allocations



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# Transportation

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- **\$30,461,355,534 for Public Transit**
  - For payroll, operating expenses, and administrative leave caused by COVID-19
  - Private operators of public transit are eligible for this funding
- **\$8,000,000,000 for airports**
  - Majority of funding directed to primary airports and some cargo airports impacted by COVID-19
  - Airports receiving operating funding in excess of 4 years during FY20 are not eligible
  - \$600 million cap on total grants made for development projects with 100% federal cost share
  - \$100 million for general aviation and commercial service airports that are not primary airports



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# USDA-Rural Development (RD)

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- **\$500,000,000 for rural health and telehealth**
  - Can be used for MANY things, including: constructing temporary or permanent structures to provide services; increasing telehealth capabilities, inclusive of underlying healthcare infosystems; and revenue lost during COVID-19
  - Can be applied toward expenses incurred prior to grant award
- **Resources for socially disadvantaged farmers, ranchers, and forest landowners**
  - Loan assistance for farmers and ranchers on any USDA loan or USDA guaranteed loan; payments up to 120%
  - 1,010,000,000 for assistance and support to farmers, ranchers and forest landowners; includes outreach/technical assistance/financial training, as well as grants and loans to improve land access



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# Conclusions

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- **ARPA represents hundreds of billions in resources that can be used for economic development purposes**
  - Devil is in the details as we await implementing regulations and Notices of Funding Opportunities
- **Don't wait for an invitation to apply for this funding!**
  - Start conversations now – with electeds, stakeholders and potential partners, as well as with the funding agencies themselves
- **Try to determine what would be the most attractive application/project to your funder**
  - What are their priorities and how do they mesh with yours?
  - To partner or not to partner



# Up next

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- **The American Jobs Plan – a massive proposal**
  - IEDC will host a webinar on the plan next Friday, April 9, at 1:00pm – registration is open!
- **How to successfully partner with EDA**
  - IEDC will host a webinar later this month – stay tuned!
- **EDA reauthorization and the White House fiscal 2022 budget proposal**
  - Both are expected to see action in the next several weeks
  - IEDC will host webinars to break down both items for our members



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# Thank you!

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- **Continued engagement is critical – there remains much work to be done**
- **IEDC is here to help – stay in touch!**
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